

**BOROUGH OF EAST RUTHERFORD
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019 AND 2018

BOROUGH OF EAST RUTHERFORD
BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of East Rutherford, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of East Rutherford, in the County of Bergen, State of New Jersey (the “Borough”), as of December 31, 2019 and 2018, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of account – regulatory basis for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis (the “financial statements”) in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared and presented by the Borough on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the State of New Jersey for municipal government entities. The effects on financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough as of December 31, 2019 and 2018, or the changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the accompanying comparative balance sheet – regulatory basis of the various funds of the Borough as of December 31, 2019 and 2018, and the results of the comparative statements of operations and changes in fund balance of such funds – regulatory basis for the years then ended, and the revenues and expenditures – regulatory basis of the various funds, and general fixed assets group of accounts for the year ended December 31, 2019, in accordance with accounting principles and practices prescribed by the Division as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practice prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental schedules and the schedules of expenditures of federal, state and county/other financial assistance are presented for purposes of additional analysis as required by the Division and are not a required part of the basic financial statements.

The supplementary schedules and schedules of expenditures of federal, state and county/other financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2020 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPAs
Registered Municipal Accountants

June 30, 2020
Carlstadt, New Jersey

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

		At December 31,	
	Reference	2019	2018
ASSETS			
Current Assets:			
Cash - Treasurer	A-4	\$ 6,794,884.10	\$ 5,517,020.57
Cash - Petty Change Funds	A-5	200.00	200.00
Cash - Change and Petty Cash Funds	A-6	750.00	750.00
		<u>6,795,834.10</u>	<u>5,517,970.57</u>
Due from State of NJ- Senior Citizens & Veterans Deductions	A-8	<u>1,872.12</u>	<u>372.12</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	443,892.29	259,335.19
Tax Title Liens	A-10	417,951.01	342,463.15
Property Acquired for Taxes - Assessed Value	A-9	636,900.00	636,900.00
Revenue Accounts Receivable	A-11	8,380.50	16,007.90
Due from Dog License Fund	B	4,860.80	3,868.20
Due from Grant Fund	E	75,000.00	
	Contra	<u>1,586,984.60</u>	<u>1,258,574.44</u>
TOTAL ASSETS		<u>\$ 8,384,690.82</u>	<u>\$ 6,776,917.13</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

		At December 31,	
	Reference	2019	2018
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Encumbrance Payable	A-20	\$ 278,169.27	\$ 151,117.53
Appropriation Reserves	A-3,13	2,056,942.51	1,285,260.46
Accounts Payable	A-12	8,500.69	8,500.69
Tax Overpayments	A-15	78,727.63	70,983.27
Prepaid Taxes	A-16	392,991.31	181,856.39
County Taxes - Added	A-17	3,033.90	4,460.13
Due to Regional School Taxes Payable	A-19	-	6,776.92
Due to State of New Jersey- Marriage License Fees	A-14	325.00	250.00
Reserve for Tax Appeals	A-21	587,159.62	699,962.25
Due to Trust Fund	B		
		<u>3,405,849.93</u>	<u>2,409,167.64</u>
Reserve for Receivables and Other Assets	Contra	1,586,984.60	1,258,574.44
Fund Balance	A-1	<u>3,391,856.29</u>	<u>3,109,175.05</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 8,384,690.82</u>	<u>\$ 6,776,917.13</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
- REGULATORY BASIS**

A-1

		At December 31,	
	Reference	2019	2018
Revenue and Other Income Realized:			
Fund Balance Utilized		\$ 1,500,000.00	\$ 800,000.00
Miscellaneous Revenue Anticipated	A-2	13,941,364.87	13,077,356.89
Receipts from Delinquent Taxes	A-2	423,393.01	220,422.59
Receipts from Current Taxes	A-2	40,256,877.82	37,021,378.72
Non-Budget Revenues	A-2	96,144.56	182,898.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	716,747.94	1,137,944.55
Unexpended Budget Appropriations	A-3	-	-
Regional / Local School /County Tax Adjustment	A-19	2.92	-
Statutory Excess Animal License Fund	B	4,860.80	3,868.20
Interfunds Returned			2,403.23
Total Revenue and Other Income Realized		<u>56,939,391.92</u>	<u>52,446,272.92</u>
Expenditures:			
Budget and Emergency Appropriations	A-3	26,953,459.31	24,938,462.71
County Taxes	A-17	5,584,874.37	3,975,566.49
County Share of Added and Omitted Taxes	A-17	3,033.90	4,460.13
Local District School Tax	A-18	16,683,082.50	16,154,389.00
Local District School Tax Adjustment	A-18	-	0.04
Regional School Tax	A-19	5,856,268.00	5,559,193.00
Senior Citizens & Veterans Prior Year Adjustment	A-7		1,567.12
Interfund Advanced		75,992.60	
Total Expenditures		<u>55,156,710.68</u>	<u>50,633,638.49</u>
Excess in Revenues		1,782,681.24	1,812,634.43
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year		-	-
Statutory Excess to Fund Balance		<u>1,782,681.24</u>	<u>1,812,634.43</u>
Fund Balance January 1	A	<u>3,109,175.05</u>	<u>2,096,540.62</u>
		4,891,856.29	3,909,175.05
Decreased by:			
Utilization as Anticipated Revenues		<u>1,500,000.00</u>	<u>800,000.00</u>
Fund Balance December 31	A	<u>\$ 3,391,856.29</u>	<u>\$ 3,109,175.05</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated		\$ 1,500,000.00	\$ 1,500,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		26,000.00	27,408.16	1,408.16
Other		75,000.00	72,527.01	(2,472.99)
Fees and Permits - Other		20,000.00	30,527.66	10,527.66
Fines and Costs - Municipal Court		320,000.00	404,073.71	84,073.71
Interest and Costs on Taxes		37,000.00	48,863.74	11,863.74
Interest on Investments and Deposits		-	-	-
Cable Franchise Fees		121,052.26	121,052.26	-
Payment in Lieu Taxes from N.J. Sports and Exposition Authority		8,137,500.00	8,565,676.02	428,176.02
Payment in Lieu Taxes from Bergen County Housing Authority		35,000.00	35,770.96	770.96
Recycling Income		10,000.00	7,880.40	(2,119.60)
Rental - Library		110,000.00	110,000.00	-
Lease - Becton Regional		110,000.00	110,000.00	-
Hotel Tax		1,000,000.00	879,163.42	(120,836.58)
Energy Receipt Taxes (P.L. 1997, Chapters 162 & 167)		1,489,989.00	1,489,989.00	-
American Dream PILOT		750,000.00	750,000.00	-
Uniform Construction Code Fees		340,000.00	489,311.00	149,311.00
Interlocal Service Agreement- Building Department		115,941.72	115,941.72	-
POAA		2,418.00	2,418.00	-
Safe and Secure Communities Program Grant		60,000.00	60,000.00	-
Recycling Tonnage Grant		17,740.40	17,740.40	-
NJ Body Amor Grant		4,958.94	4,958.94	-
DDEF Grant		-	-	-
Chapter 159:				
Clean Communities		18,945.69	18,945.69	-
Alcohol Education & Rehabilitation Grant		562.62	562.62	-
Uniform Fire Safety Act		94,293.32	77,162.86	(17,130.46)
Elevator Revenue		-	-	-
Settlement Payment-Timex Center		250,000.00	250,000.00	-
Payment in Lieu of Taxes- N.J. Meadowlands Commission		6,708.30	6,708.30	-
Premium on BAN / Bond Sale		-	-	-
Reserve for Payments of Bonds and Notes		244,683.00	244,683.00	-
Bond Premium		-	-	-
Due from Sewerage Authority		-	-	-
Total Miscellaneous Revenues	A-1, Next Page	<u>13,397,793.25</u>	<u>13,941,364.87</u>	<u>543,571.62</u>
Receipts from Delinquent Taxes	A-1, Next Page	255,000.00	423,393.01	168,393.01
Amount to be Raised by Taxes for Support of Municipal Budget Including Uncollected Taxes	A-7, Next Page	<u>12,275,666.06</u>	<u>12,604,619.05</u>	<u>328,952.99</u>
Budget Totals	A-3	<u>\$ 27,428,459.31</u>	28,469,376.93	<u>\$ 1,040,917.62</u>
Non-Budget Revenues	A-1,4, Next Page		<u>96,144.56</u>	
			<u>\$ 28,565,521.49</u>	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

**STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

A-2

	Reference	
Allocation of 2019 Current Tax Collection:		
Revenue from Collections	A-1	\$ 40,256,877.82
Allocated to:		
School and County Taxes	A-17,18,19	28,127,258.77
Balance for Support of Municipal Appropriation		<u>12,129,619.05</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>475,000.00</u>
	Previous Pg.	<u>\$ 12,604,619.05</u>
Receipts from Delinquent Taxes:		
Tax Title Liens Collected	A-10	65,350.50
Delinquent Taxes	A-1	358,042.51
	Previous Pg.	<u>\$ 423,393.01</u>
Miscellaneous Revenues:		
Current Fund	A-4	\$ 13,836,739.22
Due from Grant Fund - Anticipated Revenue	E-2	<u>104,625.65</u>
		<u>\$ 13,941,364.87</u>
	Previous Pg.	
Non-Budget Revenues:		
DMV Fees		5,814.01
Misc. Refunds		721.47
Towing Fees		19,845.00
Tax Sharing 2017/2018 N.J.S.E. A.		53,308.77
Municipal Court Bail Account		-
Auction Proceeds		4,720.32
Modular Construction		1,410.63
Jury Duty		-
Property Clean-ups		1,500.00
County Payment for Lear Settlement		2,819.36
Cancelation of Stale Checks		5,067.74
Senior Citizen's & Veteran's 2% Administrative Payments		697.26
County Polling Payment		<u>240.00</u>
		<u>\$ 96,144.56</u>
	Prev. Pg., A-1, 4	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS - WITHIN "CAPS"						
<i>GENERAL GOVERNMENT</i>						
Administrative & Executive:						
Municipal Clerk						
Salaries and Wages	\$ 255,000.00		\$ 255,000.00	\$ 247,002.64	\$ 7,997.36	\$ -
Other Expenses	18,000.00		18,000.00	6,748.30	11,251.70	
Other Expenses - Code Publishing	12,000.00		12,000.00	4,515.16	7,484.84	
Mayor and Council						
Salaries and Wages	37,000.00		37,000.00	36,807.00	193.00	
Other Expenses	33,000.00		33,000.00	26,633.34	6,366.66	
Elections - Other Expenses	14,000.00		14,000.00	5,198.62	8,801.38	
Financial Administration						
Salaries and Wages	97,500.00		97,500.00	94,915.22	2,584.78	
Other Expenses						
Annual Audit	44,000.00		44,000.00	14,500.00	29,500.00	
Miscellaneous - Other Expenditures	41,000.00		41,000.00	34,562.36	6,437.64	
Purchasing						
Salaries and Wages	2,500.00		2,500.00	2,499.90	0.10	
Assessment of Taxes						
Salaries and Wages	60,000.00		60,000.00	58,666.83	1,333.17	
Other Expenses	43,100.00		43,100.00	35,123.40	7,976.60	
Ordinance Enforcement - Salaries and Wages	13,500.00		13,500.00	13,238.16	261.84	
Redevelopment Agency						
Other Expenses (R.S. 40:550-1)	10,000.00		10,000.00	200.00	9,800.00	
Collection of Taxes						
Salaries and Wages	104,000.00		104,000.00	99,520.75	4,479.25	
Other Expenses	9,000.00		9,000.00	5,474.72	3,525.28	
Management Information Systems						
Other Expenses	43,500.00		43,500.00	40,102.34	3,397.66	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS WITHIN "CAPS" (Cont'd)						
Legal Services and Costs						
Other Expenses	\$ 465,000.00		\$ 465,000.00	\$ 266,714.53	\$ 198,285.47	\$
Tax Appeals						
Professional Fees	109,600.00		109,600.00	27,550.00	82,050.00	
Engineering Services and Costs						
Other Expenses	100,000.00		100,000.00	97,131.89	2,868.11	
Public Building and Grounds						
Other Expenses	130,000.00		180,000.00	176,643.94	3,356.06	
Contracted Service	315,000.00		325,000.00	322,946.43	2,053.57	
Municipal Land Use Law (N.J.S. 40:55D-1)						
Planning Board - Salaries & Wages	7,500.00		7,500.00	7,499.96	0.04	
Planning Board - Other Expenses	23,000.00		23,000.00	17,446.25	5,553.75	
Zoning Board of Adjustment						
Salaries and Wages	7,500.00		7,500.00	7,499.96	0.04	
Other Expenses	23,000.00		23,000.00	17,951.75	5,048.25	
Municipal Court						
Salaries and Wages	285,400.00		285,400.00	264,127.30	21,272.70	
Other Expenses	55,000.00		55,000.00	45,000.34	9,999.66	
Master Plan						
Other Expenses	50,000.00		50,000.00	49,042.75	957.25	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS WITHIN "CAPS" (Cont'd)						
Unemployment Compensation	\$ 40,000.00		\$ 40,000.00	\$ 40,000.00	\$ -	\$ -
Insurance:						
Liability	347,000.00		347,000.00	239,407.28	107,592.72	
Workman's Compensation	390,000.00		390,000.00	281,010.35	108,989.65	
Employee Group Insurance	2,645,400.00		2,519,700.00	1,882,751.50	636,948.50	
Health Benefit Waiver	10,000.00		10,000.00	9,999.86	0.14	
Self - Insurance Eye Care	23,000.00		23,000.00	10,761.13	12,238.87	
Rent Control Board						
Salaries and Wages	1,700.00		1,700.00	1,699.88	0.12	
Other expenses					-	
TOTAL GENERAL GOVERNMENT	5,865,200.00	-	5,799,500.00	4,490,893.84	1,308,606.16	-
PUBLIC SAFETY:						
Fire						
Other Expenses						
Clothing Allowance	123,000.00		123,000.00	114,827.90	8,172.10	
Gear Maintenance	107,450.00		107,450.00	95,120.69	12,329.31	
Fire Prevention and Life Safety						
Salaries and Wages						
Fire Official	105,000.00		105,000.00	103,585.55	1,414.45	
Other Salaries - Inspectors	26,000.00		26,000.00	22,760.00	3,240.00	
Other Expenses	17,400.00		17,400.00	16,465.14	934.86	
Police						
Salaries and Wages	5,954,500.00		5,914,500.00	5,681,925.89	232,574.11	
Overtime	200,000.00		240,000.00	240,000.00	-	
Sick pay	95,550.00		95,550.00	95,542.48	7.52	
Other expenses	128,000.00		128,000.00	119,184.04	8,815.96	
911 Service					-	
Police Cars	75,000.00		75,000.00	69,832.35	5,167.65	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS WITHIN "CAPS" (Cont'd)						
Special Police						
Salaries and Wages	\$ 230,000.00		\$ 230,000.00	\$ 226,496.39	\$ 3,503.61	\$ -
Other Expenses	1,000.00		1,000.00	264.59	735.41	
Traffic Lights - Other Expenses	21,000.00		21,000.00	9,767.12	11,232.88	
Traffic Control						
Salaries and Wages	325,000.00		331,000.00	329,570.00	1,430.00	
Other Expenses	500.00		500.00	390.00	110.00	
First Aid Organization						
Other Expenses	20,500.00		20,500.00	16,048.88	4,451.12	
Emergency Management Services						
Salaries and Wages	8,000.00		8,000.00	5,989.55	2,010.45	
Other Expenses	8,000.00		8,000.00	2,495.00	5,505.00	
First Responder						
Salaries and Wages	47,500.00		47,500.00	46,237.13	1,262.87	
Towing Director						
Salaries and Wages	12,000.00		12,000.00	11,916.32	83.68	
TOTAL PUBLIC SAFETY	7,505,400.00	-	7,511,400.00	7,208,419.02	302,980.98	-
STREETS AND ROADS:						
Road Repairs and Maintenance						
Salaries and Wages	916,000.00		916,000.00	901,316.92	14,683.08	
Other Expenses	70,000.00		70,000.00	60,255.47	9,744.53	
Recycling Costs	84,500.00		84,500.00	75,444.24	9,055.76	
Leased Vehicles	52,000.00		52,000.00	51,883.44	116.56	
TOTAL STREETS AND ROADS	1,122,500.00	-	1,122,500.00	1,088,900.07	33,599.93	-
HEALTH AND WELFARE:						
Board of Health						
Other Expenses	89,000.00		89,000.00	78,233.97	10,766.03	
TOTAL HEALTH AND WELFARE	89,000.00	-	89,000.00	78,233.97	10,766.03	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS WITHIN "CAPS" (Cont'd)						
<i>RECREATION AND EDUCATION</i>						
Board of Recreation Commission (R.S.4061-1 et. seq.)						
Salaries and Wages	\$ 61,000.00		\$ 61,000.00	\$ 57,137.04	\$ 3,862.96	\$ -
Other Expenses	120,000.00		120,000.00	72,893.81	47,106.19	-
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	12,500.00		12,500.00	11,296.95	1,203.05	-
Senior Citizens						
Salaries and Wages	47,800.00		52,800.00	51,589.92	1,210.08	-
Other Expenses	10,000.00		10,000.00	7,472.50	2,527.50	-
TOTAL RECREATION AND EDUCATION	251,300.00	-	256,300.00	200,390.22	55,909.78	-
<i>SANITATION</i>						
Garbage & Trash Removal						
Salaries and Wages	611,000.00		617,000.00	611,679.95	5,320.05	-
Dumping Fees - Bergen County						
Sanitary Landfill - Contractual	345,000.00		345,000.00	330,287.87	14,712.13	-
TOTAL SANITATION	956,000.00	-	962,000.00	941,967.82	20,032.18	-
<i>STATE UNIFORM CONSTRUCTION CODE</i>						
Salaries and Wages						
Construction Code Official	8,600.00		38,400.00	38,386.27	13.73	-
Sub-Code Officials						
Plumbing Inspector	5,100.00		9,000.00	8,945.67	54.33	-
Fire Inspector	17,000.00		17,000.00	16,981.90	18.10	-
Electrical Inspector	16,000.00		16,000.00	15,842.06	157.94	-
Other Salaries	88,600.00		88,600.00	83,972.48	4,627.52	-
Building Sub-Code Official	21,000.00		21,000.00	20,622.94	377.06	-
Other Expenses	30,680.00		30,680.00	14,458.04	16,221.96	-
Rental Expenses						
TOTAL STATE UNIFORM CONST. CODE	186,980.00	-	220,680.00	199,209.36	21,470.64	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS WITHIN "CAPS" (Cont'd)						
<i>UNCLASSIFIED:</i>						
Utilities						
Street Lighting	\$ 320,000.00		\$ 320,000.00	\$ 271,661.44	\$ 48,338.56	\$ -
Gasoline	140,000.00		140,000.00	111,305.26	28,694.74	
Electricity	270,000.00		270,000.00	173,299.40	96,700.60	
Telephone	155,000.00		170,000.00	164,641.37	5,358.63	
Water	50,000.00		50,000.00	40,169.09	9,830.91	
Fire Hydrant Services	133,000.00		133,000.00	121,615.94	11,384.06	
Purchase of Postage	40,000.00		40,000.00	26,379.80	13,620.20	
Vehicle Maintenance						
Salaries and Wages	82,600.00		82,600.00	81,050.72	1,549.28	
Other Expenses	249,000.00		249,000.00	188,144.15	60,855.85	
	<u>1,439,600.00</u>	-	<u>1,454,600.00</u>	<u>1,178,267.17</u>	<u>276,332.83</u>	-
TOTAL OPERATIONS WITHIN "CAPS"	<u>17,415,980.00</u>	-	<u>17,415,980.00</u>	<u>15,386,281.47</u>	<u>2,029,698.53</u>	-
Contingent	<u>2,000.00</u>		<u>2,000.00</u>	<u>1,902.00</u>	<u>98.00</u>	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>17,417,980.00</u>	-	<u>17,417,980.00</u>	<u>15,388,183.47</u>	<u>2,029,796.53</u>	-
<i>Detail:</i>						
Salaries and Wages	9,749,850.00		9,800,550.00	9,485,026.78	315,523.22	-
Other Expenses (Including Contingent)	7,668,130.00		7,617,430.00	5,903,156.69	1,714,273.31	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS WITHIN "CAPS" (Cont'd)						
<i>DEFERRED CHARGES:</i>						
Prior year bill- Beckmeyer Engineering	\$ 495.00		\$ 495.00	\$ 495.00	\$ -	
Prior year bill- Bender Enterprises	705.00		705.00	705.00	-	
Prior year bill- Mistras	1,500.00		1,500.00	1,500.00	-	
Prior year bill- Valley Physicians	67.00		67.00	67.00	-	
<i>STATUTORY EXPENDITURES:</i>						
Contributions to:						
Public Employees Retirement System	518,526.84		518,526.84	508,748.61	9,778.23	
Social Security System (O.A.S.I.)	375,000.00		375,000.00	367,161.99	7,838.01	
Police and Firemen Retirement System of N.J.	1,471,413.00		1,471,413.00	1,471,413.00	-	
Defined Contribution Retirement Program Contributions	6,300.00		6,300.00	6,300.00	-	
Early Retirement Incentive Program	132,299.00		132,299.00	132,299.00	-	
TOTAL DEFERRED CHARGES AND STATUTORY EXPEND. -MUNICIPAL WITHIN "CAPS"	2,506,305.84	-	2,506,305.84	2,488,689.60	17,616.24	-
CASH DEFICIT OF PRECEDING YEAR	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	19,924,285.84	-	19,924,285.84	17,876,873.07	2,047,412.77	-
OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library Ch. 82, PL 1985	769,104.94		769,104.94	759,575.20	9,529.74	
Tax Appeals Reserve	400,000.00		400,000.00	400,000.00	-	
Interlocal Service Agreements- Building Department	115,941.22		115,941.22	115,941.22	-	
	1,285,046.16	-	1,285,046.16	1,275,516.42	9,529.74	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED			
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed	
OPERATIONS EXCLUDED FROM "CAPS" (Continued)							
<i>PUBLIC AND PRIV. PROGRAMS OFFSET BY REVENUES</i>							
Police Safe & Secure Grant	\$ 60,000.00		\$ 60,000.00	\$ 60,000.00	\$ -	\$ -	\$ -
Police Safe & Secure Grant -Municipal Share	15,000.00		15,000.00	15,000.00	-	-	-
Recycling Tonnage Grant	17,740.40		17,740.40	17,740.40	-	-	-
NJ Body Armor Grant	4,958.94		4,958.94	4,958.94	-	-	-
Reserves - Grant							
Parking Offense Adjudication Act	2,418.00		2,418.00	2,418.00	-	-	-
Chapter 159:							
Clean Communities Grant	18,945.69		18,945.69	18,945.69	-	-	-
Alcohol Education & Rehab Grant	562.62		562.62	562.62	-	-	-
TOTAL PUBLIC AND PRIV. PROGRAMS OFFSET BY REVENUES	119,625.65	-	119,625.65	119,625.65	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,404,671.81	-	1,404,671.81	1,395,142.07	9,529.74	-	-
<i>Detail:</i>							
<i>Salaries and Wages</i>	75,000.00	-	75,000.00	75,000.00	-	-	-
<i>Other Expenses</i>	1,329,671.81	-	1,329,671.81	1,320,142.07	9,529.74	-	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"							
Capital Improvement Fund	186,500.00		186,500.00	186,500.00	-	-	-
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	186,500.00	-	186,500.00	186,500.00	-	-	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	2019 APPROPRIATIONS			EXPENDED		
	Budget	Emergency Appropriations	Budget After Modification	Paid or Charged	Reserved	Lapsed
						Overexpenditure
MUNICIPAL DEBT-EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 3,251,926.33		\$ 3,251,926.33	\$ 3,251,926.33	\$ -	\$ -
Payment on Bond Anticipation Notes & Capital Notes					-	-
Interest on Bonds	1,351,422.23		1,351,422.23	1,351,422.23		
Interest on Notes						
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	59,983.36		59,983.36	59,983.36		
Chapter 159: American Dream Bond/ Debt Defeasance						
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	<u>4,663,331.92</u>	<u>-</u>	<u>4,663,331.92</u>	<u>4,663,331.92</u>	<u>-</u>	<u>-</u>
DEFERRED CHARGES -						
MUNICIPAL EXCLUDED FROM "CAPS"						
Paydown Capital Ord #05-01	101.85		101.85	101.85		
Paydown Capital Ord # 15-10	450.50		450.50	450.50		
Paydown Capital Ord # 18-05	774,117.39		774,117.39	774,117.39		
Special Emergency Authorizations - 5 Years	-	-	-	-	-	-
	<u>774,669.74</u>	<u>-</u>	<u>774,669.74</u>	<u>774,669.74</u>	<u>-</u>	<u>-</u>
Judgements (NJSA 40A:4-45.3cc)						
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	<u>7,029,173.47</u>	<u>-</u>	<u>7,029,173.47</u>	<u>7,019,643.73</u>	<u>9,529.74</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>26,953,459.31</u>	<u>-</u>	<u>26,953,459.31</u>	<u>24,896,516.80</u>	<u>2,056,942.51</u>	<u>-</u>
<i>Reserve for Uncollected Taxes</i>	<u>475,000.00</u>		<u>475,000.00</u>	<u>475,000.00</u>		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 27,428,459.31</u>	<u>\$ -</u>	<u>\$ 27,428,459.31</u>	<u>\$ 25,371,516.80</u>	<u>\$ 2,056,942.51</u>	<u>\$ -</u>
Reference	A-2			Below	A	A-1
Reference						
Disbursements	A-4			\$ 24,883,311.60		
Budget Offsets	A-4			(784,589.72)		
Reserve for Uncollected Taxes	A-2			475,000.00		
Encumbrance Payable	A-20			278,169.27		
Due to Grant Fund	E-4			119,625.65		
Tax Appeal Reserve	A-21			400,000.00		
				<u>\$ 25,371,516.80</u>		

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

		At December 31,	
	Reference	2019	2018
ASSETS			
Other Trust Fund			
Cash	B-1	\$ 2,058,831.21	\$ 1,473,740.67
Due from Current Fund		-	-
		<u>2,058,831.21</u>	<u>1,473,740.67</u>
Developer's Escrow Fund			
Cash	B-1	475,641.37	506,795.69
		<u>475,641.37</u>	<u>506,795.69</u>
Dog License Fund			
Cash	B-1	18,573.40	16,725.40
		<u>18,573.40</u>	<u>16,725.40</u>
Unemployment Fund			
Cash	B-1	37,643.58	36,882.94
		<u>37,643.58</u>	<u>36,882.94</u>
TOTAL ASSETS		<u>\$ 2,590,689.56</u>	<u>\$ 2,034,144.70</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Other Trust			
Special Reserves	B-8	\$ 1,374,407.35	\$ 758,292.08
Reserve for DEA Confiscated Funds	B-9	582,217.35	614,448.33
Police Off-Duty Payable	B-10	102,206.51	101,000.26
		<u>2,058,831.21</u>	<u>1,473,740.67</u>
Developers Escrow			
Reserve for Escrow Fees	B-5	475,641.37	506,795.69
		<u>475,641.37</u>	<u>506,795.69</u>
Dog License Fund			
Due to State of NJ	B-3	-	-
Due to Current Fund	A, B-4	4,860.80	3,868.20
Reserve for Dog Fund Expenditures	B-6	13,712.60	12,857.20
		<u>18,573.40</u>	<u>16,725.40</u>
Unemployment Fund			
Fund Reserve	B-2	37,643.58	36,882.94
		<u>37,643.58</u>	<u>36,882.94</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 2,590,689.56</u>	<u>\$ 2,034,144.70</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

C

		At December 31,	
	Reference	2019	2018
ASSETS			
Cash - Treasurer	C-2,3	\$ 7,162,039.57	\$ 6,840,155.88
Grants Receivable	C-18	230,878.72	305,870.86
Deferred Charges to Future Taxation:			
Funded	C-5	27,955,812.03	31,255,227.01
Unfunded	C-6	3,865,428.61	857,452.35
TOTAL ASSETS		\$ 39,214,158.93	\$ 39,258,706.10
LIABILITIES, RESERVE AND FUND BALANCE			
General Serial Bonds	C-13	\$ 27,366,752.33	\$ 30,618,678.66
Bond Anticipation Note Payable	C-16	3,540,500.00	-
State Loan Payable	C-12	589,059.70	636,548.35
Encumbrance Payable	C-7	1,488,107.96	429,906.80
Improvement Authorizations:			
Funded	C-9	3,151,156.26	5,099,780.86
Unfunded	C-9	1,625,147.91	856,900.00
Reserve for Payment of Bonds and Notes	C-14	1,071,247.80	1,091,710.55
Reserve for Building & Grounds Improvements	C-11	-	493.09
Reserve for Grants- Receivable	C-17	181,650.61	305,870.86
Premium on BAN/ Bond Sale	C-10	1,408.17	169.00
Capital Improvement Fund	C-8	172,407.63	207,791.63
Fund Balance	C-1	26,720.56	10,856.30
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		\$ 39,214,158.93	\$ 39,258,706.10

There were bonds and notes authorized but not issued on December 31, 2019 and 2018
in the amount of \$324,928.61 and \$857,452.35 respectively. (Exhibit C-16).

STATEMENT OF FUND BALANCE

C-1

	Reference	
Balance December 31, 2018	C	\$ 10,856.30
Increased by:		
Canceled Improvement Authorizations	C-9	<u>115,864.26</u>
		126,720.56
Decreased by:		
Fund Improvement Authorizations	C-6,16	<u>100,000.00</u>
Balance December 31, 2019	C	<u>\$ 26,720.56</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D

		At December 31,	
	Reference	2019	2018
ASSETS			
Operating Fund:			
Cash	D-4	\$ 2,173,787.17	\$ 1,865,197.71
Escrow Trust Cash	D-4, D-15	1,514.69	1,514.69
Receivable with Full Reserves:			
Consumer Accounts Receivable	D-5, Contra	134,891.15	372,372.50
Sewer Lien Receivable	D-9, Contra	2,058.75	2,058.75
Due from Current Fund	D-14		
Deferred Charges:			
Overexpenditure of Appropriations	D-3		11,130.19
Overexpenditure of Appropriation Reserves	D-3		24,581.10
Deficit in Operation	D-3		116,414.96
Total Operating Fund		<u>2,312,251.76</u>	<u>2,393,269.90</u>
Capital Fund:			
Cash	D-4	851,910.91	1,002,445.55
Fixed Capital	D-8	4,503,548.62	4,503,548.62
Fixed Capital Authorized and Uncompleted	D-8	1,100,000.00	1,100,000.00
Due from Utility Operating Fund	D-7	-	-
Total Capital Fund		<u>6,455,459.53</u>	<u>6,605,994.17</u>
TOTAL ASSETS		<u>\$ 8,767,711.29</u>	<u>\$ 8,999,264.07</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3,13	\$ 71,899.47	\$ 115,829.37
Encumbrance Payable	D-3,13	3,062.91	374.69
Accrued Interest	D-17	24,357.04	18,419.20
Due to Utility Capital Fund	D-7	-	-
Sewer Charge Overpayment	D-6	31,236.17	24,465.53
Due to Current Fund	D-14	-	-
Reserve for Escrow Deposit	D-15	1,514.69	1,514.69
Reserve for Receivables	Contra	136,949.90	374,431.25
Fund Balance	D-1	2,043,231.58	1,858,235.17
Total Operating Fund		<u>2,312,251.76</u>	<u>2,393,269.90</u>
Capital Fund:			
Serial Bond Payable	D-18	1,168,247.66	1,266,321.33
Bond Anticipation Notes	D-19	-	-
Improvement Authorizations			
Funded	D-10	595,182.36	745,717.00
Unfunded	D-10	-	-
Capital Improvement Fund	D-11	256,935.55	256,935.55
Reserve for Deferred Amortization	D-12	1,260,812.58	1,162,738.91
Amortization Reserve	D-12	3,174,281.38	3,174,281.38
Total Capital Fund		<u>6,455,459.53</u>	<u>6,605,994.17</u>
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		<u>\$ 8,767,711.29</u>	<u>\$ 8,999,264.07</u>

There were bonds and notes authorized but not issued as of December 31, 2019 and December 31, 2018 in the amount of \$207 and \$207 respectively. (Schedule D-16)

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
DECEMBER 31, 2019 AND 2018

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES
IN OPERATING FUND BALANCE - REGULATORY BASIS**

D-1

		At December 31,	
	Reference	2019	2018
Revenue and Other Income Realized			
Utility Operating Surplus	D-2	\$ 573,000.00	\$ 680,000.00
User Charges and Fees	D-2,4	1,608,889.81	1,383,821.60
Delinquent User Charges	D-2	367,698.47	165,236.04
Giants Training Facility Agreement	D-2,4	37,461.56	23,822.40
Meadowlands Stadium Agreement	D-2,4	144,673.41	159,316.29
Miscellaneous Revenues	D-2,4	283,974.61	34,655.30
	D-2	<u>3,015,697.86</u>	<u>2,446,851.63</u>
Other Credits to Income:			
Appropriations Lapsed	D-3	5,937.84	
Appropriation Reserves Lapsed	D-13	78,360.71	1,733.41
		<u>3,099,996.41</u>	<u>2,448,585.04</u>
Less: Budget Appropriations	D-3	<u>2,342,000.00</u>	<u>2,565,000.00</u>
Excess/(Deficit) in Revenues		757,996.41	(116,414.96)
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Deficit in Operations	D		116,414.96
Fund Balance - Operating - January 1	D	<u>1,858,235.17</u>	<u>2,538,235.17</u>
Less: Fund Balance Utilized	D-2	<u>573,000.00</u>	<u>680,000.00</u>
Fund Balance - Operating - December 31	D	<u>\$ 2,043,231.58</u>	<u>\$ 1,858,235.17</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF REVENUES - REGULATORY BASIS

D-2

	Reference	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	D-1	\$ 573,000.00	\$ 573,000.00	\$ -
User Charges and Fees	D-1,Below	1,383,000.00	1,608,889.81	225,889.81
Delinquent User Charges	D-4,5	165,000.00	367,698.47	202,698.47
Giants Training Facility Agreement	D-1,4,5	32,000.00	37,461.56	5,461.56
Meadowlands Stadium Agreement	D-1,4,5	159,000.00	144,673.41	(14,326.59)
Miscellaneous Income & Hook-up Fees	D-1,4	30,000.00	283,974.61	253,974.61
		<u>\$ 2,342,000.00</u>	<u>\$ 3,015,697.86</u>	<u>\$ 673,697.86</u>
		D-3	D-1, Below	
User Charges & Fees	D-4,5		\$ 2,419,478.41	
Interest Income	D-4		23,219.45	
Surplus Anticipated	D-1		<u>573,000.00</u>	
	Above		<u>\$ 3,015,697.86</u>	

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-3

	2019 Appropriations		Expended		Lapsed	(Overexpenditure)
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating						
Salaries and Wages	\$ 178,000.00	\$ 178,000.00	\$ 159,070.51	\$ 18,929.49	\$ -	\$ -
Other Expenses	1,791,689.69	1,791,689.69	1,740,940.60	50,749.09	-	-
Health Benefits	43,000.00	43,000.00	43,000.00	-	-	-
Total Operating Expenditures	2,012,689.69	2,012,689.69	1,943,011.11	69,678.58	-	-
Capital Improvement Fund	-	-	-	-	-	-
Deferred Charges & Statutory Expenditures						
Deferred Charges:						
Appropriation Reserve Overexpenditure	24,581.10	24,581.10	24,581.10	-	-	-
Appropriation Overexpenditure	11,130.19	11,130.19	11,130.19	-	-	-
Deficit in Operations- Prior Year	116,414.96	116,414.96	116,414.96	-	-	-
Statutory Expenditures:						
Contributions to:						
Social Security System	14,000.00	14,000.00	11,779.11	2,220.89	-	-
Unemployment Compensation Insurance	-	-	-	-	-	-
Total Deferred Charges & Statutory Expenditures	166,126.25	166,126.25	163,905.36	2,220.89	-	-
Debt Service						
Bond Principal	98,073.67	98,073.67	98,073.67	-	-	-
Bond Interest	65,110.39	65,110.39	59,172.55	-	5,937.84	-
	163,184.06	163,184.06	157,246.22	-	5,937.84	-
Total Sewer Utility Appropriations	\$ 2,342,000.00	\$ 2,342,000.00	\$ 2,264,162.69	\$ 71,899.47	\$ 5,937.84	\$ -
Reference	D-1,2	D-1,2	Below	D	D-1	D
Disbursed	D-4		\$ 2,103,035.69			
Accrued Interest	D-17		5,937.84			
Deferred Charge- Overexpenditures of Approp. & Reserves	D		152,126.25			
Encumbrance Payable	D		3,062.91			
Above			\$ 2,264,162.69			

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

	Reference	At December 31,	
		2019	2018
ASSETS			
Cash	E-1	\$ 224,666.75	\$ 24,858.19
Grants Receivable	E-3	80,408.00	165,000.00
TOTAL ASSETS		<u>\$ 305,074.75</u>	<u>\$ 189,858.19</u>
LIABILITIES AND RESERVES			
Appropriated Reserve	E-4	\$ 186,304.34	\$ 187,440.19
Due from Current Fund	E-2	75,000.00	-
Unappropriated Reserve	E-5	43,770.41	2,418.00
TOTAL LIABILITIES AND RESERVES		<u>\$ 305,074.75</u>	<u>\$ 189,858.19</u>

BOROUGH OF EAST RUTHERFORD
GENERAL FIXED ASSETS FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS GROUP OF ACCOUNTS - REGULATORY BASIS

F

	At December 31,	
	2019	2018
GENERAL FIXED ASSETS		
* Land (as per assessed valuation)	\$ 44,863,800.00	\$ 41,122,900.00
* Buildings (as per assessed valuation)	14,591,400.00	14,591,400.00
Machinery and Equipment	13,603,846.00	13,275,024.00
TOTAL GENERAL FIXED ASSETS	<u>\$ 73,059,046.00</u>	<u>\$ 68,989,324.00</u>
 LIABILITIES AND RESERVES		
Investments in General Fixed Assets	<u>\$ 73,059,046.00</u>	<u>\$ 68,989,324.00</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 73,059,046.00</u>	<u>\$ 68,989,324.00</u>
* Revaluation in 2018 and 2019		

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of East Rutherford (the "Borough") have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey (the "Division"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14, which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not issue financial statements in accordance with GAAP, and thus, do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers, or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are component units under GAAP.

B. Fund Accounting

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. The accounts of the Borough are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenses or expenditures. The following funds and groups of accounts are used by the Borough:

Current Fund - resources and expenditures for governmental operations of a general nature.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division regulates the accounting for these funds.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities other than those acquired in the Current Fund.

Sewer Utility Fund - receipt and disbursement of funds for sewer utility operations.

Grant Fund - receipt and disbursement of funds from Federal and State Grants.

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

All governmental funds, proprietary funds and expendable trust funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

A modified accrual basis of accounting is followed by the Borough. Under this method of accounting, revenues, except for State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal Revenue Sharing funds and other Federal and State grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with offsetting reserves on the statement of financial position of the municipality's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts which are susceptible to accrual that are due the municipality are recorded as receivables with offsetting reserves and are recorded as revenue when received.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the Borough's financial statements. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Utility Rents - Utility charges are based on prior year's actual water consumption. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the statement of financial position of the Borough's sewer utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual and to be reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund, are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division per N.J.S.A. 40A:4 et seq. Transfers can be made during the last two months and the first three months of the following year. The budget may also be amended by emergency appropriation, which must be raised in the succeeding year's budget. Special items of revenue and corresponding expenditure may be added to the budget with special written consent from the Division (Chapter 159).

The Borough is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund
Sewer Capital Fund

Expenditures - Expenditures are recorded in the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves, unless canceled by the governing body. Except for unmatured interest on general long-term debt which should be recognized when due, GAAP requires expenditures, if measurable, to be recognized in the accounting period in which the fund liability is incurred.

Encumbrances - Contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Appropriation Reserves - Appropriation Reserves are available, until lapsed, at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Self-Insurance Contributions - Payments to self-insurance funds are charged to current budget appropriations. GAAP requires payments to be accounted for as an operating transfer and not as an expenditure.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of financial position.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments, with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

Incurred but Not Reported (IBNR) Reserves - The Borough has not created a reserve for any potential unreported losses which have taken place, but the Borough has not received notice or report of losses. Additionally, the Borough has not recorded a liability for those claims, which have been filed but have not yet been paid. GAAP requires the establishment of reserves for such potential claims.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

General Fixed Assets - N.J.A.C. 5:30-5.6 accounting for governmental fixed assets continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensure that property records are maintained accurately to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property, and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges to Future Taxation Funded and Unfunded – Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statement in order to provide an understanding of changes in the financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Foreclosed Property - Foreclosed property is recorded in the Current Fund when such property was acquired and fully reserved.

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents the financial statements listed in the table of contents, which are required by the Division, and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

2. **Cash and Cash Equivalents**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2019 and 2018, \$0 of the Borough's bank balance of \$20,030,748.74 and \$17,790,881.94 was exposed to custodial credit risk, respectively.

3. **Investments**

Interest Rate Risk. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A: 5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the Local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The Borough places no limit on the amount the Borough may invest in any one issuer.

As of December 31, 2019 and 2018, the Borough had no investments.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. **Municipal Debt**

Summary of Long-Term Debt

Long-term debt as of December 31, 2019 consisted of bonds, loans, compensated absences and capital leases.

	Balance Dec. 31, 2018	Additions	Reductions	Balance Dec. 31, 2019	Due in One Year
Bonds Payable - General	\$ 30,618,678.66		\$ 3,251,926.33	\$ 27,366,752.33	\$ 3,217,340.71
Bonds Payable - Sewer Utility	1,266,321.33		98,073.67	1,168,247.66	92,659.29
Loan Payable - General	636,548.35		47,488.65	589,059.70	48,443.16
Compensated Absences	854,695.12		59,044.45	795,650.67	
	<u>\$ 33,376,243.46</u>	<u>\$ -</u>	<u>\$ 3,456,533.10</u>	<u>\$ 29,919,710.36</u>	<u>\$ 3,358,443.16</u>

Long-term debt as of December 31, 2018 consisted of bonds, loans, compensated absences and capital leases.

	Balance Dec. 31, 2017	Additions	Reductions	Balance Dec. 31, 2018	Due in One Year
Bonds Payable - General	\$ 25,825,756.46	\$ 7,480,000.00	\$ 2,687,077.80	\$ 30,618,678.66	\$ 3,251,926.33
Bonds Payable - Sewer Utility	264,243.53	1,045,000.00	42,922.20	1,266,321.33	98,073.67
Loan Payable - General	683,101.27		46,552.92	636,548.35	47,488.65
Compensated Absences	909,541.18		54,846.06	854,695.12	
	<u>\$ 27,682,642.44</u>	<u>\$ 8,525,000.00</u>	<u>\$ 2,831,398.98</u>	<u>\$ 33,376,243.46</u>	<u>\$ 3,397,488.65</u>

As of December 31, 2019 and December 31, 2018, all outstanding bonds are included in the general capital fund and sewer utility fund. Interest and principal reductions were included in the current and sewer utility operating budget of the Borough.

The regulatory basis of accounting in New Jersey does not recognize accumulated absences as long-term debt. Accumulated absence liabilities are more fully described in Note 15.

The Bergen County Improvement Authority issued \$17,000,000, County of Bergen Guaranteed Revenue Bonds, Series 2010. The bonds were issued to make a loan to the Borough for the purpose of financing the cost of a new police headquarters and municipal court building to be used by the Borough. The bonds were dated June 1, 2010 and interest is payable on June 1 and December 1 of each year commencing on December 1, 2010 and the bond principal is payable each year commencing June 1, 2013 to 2039. During 2017 the County of Bergen Guaranteed Revenue Bonds were defeased with proceeds from American Dream LLC in connection with the American Dream project at the Meadowlands in East Rutherford.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. **Municipal Debt**

Summary of Long-Term Debt (Continued):

The Borough's long-term debt consisted of the following at December 31, 2019

<i>General Obligation Bonds</i>	December 31, 2019	December 31, 2018
\$12,505,000 - 2009 Bonds, due in annual installments of \$1,156,086.29-11/01/20-21;\$1,233,158.71-11/01/22 interest rate for 2019-2022 is 4.00%	\$ 3,545,330.97	\$ 4,701,417.26
\$5,112,000 - 2014 Bonds, due in annual installments of \$267,229.42-02/01/20, \$272,178.11-02/01/21, \$282,075.50-02/01/22, \$291,972.89-02/01/23, \$301,870.27-02/01/24,\$311,767.66-02/01/25, \$326,613.74-02/01/26, \$336,511.12-02/01/27, \$351,357.20- 02/01/28, \$361,254.59-02/01/29, \$376,100.67-02/01/30, \$385,998.19-02/01/31, interest rate for 2019-2029 is 5.00%, 2030 is 4.00%, and 2031 is 3.25%	3,864,929.36	4,122,261.40
\$11,175,000 - 2014 Bonds, due in annual installments of \$1,125,000-06/15/20, \$1,130,000-06/15/21, \$1,135,000-06/15/22, \$1,145,000-06/15/23,\$1,150,000-06/15/24, \$1,100,000-06/15/25, interest rate 2019-2025 variable from 4.00% to 5.00%	6,785,000.00	7,915,000.00
\$6,735,000 - 2017 Tax Appeal Refunding Bonds, due in annual installments of \$340,000-12/01/20-12/01/25, \$335,000-12/01/2026-12/01/2027, \$1,675,000-12/01/32-12/01/37, interest rate variable from 4.00% to 5.00%	6,060,000.00	6,400,000.00
\$7,480,000 - 2018 BCIA County Guaranteed Governmental Revenue Bonds, due in annual installments of \$368,508-06/15/19, \$329,025-06/15/20, \$346,573-06/15/21, \$364,121-06/15/22, \$381,669-06/15/23,\$399,217-06/15/24, \$421,152-06/15/25, \$443,087-06/15/26, \$465,022-06/15/27, \$486,957-06/15/28, \$508,892-06/15/29, \$535,214-06/15/30, \$561,536-06/15/31, \$592,245-06/15/32, \$622,954-06/15/23, \$653,828-06/15/34 interest rate 5.00%	7,111,492.00	7,480,000.00
Subtotal	<u>27,366,752.33</u>	<u>30,618,678.66</u>
<i>State Loan Payable</i>		
\$179,070.15 - due on annual installments, at a 2% interest rate	159,804.29	167,625.84
\$100,000 - due in annual installments, at a 2.00% interest rate	58,629.37	63,600.42
\$435,553 - due in semi-annual installments, at a 2.00% interest rate	164,315.55	187,761.05
\$250,000 - due in semi-annual installments, at a 2.00% interest rate	206,310.49	217,561.04
Subtotal	<u>589,059.70</u>	<u>636,548.35</u>
<u>Sewer Utility Capital:</u>		
<i>Bond Payable</i>		
\$475,000 - 2009 Bonds, due in annual installments of \$43,913.71-11/01/20-21;\$46,841.29-11/01/22 interest rate for 2019-2022 is 4.00%	\$ 134,669.02	\$ 178,582.73
\$53,000 - 2014 Bonds, due in annual installments of \$2,770.58-2/01/20; \$2,821.89-2/01/21; \$2,924.50-2/01/22; \$3,027.11-2/01/23; \$3,129.73-2/01/24; \$3,232.34-2/01/25; \$3,386.26-2/01/26; \$3,488.88-2/01/27;\$3,642.80-2/01/28; \$3,745.41-2/01/29; \$3,899.33 -2/01/30; \$4,001.81-2/01/31- interest rate for 2019-2029 is 5.00%, 2030 is 4.00%, and 2031 is 3.25%	40,070.64	42,738.60
\$1,045,000 - 2018 BCIA County Guaranteed Governmental Revenue Bonds, due in annual installments of \$45,975-06/15/20, \$48,427-06/15/21, \$50,879-06/15/22, \$53,331-06/15/23,\$55,783-06/15/24, \$58,848-06/15/25, \$61,913-06/15/26, \$64,978-06/15/27, \$68,043-06/15/28, \$71,108-06/15/29, \$74,786-6/15/30, \$78,464-06/15/31, \$82,755-06/15/32, \$87,046-06/15/23, \$91,172-06/15/34 interest rate 5.00%	993,508.00	1,045,000.00
Total	<u>1,168,247.66</u>	<u>1,266,321.33</u>
Total	<u>\$ 29,124,059.69</u>	<u>\$ 32,521,548.34</u>

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. Municipal Debt

Summary of Long-Term Debt (Continued):

Summary of Statutory Municipal Debt

Statutory municipal debt consisted of outstanding bonds, notes and loans as well as bonds and notes authorized but not issued.

	2019	2018	2017
Issued:			
General:			
Bonds, Notes and Loans	\$ 31,496,312.03	\$ 31,255,227.01	\$ 30,737,857.73
Sewer Utility:			
Bonds, Notes and Loans	1,168,247.66	1,266,321.33	1,309,243.53
Debt Issued	<u>32,664,559.69</u>	<u>32,521,548.34</u>	<u>32,047,101.26</u>
Authorized but not Issued:			
General:			
Bonds and Notes	324,928.61	857,452.35	726,552.34
Sewer Utility:			
Bonds and Notes	207.00	207.00	207.00
	<u>325,135.61</u>	<u>857,659.35</u>	<u>726,759.34</u>
Less Deductions	<u>7,228,454.66</u>	<u>6,400,000.00</u>	<u>8,044,450.53</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 25,761,240.64</u>	<u>\$ 26,979,207.69</u>	<u>\$ 24,729,410.07</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.156% as of December 31, 2019 and 1.251% as of December 31, 2018.

2019	Gross Debt Issued and Authorized	Deductions	Net Debt
School Debt	\$ 2,511,000.00	\$ 2,511,000.00	\$ -
General Debt	31,821,240.64	6,060,000.00	25,761,240.64
Sewer Utility Debt	1,168,454.66	1,168,454.66	-
	<u>\$ 35,500,695.30</u>	<u>\$ 9,739,454.66</u>	<u>\$ 25,761,240.64</u>

Net Debt of \$25,761,240.64 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$2,229,119,475 = 1.156%.

2018	Gross Debt Issued and Authorized	Deductions	Net Debt
School Debt	\$ 3,136,000.00	\$ 3,136,000.00	\$ -
General Debt	32,112,679.36	6,400,000.00	25,712,679.36
Sewer Utility Debt	1,266,528.33		1,266,528.33
	<u>\$ 36,515,207.69</u>	<u>\$ 9,536,000.00</u>	<u>\$ 26,979,207.69</u>

Net Debt of \$26,979,207.69 divided by of Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$2,157,068,081 = 1.251%.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. Municipal Debt

Summary of Long-Term Debt (Continued):

Calculation of "Self-Liquidating Purpose", Sewer Utility

	2019	2018
Surplus Anticipated	\$ 573,000.00	\$ 680,000.00
Cash Receipts from Fees, Rents or Other Charges	2,442,697.86	1,766,851.63
Deductions:		
Operating and Maintenance Cost	2,012,689.69	2,214,785.10
Deferred Charges & Statutory Expenditures	166,126.25	272,829.12
Debt Service	163,184.06	77,385.78
	<u>2,342,000.00</u>	<u>2,565,000.00</u>
Excess (Deficit) in Revenue	673,697.86	(118,148.37)
Share of deficit in revenue or utility debt service capitalized at 5%	-	1,547,715.60
Gross Sewer System Debt		1,266,528.33
Less Above:		<u>(281,187.27)</u>
Total Deduction	<u>-</u>	<u>-</u>

Borrowing Power Under N. J.S.A. 40A:2- As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 78,019,181.64	\$ 75,497,382.84
Net Debt	<u>25,761,240.64</u>	<u>26,979,207.69</u>
Remaining Borrowing Power	<u>\$ 52,257,941.00</u>	<u>\$ 48,518,175.15</u>

Bond Anticipation Notes:

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2019, the Borough had bond anticipation notes outstanding for the General Capital Fund. Reference to schedule C-16 and D-19 will show the annual interest rates for each note if applicable.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
TD Securities USA, LLC	-	3,540,500.00		3,540,500.00
	<u>\$ -</u>	<u>\$ 3,540,500.00</u>	<u>\$ -</u>	<u>\$ 3,540,500.00</u>

Overlapping Debt

County of Bergen (1) – Borough's share (1.31%)	\$18,444,983
Bergen County Utilities Authority (2)	<u>2,704,129</u>
Total Overlapping Debt	\$21,149,112

(1) The County of Bergen has \$1,407,338,927 in gross long-term and temporary debt. The Borough's net share is obtained by dividing the Borough's equalized valuation \$2,402,739,551 by the County's equalized valuation \$183,327,302,690.

(2) Overlapping debt was computed based upon municipal flow to the Authority.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

5. Capital Leases Payable

On January 22, 2014, the Borough entered into a lease agreement with Ford Credit Company for a 2014 Ford F450 Truck for five years with annual payments of \$14,045.50, to be used by the DPW Department. The fair market value of the vehicle was \$62,648.00.

On January 22, 2014, the Borough entered into a lease agreement with Ford Credit Company for a 2014 Ford Explorer for five years with annual payments of \$7,374.32, to be used by the Police Department. The fair market value of the vehicle was \$32,241.00

On November 6, 2014, the Borough entered into a lease agreement with Ford Credit Company for a 2014 Dodge Charger for five years with annual payments of \$20,747.23, to be used by the Police Department. The fair market value of the vehicle was \$58,360.00.

On August 8, 2017, the Borough entered into a lease agreement with Ford Credit Company for two Chevrolet Tahoes with equipment for three years with annual payments of \$40,619.31, to be used by the Police Department. The fair market value of the vehicles was \$116,673.00.

On January 16, 2018, the Borough entered into a lease agreement with Leasing Servicing Center, for a Volvo garbage truck for 5 years with annual payments of \$51,883.44, to be used by the Department of Public Works Department. The fair market value of the garbage truck was \$234,166.20.

Total payments for the leases amounted to \$ 92,502.75 and \$92,502.75 in 2019 and 2018, respectively. These lease-purchase agreements include a \$1.00 buyout at the end of the lease periods; the assets will become Borough property. New leases were not available for inspection during 2019.

	Principal	Interest	Total
2020	44,622.86	7,260.58	51,883.44
2021	46,922.50	4,960.94	51,883.44
2022	49,340.66	2,542.78	51,883.44
	<u>\$ 140,886.02</u>	<u>\$ 14,764.30</u>	<u>\$ 155,650.32</u>

6. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are to be deferred to budgets of succeeding years. At December 31, 2019, there were no deferred charges were shown on the statement of financial position of Current Fund and Sewer Utility Fund:

	2018	Balance Dec. 31, 2018	2019 Budget Appropriations	Subsequent Budgets
<u>Sewer Utility Fund</u>				
Overexpenditure of Appropriations		11,130.19	11,130.19	-
Overexpenditure of Appropriation Reserves		24,581.10	24,581.10	
Deficit in Operations		116,414.96	116,414.96	
Total		<u>152,126.25</u>	<u>152,126.25</u>	<u>-</u>

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

7. Local District School Taxes

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute.

	Local School District Tax Balance December 31,		Regional High School Tax Balance December 31,	
	2019	2018	2019	2018
Balance of Tax	\$ 8,416,773.00	\$ 8,226,309.50	\$ 3,047,453.50	\$ 2,808,814.50
Deferred	8,416,773.00	8,226,309.50	3,047,453.50	2,808,814.50
Taxes Payable/(Prepaid)	\$ -	\$ -	\$ -	\$ -

8. Property Tax Calendar

The Borough's property taxes are due the first of February, May, August, and November. The levy is determined upon certification of tax rate by the county. Liens are sold at a tax sale in the subsequent year. The tax sales were held on October 17, 2019 for 2018 taxes and June 12, 2018 for 2017.

9. Taxes Collected in Advance

Taxes collected in advance, and the amounts set forth as cash liabilities in the financial statements as follows:

	Balance Dec. 31, 2019	Balance Dec. 31, 2018
Prepaid Taxes	\$ 392,991.31	\$ 181,856.39

10. Interfund Receivables and Payables

Interfund Receivables and Payables at December 31, 2019 and 2018 were as follows:

Fund Type	December 31, 2019		December 31, 2018	
	Receivables	Payables	Receivables	Payables
Current Fund	\$ 79,860.80		\$ 3,868.20	
Trust Funds		4,860.80		3,868.20
Grant Fund		75,000.00		
Total Interfund Receivables and Payable	\$ 79,860.80	\$ 79,860.80	\$ 3,868.20	\$ 3,868.20

11. Contingencies

Litigation

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals

Various tax appeal cases were pending in the tax court at December 31, 2019 and 2018. Amounts claimed have not been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the DLGS, the Borough does not recognize a liability, if any, until these cases have been adjudicated and may be material. Funding of any ultimate liability would be provided for in succeeding years' budget, fund balance or property tax refunding bond ordinances.

Federal and State Awards

The Municipality participates in several federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2019 and 2018, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Borough.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans

Description of Plans

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and are considered cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625 or can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Summary of Significant Accounting Policies -PERS and PFRS

GASB 68, Accounting and Financial Reporting for Pensions, is effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68* and *Amendments to Certain Provisions of GASB 67 and 68*, and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Therefore, the following information with regards to GASB 68 is for disclosure purposes only.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 and June 30, 2018, the Borough has disclosed a liability of \$7,359,417 and \$ 7,965,199 respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the Borough's proportion was .0408437 which was an increase of .0003897% from its proportion measured as of June 30, 2018 of .040454%.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the Borough recognized pension expense of \$ 508,748.61, as measured on June 30, 2018. At June 30, 2019 and 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2019		June 30, 2018	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 132,092	\$ 32,511	\$ 151,898	\$ 41,071
Changes of assumptions	734,865	2,554,430	1,312,533	2,546,847
Net difference between projected and actual earnings on pension plan investments		116,171		74,714
Changes in proportion and differences between Borough and proportionate share of contributions	264,698	610,079	314,649	1,065,935
Borough contributions subsequent to the measurement date				
Total	<u>\$ 1,131,655</u>	<u>\$ 3,313,191</u>	<u>\$ 1,779,080</u>	<u>\$ 3,728,567</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(212,506)
2021	(689,367)
2022	(615,564)
2023	(289,039)
2024	(29,679)
Total	<u>\$ (1,836,156)</u>

Changes in Proportion-The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 2,122,619,897	\$ 3,619,985,444
Collective deferred inflows of resources	6,618,184,855	6,581,869,368
Collective net pension liability (Non-State-Local Group)	18,143,832,135	19,689,501,539
Borough's portion of net pension liability	7,359,417	7,965,199
Borough's proportion %	0.0408437113%	0.0404540400%

Actuarial assumptions. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% – 6.00% based on years of service
Thereafter	3.00% – 7.00% based on years of service
Investment Rate of Return:	7.00%
See Independent Auditor's Report.	

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (Continued):

Public Employees' Retirement System (PERS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled.

Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equities	28.00%	8.26%
Non- U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate. The discount rate used to measure the total pension liability was 6.28% and 5.66% and as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (Continued):

Public Employees' Retirement System (PERS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2019 and 2018, calculated using the discount rate of 6.28% and 5.66% respectively, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>(6.28%)</u>	<u>(7.28%)</u>
Borough's proportionate share of the net pension liability	\$ 9,296,140	\$ 7,359,417	\$ 5,727,454
	June 30, 2018		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(4.66%)</u>	<u>(5.66%)</u>	<u>(6.66%)</u>
Borough's proportionate share of the net pension liability	\$ 10,015,320	\$ 7,965,199	\$ 6,245,279

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under disability provisions of PERS. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full-time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, and June 30, 2018, the Borough has disclosed a liability of \$18,553,991 and \$20,365,875, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2019 and 2018. At June 30, 2019, the District's proportion was .1516119 %, which was an increase of .00111 % from its proportion measured as of June 30, 2018 of .1505%.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2019 and June 30, 2018 was \$2,929,710 and \$2,766,367, respectively.

For the year ended December 31, 2019, the Borough recognized pension expense of \$ 1,471,413, as measured on June 30, 2018. At June 30, 2019 and 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2019		June 30, 2018	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 156,620	\$ 117,469	\$ 207,196	\$ 84,279
Changes of assumptions	635,761	5,996,480	1,748,136	5,219,422
Net difference projected and actual earnings on pension plan investments		251,401		111,420
Changes in proportion and differences between Borough's and proportionate share of contributions	200,372	1,212,001	286,015	1,574,125
Borough contributions subsequent to the measurement date				
Total	<u>\$ 992,753</u>	<u>\$ 7,577,351</u>	<u>\$ 2,241,347</u>	<u>\$ 6,989,246</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(972,704)
2021	(2,041,861)
2022	(1,446,066)
2023	(712,812)
2024	(399,526)
Total	<u>\$ (5,572,968.88)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for the years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 522,637,261	\$ 1,299,176,853
Collective deferred inflows of resources	4,198,449,249	3,597,955,452
Collective net pension liability (Non-State-Local Group)	14,170,193,618	15,369,699,278
Borough's portion of net pension liability	18,553,991	20,365,875
Borough's portion of net pension liability	0.1516119132%	0.1505054993%

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial assumptions. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	
Salary Increases:	
Through all future years	3.25% – 15.25% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Healthy Retiree mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equities	28.00%	8.26%
Non- U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Discount rate. The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.50% and 3.58% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2019 and 2018, calculated using the discount rate of 6.85% and 6.51%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(5.85%)</u>	<u>Rate</u> <u>(6.85%)</u>	<u>1% Increase</u> <u>(7.85)</u>
Borough's proportionate share of the net pension liability	\$ 25,078,235	\$ 18,553,991	\$ 13,152,930

	<u>1% Decrease</u> <u>(5.51%)</u>	<u>Rate</u> <u>(6.51%)</u>	<u>1% Increase</u> <u>(7.51)</u>
Borough's proportionate share of the net pension liability	\$ 27,257,196	\$ 20,365,875	\$ 14,681,790

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PFRS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after 4 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of the final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and tier 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Retirement Plans (Continued):

Police and Firemen's Retirement System (PFRS)

Funding Policy

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2012. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount
2019	\$ 508,748.61	\$ 1,471,413.00
2018	377,232.22	1,433,702.00
2017	402,189.00	1,364,165.36
2016	375,545.51	1,331,485.00

13. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP.

14. Deferred Compensation Plan

The Borough maintains a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. Any employee of the Borough is eligible to participate in the plan. Participation in the plan is entirely voluntary on the part of each employee. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is not a part of the financial statements of the Borough.

15. Post-Employment Benefits

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund- Local Government Retired (the Plan) (including Prescription Drug Program Fund) - N.J.S.A. 43 :3c-24 established a separate trust fund for certain non-State participating employers to provide funding for State Health Benefit Program coverage to its eligible retirees. Under the provisions of Chapter 330, P.L. 1997, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. For additional information about the Plan, please refer to the State Division of Pensions and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

15. Post-Employment Benefits (Continued):

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

As of June 30, 2019, the most recent measurement date, the State had \$13,546,071,100 unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$5,525,718,739 for state non-employer active and retired members, \$8,020,352,361 for local participating employer active and retired members.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

15. Post-Employment Benefits (Continued):

Funded Status and Funding Progress (Continued):

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Plan Membership and Contributing Employers

At June 30, 2018, the OPEB plan membership and contributing employers consisted of the following:

<u>Local Government Retired</u>	<u>June 30, 2018</u>
Active Plan Members	63,032
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>27,871</u>
Total Plan Members	90,903

Contributing Employers

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019 and 2018 \$263,163.35 and \$450,799.26, respectively, which equaled the required contributions for each year. Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of East Rutherford on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund –Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

15. Post-Employment Benefits (Continued):

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued):

At December 31, 2019 and 2018, the Borough reported a liability of \$9,327,012 and \$12,707,194, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at December 31, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund- Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the Borough's proportionate share was .068854 percent, which was a decrease of .012256 percent from its proportionate share measured as of June 30, 2018 of .081110 percent.

For the year ended December 31, 2019 the Plan has determined the Borough's OPEB expense/adjustment of (\$345,454) based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of \$263,163.35 At December 31, 2019, measured at June 30, 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following resources:

	June 30, 2019		June 30, 2018	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflow of</u>	<u>Outflows of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience		\$ 2,727,582.00	\$ 6,715.00	\$ 2,580,014.00
Changes of assumptions		3,305,286		3,223,346
Net difference projected and actual earnings on OPEB plan investments	7,683			
Changes in proportion and differences between Borough's and proportionate share of contributions	668,169	2,549,545	776,991	120,895
Borough contributions subsequent to the measurement date				
Total	<u>\$ 675,852</u>	<u>\$ 8,582,413</u>	<u>\$ 783,706</u>	<u>\$ 5,924,255</u>

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

	<u>Year Ended June 30:</u>
2020	(981,308)
2021	(981,308)
2022	(981,910)
2023	(982,884)
2024	(983,773)
Thereafter	(1,114,000)
Total	<u>\$ (6,025,184)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining useful life of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018, and 2017 amounts, respectively.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

15. Post-Employment Benefits (Continued):

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation rate:	2.50%
Salary Increases*:	
PERS-Through 2026	2.00-6.00%
Thereafter	3.00-7.00%
PFRS- Rate for Future Years	3.25-15.25%

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from central year using Scale MP-2019.

*Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2019 and 2018, respectively.

Discount rate

The discount rate used to measure the total pension liability was 3.50% and 3.87% as of June 30, 2019 and 2018, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

15. Post-Employment Benefits (Continued):

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of June 30, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Borough's proportionate share of the net OPEB liability	\$ 10,784,393	\$ 9,327,012	\$ 8,142,65

	June 30, 2018		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Borough's proportionate share of the net OPEB liability	\$ 14,908,898	\$ 12,707,194	\$ 10,948,53

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough's proportionate share of the OPEB net liability as of June 30, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Health Cost Trend Rates		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Borough's proportionate share of the net OPEB liability	\$ 7,870,848	\$ 9,327,012	\$ 11,184,55

	Health Cost Trend Rates		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
Borough's proportionate share of the net OPEB liability	\$ 10,599,837	\$ 12,707,194	\$ 15,434,42

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

15. Post-Employment Benefits (Continued):

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2019 (measured at June 30, 2019), the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$8,526,184. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$113,017. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .154300 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Health Insurance Waiver: The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or the actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. In 2019 the Borough had two employees that received the health insurance waiver incentive and was paid \$5,000 each.

Investment Valuation: Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

16. Compensated Absences

The Borough's policy to compensate police officers for unused sick time amounted to \$95,542.48 in 2019 and was paid in 2019, and \$94,950.96 in 2018 paid in 2018, respectively.

Other Borough employees are permitted to accrue unused sick pay which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the total cost of accumulated absence is \$795,650.67 for 2019 and \$854,695.12 for 2018.

17. Risk Management

The purpose of the South Bergen Municipal Joint Insurance Fund is to administer employee life, health, property and liability, worker's compensation, unemployment, and disability insurance programs of the Borough on a cost - reimbursement basis. This fund accounts for the risk financing activities of the Borough but does not constitute a transfer of risk from the Borough. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

BOROUGH OF EAST RUTHERFORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

18. Insurance

The Borough is a member of the South Bergen Municipal Joint Insurance Fund. The coverage includes general liability, automotive liability, law enforcement professional liability, and employee benefits liability. The employee benefit program includes prescription drug card plan, dental benefits, long-term disability benefit, and group life insurance benefit. There has been no reduction in insurance coverage from prior years and settlements did not exceed insurance coverage for the past three years. The fund continues to provide broader coverage than the conventional insurance market at a lower premium. According to the Borough's insurance manager, Professional Insurance Associates, Inc., the fund actuary has reported that all funds of which the Borough is a member are financially sound. The Borough has contracted with the State of New Jersey sponsored health coverage for its employees.

19. Federal Arbitrage Regulations

Municipalities are subject to Section 148 of the IRC as it pertains to the "arbitrage rebate" on all tax-exempt obligations. Under 1986 TRA, the IRS required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. Excess earnings may be required to be rebated to the IRS. Bond Counsel should be engaged to calculate the estimated arbitrage earnings due to the IRS, if any.

20. Subsequent Events

The Borough approved its 2020 budget on May 19, 2020 and the scheduled Adoption date is July 21, 2020.

The extent of the impact of COVID-19 on the Borough's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. There is a potential for loss of certain revenues, including state aid, and increase in delinquent taxes receivable.

See Independent Auditor's Report.

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF CASH

A-4

	Reference	<u>Current Fund</u>
Balance December 31, 2018	A	<u>\$ 5,517,020.57</u>
Increased by:		
Miscellaneous Revenue	A-2	13,836,739.22
Non-Budget Revenues	A-2	96,144.56
Petty Cash	A-5	-
Taxes Receivable	A-7	40,398,200.93
Tax Title Liens Receivable-Municipal	A-10	65,350.50
Senior Citizens and Veterans	A-8	33,363.01
Tax Overpayments	A-15	42,830.08
Due to State Marriage License Fees	A-14	1,750.00
Prepaid Taxes	A-16	392,991.31
Due from Grant Fund- Grant Receivable	E-2	186,799.65
Due to Grant Fund	E-2	19,508.31
Petty Cash	A-6	750.00
Budget Offsets	A-3	784,589.72
Transfer / Due to Other Trust Fund	B-7	2,132,332.81
Due to Dog License Fund	B-4	3,868.20
		<u>57,995,218.30</u>
		<u>63,512,238.87</u>
Decreased by:		
2019 Budget Appropriations	A-3	24,883,311.60
2018 Appropriation Reserves	A-13	719,630.05
Petty Cash	A-6	750.00
Tax Overpayments	A-15	35,085.72
Local District School Tax	A-18	16,683,082.44
Regional School Tax	A-19	5,863,042.06
County Taxes	A-17	5,589,334.50
Due from Grant Fund - Expenditures	E-2	120,761.50
Transfer to Grant Fund	E-2	175,546.46
Transfer to Other Trust Fund	B-7	2,132,332.81
Due to State of NJ Marriage License	A-14	1,675.00
Tax Appeals Disbursements	A-21	512,802.63
		<u>56,717,354.77</u>
Balance December 31, 2019	A	<u>\$ 6,794,884.10</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF CHANGE FUND

A-5

	Balance December 31, 2018	Increased	Decreased	Balance December 31, 2019
Collector - Change Fund	\$ 100.00			\$ 100.00
Borough Clerk - Change Fund	100.00		-	100.00
	<u>\$ 200.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200.00</u>
	A	A-4	A-4	A

SCHEDULE OF PETTY CASH

A-6

	Balance December 31, 2018	Cash Receipts	Cash Disbursements/ Transfer to Trust Fund	Balance December 31, 2019
Petty Cash	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00
	<u>\$ 750.00</u>	<u>\$ 750.00</u>	<u>\$ 750.00</u>	<u>\$ 750.00</u>
Reference	A	A-4	A-4	A

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-7

Year	Balance Dec. 31, 2018	2019 Levy	Collections		Prior Year Seniors Citizen Vets. Allowed/ Disallowed/ (Net)	Transfer to Lien	Added (Canceled)	Balance Dec. 31, 2019
			2018	2019				
2017	\$ 3,751.26	\$ -	\$ -	\$ 3,751.26	\$ -	\$ -	\$ -	\$ -
2018	255,583.93			354,291.25		31,935.43	130,643.84	1.09
2019		40,816,964.96	181,856.39	40,075,021.43		76,367.38	(39,828.56)	443,891.20
	<u>\$ 259,335.19</u>	<u>\$ 40,816,964.96</u>	<u>\$ 181,856.39</u>	<u>\$ 40,433,063.94</u>	<u>\$ -</u>	<u>\$ 108,302.81</u>	<u>\$ 90,815.28</u>	<u>\$ 443,892.29</u>
Reference	A	Below	A-16	Below	A-1,8	A-10		A

	Reference	
Cash Receipts	A-4	\$ 40,398,200.93
State of NJ - Realized		
Seniors and Veterans Deductions	A-8	34,863.01
	Above	<u>\$ 40,433,063.94</u>

Analysis of 2019 Property Tax Levy

Tax Yield:		
General Purpose Tax	\$ 40,756,267.08	
Added 6% Penalty		
Senior Citizen's & Veteran's Deduction	37,250.00	
Added Taxes (54:4-63.1 et. seq.)	<u>23,447.88</u>	
	<u>\$ 40,816,964.96</u>	Above
Tax Levy:		
Local & Regional District School		
Tax (Abstract)	\$ 22,928,453.00	A-18,19
County Taxes	5,584,874.37	A-17
Due County for Added Taxes	3,033.90	A-17
Local Tax for Municipal Purposes	12,275,666.06	A-2
Add: Additional Taxes Levied	<u>24,937.63</u>	
Total Tax Levy	<u>\$ 40,816,964.96</u>	Above

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF DUE FROM / (TO) STATE OF NEW JERSEY PER CHAPTER 20, P.L. 1971

A-8

	Reference		
Balance December 31, 2018	A	\$	372.12
Increased by:			
Senior Citizens Deductions Per Tax Billing		8,250.00	
Veterans Deductions Per Tax Billing		29,000.00	
Senior Citizens/Veteran Deductions Allowed by Tax Collector			<u>37,250.00</u>
			<u>37,622.12</u>
Decreased by:			
Cash Receipts - State of New Jersey	A-4	33,363.01	
Senior Citizens Deductions Disallowed by Tax Collector		2,386.99	
Senior Citizens Deductions Disallowed by Tax Collector 2018 Taxes	A-1,7		<u>35,750.00</u>
Balance December 31, 2019	A	\$	<u><u>1,872.12</u></u>
<i>Calculation of Amount Realized from State Reimbursement</i>			
Deductions per tax billings:			
Senior Citizens		\$ 8,250.00	
Veterans		29,000.00	
Senior Citizens/Veteran Deductions Disallowed by Tax Collector		(2,386.99)	
Senior Citizens/Veteran Deductions Allowed by Tax Collector		<u>-</u>	
Amount Realized	A-7	\$	<u><u>34,863.01</u></u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-9

		Reference	
Balance December 31, 2018		A	\$ 636,900.00
Balance December 31, 2019		A, Below	\$ 636,900.00
<i>Analysis of Balance</i>			Assessed
Block	Lot		Valuation
70	10		\$ 38,000.00
107.03	1		134,400.00
108.01	3		250,000.00
108.04	3		62,000.00
109.02	3		152,500.00
		Above	\$ 636,900.00

SCHEDULE OF TAX TITLE LIENS

A-10

		Reference	
Balance December 31, 2018		A	\$ 342,463.15
Increased by:			
Interest & Costs/ Adjustments		32,535.55	
Transferred to Lien	A-7	108,302.81	140,838.36
			483,301.51
Decreased by:			
Payments of Liens	A-2,4		65,350.50
Balance December 31, 2019		A, Below	\$ 417,951.01
<i>Analysis of Balance</i>			
Block	Lot		
1	1		\$ 8,063.06
2	1		1,564.88
70	26		263.57
79	26.01		4,946.79
91	1.02		29,475.51
102.C	3		2,275.96
102	6		47,042.04
105.01	11		103,706.43
105.02	7		97,520.91
106.01	17		3,519.02
106.01	18		3,882.91
106.01	20		3,848.59
106.01	21		3,547.63
107.03	11		4,682.05
108.04	2		103,611.66
		Above	\$ 417,951.01

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-11

	Balance Dec. 31, 2018	Accrued in 2019	Collected	Balance Dec. 31, 2019
Construction Code:				
Official Fees	\$ 12,099.00	\$ 8,380.50	\$ 12,099.00	\$ 8,380.50
Fire Inspector	2,533.00		2,533.00	-
Borough Clerk	260.90		260.90	-
Board of Health	1,115.00		1,115.00	-
	<u>\$ 16,007.90</u>	<u>\$ 8,380.50</u>	<u>\$ 16,007.90</u>	<u>\$ 8,380.50</u>
Reference	A			A

SCHEDULE OF ACCOUNTS PAYABLE

A-12

	Balance Dec. 31, 2018	Amount Charged 2019 Budget	Disbursed	Balance Dec. 31, 2019
Accounts Payable	\$ 8,500.69			\$ 8,500.69
	<u>\$ 8,500.69</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,500.69</u>
Reference	A	A-13	A-4	A

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF 2018 APPROPRIATION RESERVES

A-13

	Balance December 31, 2018	Encumbrances December 31, 2018	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over - expenditures
GENERAL GOVERNMENT							
Administrative & Executive:							
Municipal Clerk:							
Salaries and Wages	\$ 8,226.63			\$ 8,226.63		\$ 8,226.63	\$ -
Other Expenses	4,043.99	1,022.06		5,066.05	1,218.99	3,847.06	-
Other Expenses-Code Publishing	6,918.52			6,918.52		6,918.52	-
Mayor and Council:							
Salaries and Wages	0.70			0.70		0.70	-
Other Expenses	948.06			948.06		948.06	-
Elections:							
Other Expenses	7,312.54			7,312.54		7,312.54	-
Financial Administration:							
Salaries and Wages	706.64			706.64		706.64	-
Other Expenses:							
Annual Audit	44,000.00			44,000.00	44,000.00	-	-
Miscellaneous - Other Expenditures	8,910.00			8,910.00	2,000.00	6,910.00	-
Purchasing:							
Salaries and Wages	0.10			0.10		0.10	-
Assessment of Taxes:							
Salaries and Wages	3,681.00			3,681.00		3,681.00	-
Other Expenses	31,683.50	12,380.88		44,064.38	29,380.88	14,683.50	-
Ordinance Enforcement:							
Salaries and Wages	261.84			261.84		261.84	-
Redevelopment Agency (R.S. 40:550-1):							
Salaries and Wages	1,511.12			1,511.12		1,511.12	-
Other Expenses (R.S. 40:550-1)	8,314.43			8,314.43	675.61	7,638.82	-
Collection of Taxes:							
Salaries and Wages	9,744.88			9,744.88		9,744.88	-
Other Expenses	5,090.07	1,354.24		6,444.31	1,354.24	5,090.07	-
Legal Services and Costs:							
Other Expenses	80,318.62			80,318.62	23,621.69	56,696.93	-
Ordinance Recodification							-
Tax Appeals - Professional Fees	12,300.00	800.00	200.00	13,300.00	13,150.00	150.00	-
Engineering Services and Costs:							
Salaries and Wages							-
Other Expenses	17,613.62			17,613.62	8,914.38	8,699.24	-
Public Buildings and Grounds:							
Other Expenses	14,026.60	13,336.64		27,363.24	23,201.16	4,162.08	-
Contracted Service	11,407.66	8,613.89		20,021.55	15,632.96	4,388.59	-
Municipal Land Use Law (NJSA 40:55D-1):							
Planning Board - Salaries & Wages	0.04			0.04		0.04	-
Planning Board - Other Expenses	4,766.02			4,766.02	500.00	4,266.02	-
Zoning Board of Adjustment:							
Salaries and Wages	0.04			0.04		0.04	-
Other Expenses	4,674.28			4,674.28	1,228.75	3,445.53	-
Municipal Court:							
Salaries and Wages	4,264.83			4,264.83		4,264.83	-
Other Expenses	20,051.76	125.47		20,177.23	830.80	19,346.43	-
Public Defender:							
Salaries and Wages							-
Unemployment Compensation							-
Insurance:							
Liability	106,238.88			106,238.88	76,155.64	30,083.24	-
Workmen's Compensation	116,216.05			116,216.05	96,925.35	19,290.70	-
Employee Group Insurance	229,029.63		(6,500.00)	222,529.63	40,780.55	181,749.08	-
Self-Insurance Eye Care	11,093.27	757.01		11,850.28	1,369.00	10,481.28	-
Rent Control Board:							
Salaries and Wages	0.12			0.12		0.12	-
Other Expenses	500.00			500.00		500.00	-
PUBLIC SAFETY							
Fire:							
Other Expenses:							
Clothing Allowance	11,657.61			11,657.61	2,300.00	9,357.61	-
Other Expenses-Less/Purchase Equipment	0.19	13,115.96		13,116.15	9,574.74	3,541.41	-
Gear Maintenance	9,553.95			9,553.95		9,553.95	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF 2019 APPROPRIATION RESERVES

A-13

GENERAL GOVERNMENT (Continued)	Balance December 31, 2018	Encumbrances December 31, 2018	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over- expenditures
Fire Prevention and Life Safety:							
Salaries & Wages:							
Fire Official	\$ 1,887.54	\$ -	\$ -	\$ 1,887.54	\$ -	\$ 1,887.54	\$ -
Other Salaries	730.00			730.00		730.00	-
Other Expenses	2,211.35	504.00		2,715.35	304.00	2,411.35	-
Police:							
Salaries and Wages:	73,263.05			73,263.05	50,000.00	23,263.05	-
Overtime	5,824.21			5,824.21		5,824.21	-
Sick Pay	49.54			49.54		49.54	-
Other Expenses	8,583.97	10,640.85		19,224.82	18,679.80	545.02	-
Special Police:							
Salaries and Wages	2,474.69			2,474.69		2,474.69	-
Other Expenses	883.00			883.00		883.00	-
Traffic Lights:							
Other Expenses	17,498.11			17,498.11	669.40	16,828.71	-
Traffic Control:							
Salaries and Wages	261.50			261.50		261.50	-
Other Expenses	500.00			500.00		500.00	-
First Aid Organization:							
Other Expenses	668.09	16,119.61		16,787.70	16,375.45	412.25	-
Emergency Management Services:							
Salaries and Wages				-		-	-
Other Expenses	5,743.28			5,743.28	135.00	5,608.28	-
First Responder:							
Salaries and Wages	563.09			563.09		563.09	-
Towing Director:							
Salaries and Wages	83.68			83.68		83.68	-
STREETS AND ROADS							
Road Repair and Maintenance:							
Salaries and Wages	18,051.91			18,051.91	15,000.00	3,051.91	-
Other Expenses	4,911.76	1,460.00		6,371.76	3,768.13	2,603.63	-
Recycling Costs	5,010.57	5,009.45		10,020.02	10,020.02	-	-
Lease Vehicles	8.56			8.56		8.56	-
HEALTH AND WELFARE							
Board of Health:							
Salaries and Wages				-		-	-
Other Expenses	18,609.74	2,412.50		21,022.24	1,935.00	19,087.24	-
SANITATION							
Garbage and Trash Removal:							
Salaries and Wages	3,250.61			3,250.61		3,250.61	-
Dumping Fees - Bergen County:							
Sanitary Landfill - Contractual	21,887.67	4,410.00	3,000.00	29,297.67	28,516.17	781.50	-
RECREATION AND EDUCATION							
Board of Recreation Commission (R.S.4061-1 et. seq.):							
Salaries and Wages	656.04		800.00	1,456.04	1,442.30	13.74	-
Other Expenses	21,657.00	11,767.75		33,424.75	14,471.21	18,953.54	-
Senior Citizens:							
Salaries and Wages	11.99			11.99		11.99	-
Other Expenses	2,158.00	395.00		2,553.00	395.00	2,158.00	-
Celebration of Public Events, Anniversary or Holiday:							
Other Expenses	4,450.00			4,450.00		4,450.00	-

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF 2019 APPROPRIATION RESERVES

A-13

	Balance December 31, 2018	Encumbrances December 31, 2018	Transfers	Modified by Transfers	Paid or Charged	Lapsed	Over- expenditures
GENERAL GOVERNMENT (Continued)							
<i>STATE UNIFORM CONSTRUCTION CODE</i>							
Sub-Code Official - Salaries and Wages:							
Construction Code Official	\$ 278.14			\$ 278.14		\$ 278.14	\$ -
Plumbing Inspector	258.94			258.94		258.94	-
Fire Inspector	18.10			18.10		18.10	-
Electrical Inspector	157.94			157.94		157.94	-
Other Salaries	1,412.44			1,412.44	384.60	1,027.84	-
Building Sub-Code Official	377.06	3,537.08		3,914.14	1,142.54	2,771.60	-
Other Expense	154.94		500.00	654.94		654.94	-
Rental Expense				-		-	-
<i>UNCLASSIFIED</i>							
Utilities:							
Street Lighting	64,795.99			64,795.99	23,575.42	41,220.57	-
Gasoline	30,037.27			30,037.27	12,690.86	17,346.41	-
Fuel Oil				-		-	-
Electricity	83,673.70			83,673.70	40,326.06	43,347.64	-
Telephone and Telegraph	3,989.24			3,989.24	1,663.50	2,325.74	-
Water	6,569.36			6,569.36	2,376.23	4,193.13	-
Fire Hydrant Services	8,879.67			8,879.67	-	8,879.67	-
Purchase of Postage	17,011.17	10,953.31		27,964.48	11,250.37	16,714.11	-
Vehicle Maintenance:							
Salaries & Wages	6,628.76			6,628.76		6,628.76	-
Other Expenses	8,021.11	32,401.83	2,000.00	42,422.94	38,670.75	3,752.19	-
Contingent	1,349.04			1,349.04	132.74	1,216.30	-
<i>STATUTORY EXPENDITURES:</i>							
Social Security System (O.A.S.I.)	1,800.69			1,800.69		1,800.69	-
Maintenance of Free Public Library Ch. 82, PL. 1985	32,890.76			32,890.76	32,890.76	-	-
Joint Meeting				-		-	-
TOTAL GENERAL APPROPRIATIONS							
	\$ 1,285,260.46	\$ 151,117.53	\$ -	\$ 1,436,377.99	\$ 719,630.05	\$ 716,747.94	\$ -
Reference	A	A-20		A-4	A-4	A-1	

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF DUE TO STATE OF NEW JERSEY-MARRIAGE LICENSE FEES

A-14

	Reference	
Balance December 31, 2018	A	\$ 250.00
Increased by:		
Due to State of NJ-Marriage license fees collected	A-4	1,750.00
		<u>2,000.00</u>
Decreased by:		
Disbursements to State of NJ	A-4	1,675.00
		<u>1,675.00</u>
Balance December 31, 2019	A	<u>\$ 325.00</u>

SCHEDULE OF TAX OVERPAYMENTS

A-15

	Reference	
Balance December 31, 2018	A	\$ 70,983.27
Increased by:		
Cash Receipts	A-4	\$ 42,830.08
		<u>42,830.08</u>
		113,813.35
Decreased by:		
Cancelled	A-1	
Overpayments and Tax Appeals Refunded	A-4	35,085.72
		<u>35,085.72</u>
Balance December 31, 2019	A	<u>\$ 78,727.63</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF PREPAID TAXES

A-16

	Reference		
Balance December 31, 2018	A	\$	181,856.39
Increased by:			
Collection of Taxes - 2020	A-4		<u>392,991.31</u>
			574,847.70
Decreased by:			
Applied to 2019 Taxes	A-7		<u>181,856.39</u>
Balance December 31, 2019	A	\$	<u>392,991.31</u>

SCHEDULE OF COUNTY TAXES PAYABLE

A-17

	Reference		
Balance December 31, 2018	A	\$	4,460.13
Increased by:			
2019 Levy	A-1,2,7	\$	5,355,651.64
County Open Space	A-1,2,7		229,222.73
Added Taxes	A-1,2,7		<u>3,033.90</u>
			5,587,908.27
			<u>5,592,368.40</u>
Decreased by:			
Payments	A-4		<u>5,589,334.50</u>
			5,589,334.50
Balance December 31, 2019	A	\$	<u>3,033.90</u>

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

A-18

	Reference		
Balance December 31, 2018			
School Tax Deferred		\$	8,266,309.50
Increased by:			
Adjustment	A-1		
Levy-School Year July 1, 2019- June 30, 2020	A-7	16,833,546.00	
			<u>16,833,546.00</u>
			25,099,855.50
Decreased by:			
Adjustments	A-1	0.06	
Payments	A-4	16,683,082.44	
			<u>16,683,082.50</u>
Balance December 31, 2019		\$	<u>8,416,773.00</u>
Due from School			
School Tax Deferred		\$	<u>8,416,773.00</u>
2019 Liability for Local District Tax		\$	-
Taxes Paid			16,683,082.44
Adjustment			<u>0.06</u>
Amount Charged to 2019 Operations	A-1,2	\$	<u>16,683,082.50</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE

A-19

	Reference		
Balance December 31, 2018			
School Tax Deferred		\$	2,808,814.50
School tax Payable			6,776.92
Increased by:			
Adjustment	A-1		
Levy-School Year July 1, 2019 - June 30, 2020	A-7	6,094,907.00	
			<u>6,094,907.00</u>
			8,910,498.42
Decreased by:			
Adjustment	A-1	2.86	
Payments	A-4	5,863,042.06	
			<u>5,863,044.92</u>
Balance December 31, 2019		\$	<u>3,047,453.50</u>
			Below
Regional High School Tax Payable	A		
Regional High School Tax Deferred			<u>3,047,453.50</u>
		\$	<u>3,047,453.50</u>
2019 Liability for Regional School Tax			
Tax Paid		\$	5,863,042.06
Adjustment			2.86
Regional School Tax Payable 12/31/18			(6,776.92)
Regional School Tax Payable 12/31/19	A		-
Amount Charged to 2019 Operations	A-1,2	\$	<u>5,856,268.00</u>

Note: School Tax is levied for a school fiscal year.

BOROUGH OF EAST RUTHERFORD
CURRENT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF ENCUMBRANCE PAYABLE

A-20

	Reference		
Balance December 31, 2018	A	\$	151,117.53
Increased by:			
Budget Appropriations Payable	A-3		278,169.27
			<u>429,286.80</u>
Decreased by:			
Encumbrances Transferred to Appropriation Reserve Schedule	A-13		151,117.53
			<u>151,117.53</u>
Balance December 31, 2019	A	\$	<u>278,169.27</u>

SCHEDULE OF RESERVE FOR TAX APPEALS

A-21

	Reference		
Balance December 31, 2018	A	\$	699,962.25
Increased by:			
Budget Appropriations	A-3		400,000.00
			<u>1,099,962.25</u>
Decreased by:			
Overpayments	A-15		
Tax Refunds	A-4	512,802.63	
			<u>512,802.63</u>
Balance December 31, 2019	A	\$	<u>587,159.62</u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF CASH AND CASH EQUIVALENTS

B-1

	Reference	Other Trust	Developers Escrow	Dog License	Unemployment Compensation
Balance December 31, 2018	B	<u>\$ 1,473,740.67</u>	<u>\$ 506,795.69</u>	<u>\$ 16,725.40</u>	<u>\$ 36,882.94</u>
Increased by Receipts:					
Municipal Dog License Fee	B-6	-	-	6,008.20	-
State Dog License Fee	B-3	-	-	916.80	-
Escrow Deposits	B-5	-	228,634.43	-	-
Special Reserves	B-8	4,557,583.83	-	-	-
Due from Current Fund	B-7	540,097.11	-	-	-
Transfer from Payroll Agency	B-2	-	-	-	12,270.09
Budget Requirement	B-2	-	-	-	40,000.00
		<u>5,097,680.94</u>	<u>228,634.43</u>	<u>6,925.00</u>	<u>52,270.09</u>
		<u>6,571,421.61</u>	<u>735,430.12</u>	<u>23,650.40</u>	<u>89,153.03</u>
Decreased by Disbursements:					
Transfer to Current Fund	B-4	-	-	3,868.20	-
Dog License Fund Expenditures	B-6	-	-	292.00	-
State Dog License Fees	B-3	-	-	916.80	-
State of NJ Unemployment Fund	B-2	-	-	-	51,509.45
Escrow Disbursements	B-5	-	259,788.75	-	-
Special Reserves	B-8	4,512,590.40	-	-	-
		<u>4,512,590.40</u>	<u>259,788.75</u>	<u>5,077.00</u>	<u>51,509.45</u>
Balance December 31, 2019	B	<u>\$ 2,058,831.21</u>	<u>\$ 475,641.37</u>	<u>\$ 18,573.40</u>	<u>\$ 37,643.58</u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF UNEMPLOYMENT TRUST RESERVE

B-2

	Reference		
Balance December 31, 2018	B	\$	36,882.94
Increased by:			
2019 Budget Transfer	B-1	\$	40,000.00
Transfer from Payroll Agency	B-1		<u>12,270.09</u>
			52,270.09
			<u>89,153.03</u>
Decreased by:			
Payments to State of NJ	B-1		<u>51,509.45</u>
Balance December 31, 2019	B	\$	<u><u>37,643.58</u></u>

SCHEDULE OF DUE TO / (FROM) STATE OF NEW JERSEY - DOG LICENSE FUND

B-3

	Reference		
Balance December 31, 2018	B	\$	-
Increased by:			
2019 Fees Collected	B-1		<u>916.80</u>
			916.80
Decreased by:			
Payments	B-1		<u>916.80</u>
Balance December 31, 2019	B	\$	<u><u>-</u></u>

SCHEDULE OF DUE TO CURRENT FUND - DOG LICENSE FUND

B-4

	Reference		
Balance December 31, 2018	B	\$	3,868.20
Increased by:			
Statutory Excess	B-6		<u>4,860.80</u>
			4,860.80
			<u>8,729.00</u>
Decreased by:			
Due to Current Fund	A-4, B-1		<u>3,868.20</u>
Balance December 31, 2019	B	\$	<u><u>4,860.80</u></u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW FEES

B-5

	Reference	
Balance December 31, 2018	B	\$ 506,795.69
Increased by:		
Escrow Deposits	B-1	228,634.43
		<u>735,430.12</u>
Decreased by:		
Escrow Disbursements	B-1	259,788.75
		<u>259,788.75</u>
Balance December 31, 2019	B	<u>\$ 475,641.37</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-6

	Reference	
Balance December 31, 2018	B	\$ 12,857.20
Increased by:		
Dog /Cat License Fees Collected	B-1	6,008.20
		<u>6,008.20</u>
Decreased by:		
Statutory Excess	B-6, B-4	4,860.80
Expenditures	B-1	292.00
		<u>5,152.80</u>
Balance December 31, 2019	B	<u>\$ 13,712.60</u>
2017 Fees Collected		\$ 7,489.20
2018 Fees Collected		<u>6,223.40</u>
		<u>\$ 13,712.60</u>

SCHEDULE OF DUE TO / (FROM) CURRENT FUND - OTHER TRUST

B-7

	Reference	
Balance December 31, 2018	B	\$ -
Increased by:		
Transfer of Other Reserves to Trust Fund	B-8	540,097.11
Fees Received in Current Fund	B-8	147,286.37
DEA Received in Current Fund	B-9	572,072.87
Police Overtime Received in Current Fund	B-10	872,876.46
		<u>2,132,332.81</u>
Decreased by:		
Transfer from Current Fund	B-1	540,097.11
Expenditures from Current Fund -Reserves	B-8	116,261.64
Expenditures from Current Fund- DEA	B-9	604,303.85
Expenditures from Current Fund - Police O/T	B-10	871,670.21
	A-4	<u>2,132,332.81</u>
Balance December 31, 2019	B	<u>\$ -</u>

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF SPECIAL RESERVES - OTHER TRUST

B-8

	Balance Dec. 31, 2018	Transfers/ Receipts	Disbursements	Balance Dec. 31, 2019
Accumulated Absences	\$ 220,000.00	\$ 50,000.00		\$ 270,000.00
Tax Title Lien Premiums	42,600.00	506,500.00	18,700.00	530,400.00
Redemption of Third Party Liens	0.00	34,594.80	28,036.40	6,558.40
Fees	443.68		443.68	-
Escrow Reserve	0.00			-
Graffiti Reward	500.00		500.00	-
Fire Official	-			-
Neighborhood Crime Watch	863.67			863.67
Uniform Fire Safety Act Penalty	56,060.62	4,979.00	2,130.20	58,909.42
Elevator Fees	43,621.92	25,256.00	21,432.00	47,445.92
COAH	212,795.29	2,684.55		215,479.84
Insurance	-			-
Payroll and Payroll Agency	128,059.55	4,554,899.28	4,512,590.40	170,368.43
Snow Removal	27,113.85	54,719.68	35,809.50	46,024.03
Substance Abuse Prevention	10,511.46	7,355.00	4,927.19	12,939.27
Donations for First Aid Squad	3,885.36	1,000.00	2,341.33	2,544.03
Donations for St. Joseph Park	785.00		785.00	-
Donations Police Equipment	973.34		973.34	-
Meadowlands Hosp. Don. Police Equip	183.00		183.00	-
Fire Department Training	9,895.34	2,979.00		12,874.34
	<u>\$ 758,292.08</u>	<u>\$ 5,244,967.31</u>	<u>\$ 4,628,852.04</u>	<u>\$ 1,374,407.35</u>
	B	Below	Below	B
Reference				
Trust Fund Receipts/Disbursements	B-1	\$ 4,557,583.83	\$ 4,512,590.40	
Expenditures Paid from Current Fund	B-7		116,261.64	
Transfer Reserve from Current Fund	B-7	540,097.11		
Collected in Current Fund	B-7	<u>147,286.37</u>		
	Above	<u>\$ 5,244,967.31</u>	<u>\$ 4,628,852.04</u>	

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
TRUST FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF RESERVE FOR DEA CONFISCATED FUNDS

B-9

	Reference	
Balance December 31, 2018	B	\$ 614,448.33
Increased by:		
Receipts	B-7	572,072.87
		<u>1,186,521.20</u>
Decreased by:		
Disbursements	B-7	604,303.85
		<u>604,303.85</u>
Balance December 31, 2019	B	<u>\$ 582,217.35</u>

SCHEDULE OF POLICE OFF-DUTY PAYABLE

B-10

	Reference	
Balance December 31, 2018	B	\$ 101,000.26
Increased by:		
Receipts	B-7	872,876.46
		<u>973,876.72</u>
Decreased by:		
Transfer of Police Off Duty to Trust	B-7	871,670.21
		<u>871,670.21</u>
Balance December 31, 2019	B	<u>\$ 102,206.51</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF CASH - TREASURER

C-2

Balance December 31, 2018	Reference C		\$ 6,840,155.88
Increased by Receipts:			
Capital Improvement Fund	C-8	186,500.00	
BAN Received	C-15	3,540,500.00	
Budget Appropriation to Fund Ordinances	C-6	774,669.74	
Premium on BAN Sale	C-10	1,239.17	
Grants Receivable	C-18	220,593.89	
Grants Received- Applied to Reserve for Pmt BANS	C-14	224,220.25	
	C-3		<u>4,947,723.05</u>
			11,787,878.93
Decreased by Disbursements:			
Reserve For Payment of BANS- Transfer to Current Fund	C-14	244,683.00	
Improvement Authorizations	C-9	3,950,756.47	
Encumbrance Payable	C-7	429,906.80	
Reserve for Building Improvements	C-11	493.09	
Due to Sewer Capital	Contra		
	C-3		<u>4,625,839.36</u>
Balance December 31, 2019	C		<u>\$ 7,162,039.57</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF ANALYSIS OF CASH

C-3

	Balance Dec. 31, 2018	Receipts	Disbursements	Transfers (From)/To	Balance Dec. 31, 2019
Bond Anticipation Notes	\$ -	\$ 3,540,500.00		\$ (3,540,500.00)	\$ -
Reserve for Payment of Bonds	1,091,710.55	224,220.25	244,683.00		1,071,247.80
Capital Improvement Fund	207,791.63	186,500.00		(221,884.00)	172,407.63
Premium on BAN/ Bond Sale	169.00	1,239.17			1,408.17
Fund Balance	10,856.30			15,864.26	26,720.56
Reserve for Building & Grounds Improvements	493.09		493.09		-
Encumbrances Payable	429,906.80		429,906.80	1,488,107.96	1,488,107.96
Grant Receivable	(305,870.86)	220,593.89		(145,601.75)	(230,878.72)
Reserve for Grants Receivable	305,870.86			(124,220.25)	181,650.61
Due to Sewer Capital	-				-
Due to Current Fund		774,669.74		(774,669.74)	-
Improvement Authorizations:					-
05-01 Acquisition of Property	(101.85)			101.85	-
11-15/13.09 Various Capital Improvements	1,615.15		1,615.15		-
13-11 Various Capital Improvements	500.00		500.00		-
14-20 Various Improvements	58,666.75		58,666.75		-
15-04 Road Improvements	-				-
15-10 Buildings & Park Improvements	(450.50)			450.50	(0.00)
15-11/18-04 Carlton Ave Improvements	2,544,442.93		1,240,072.05		1,304,370.88
15-21 Purchase of 116 Uhland Street	44,527.43			(44,527.43)	-
16-09/16-20 Road Resurfacing	1,325.03		1,325.03		-
16-10 Various Improvements	-				-
17-07 DPW Equipment	19,500.00			(19,500.00)	-
17-18 Tax Refunding	71,336.83			(71,336.83)	-
18-05 Various Capital Improvements	2,357,866.74		1,292,459.92	744,959.13	1,810,365.95
19-06 Various Capital Improvements			50,942.37	54,352.00	3,409.63
19-07 Various Information Technology Improvements			6,337.00	39,346.80	33,009.80
19-10 Improvements to Borough Senior Center			90,000.00	90,000.00	-
19-14/17 Various Improvements to Riggin Field			1,133,735.47	919,934.00	(213,801.47)
19-16 Various Capital Improvements			75,102.73	1,589,123.50	1,514,020.77
	<u>\$ 6,840,155.88</u>	<u>\$ 4,947,723.05</u>	<u>\$ 4,625,839.36</u>	<u>\$ -</u>	<u>\$ 7,162,039.57</u>
Reference	C	C-2	C-2		C

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF DUE TO/(FROM) CURRENT FUND

	Reference		C-4
Balance December 31, 2018	C	\$	-
Increased by:			
Cash Receipts			0.00
Decreased by:			0.00
Cash Disbursements			0.00
Balance December 31, 2019	C	\$	-

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Reference		C-5
Balance December 31, 2018	C	\$	31,255,227.01
Increased by:			
Serial Bond Issue	C-13	0.00	0.00
			31,255,227.01
Decreased by:			
2019 Budget Appr. to Pay Bonds	C-13	3,251,926.33	
State Loan Payable	C-12	47,488.65	
			3,299,414.98
Balance December 31, 2019	C	\$	27,955,812.03

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

Ord. #	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Down Payment	Funded	Analysis of Balance Dec. 31, 2019		
						Balance Dec. 31, 2019	Expenditures	Unexpended Improvement Authorizations
05-01	Acquisition of Land	\$ 101.85			\$ 101.85	\$ -		
15-10	Buildings & Park Improvements	450.50			450.50	-		
18-05	Various Capital Improvements	856,900.00			774,117.39	82,782.61		82,782.61
19-06	Various Capital Improvements	0.00	54,352.00	27,176.00	27,176.00	-		
19-07	Various Information Technology Improvements	0.00	100,000.00		100,000.00	-		
19-10	Improvements to Borough Senior Center	0.00	90,000.00		90,000.00	-		
19-14/17	Various Improvements to Riggan Field	0.00	1,900,000.00	83,208.00	152,646.00	1,664,146.00	1,635,801.47	28,344.53
19-16	Various Capital Improvements		2,230,000.00	111,500.00		2,118,500.00	604,479.23	1,514,020.77
		<u>\$ 857,452.35</u>	<u>\$ 4,374,352.00</u>	<u>\$ 221,884.00</u>	<u>\$ 1,144,491.74</u>	<u>\$ 3,865,428.61</u>	<u>\$ 2,240,280.70</u>	<u>\$ 1,625,147.91</u>
Reference		C	C-16	C-16	Below	C		C-9
	Budget Appropriation			C-2	\$ 774,669.74			
	Fund Balance			C-1	100,000.00			
	Grants Receivable			C-18	269,822.00			
					<u>\$ 1,144,491.74</u>			
					Above			

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF ENCUMBRANCE PAYABLE

C-7

	Reference		
Balance December 31, 2018	C	\$	429,906.80
Increased by:			
Improvement Authorizations Expenditures	C-9		1,488,107.96
			<u>1,918,014.76</u>
Decreased by:			
Prior Year Encumbrances Disbursed	C-2		429,906.80
			<u>429,906.80</u>
Balance December 31, 2019	C	\$	<u><u>1,488,107.96</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	Reference		
Balance December 31, 2018	C	\$	207,791.63
Increased by:			
Budget Appropriations -CIF	C-2		186,500.00
			<u>394,291.63</u>
Decreased by:			
Down payment on Improvements	C-16		221,884.00
			<u>221,884.00</u>
Balance December 31, 2019	C	\$	<u><u>172,407.63</u></u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-9

Ord. #	Improvement Description	Balance December 31, 2018		2019 Authorizations	Cancel/ Expended	Balance December 31, 2019	
		Funded	Unfunded			Funded	Unfunded
11-15/13-09	Various Capital Improvements	\$ 1,615.15	\$ -	\$ -	\$ 1,615.15	\$ 0.00	\$ -
13-11	Various Capital Improvements	500.00	-	-	500.00	0.00	-
14-20	Various Improvements	58,666.75	-	-	58,666.75	-	-
15-04	Road Improvements	-	-	-	-	-	-
15-11/18-04	Carlton Ave Improvements	2,544,442.93	-	-	1,240,072.05	1,304,370.88	-
15-21	Purchase of 116 Uhland Street	44,527.43	-	-	44,527.43	-	-
16-10	Various Improvements	1,325.03	-	-	1,325.03	0.00	-
17-07	DPW Equipment	19,500.00	-	-	19,500.00	-	-
17-18	Tax Refunding	71,336.83	-	-	71,336.83	-	-
18-05	Various Capital Improvements	2,357,866.74	856,900.00	-	1,321,618.18	1,810,365.95	82,782.61
19-06	Various Capital Improvements	-	-	54,352.00	50,942.37	3,409.63	-
19-07	Various Information Technology Improvements	-	-	100,000.00	66,990.20	33,009.80	-
19-10	Improvements to Borough Senior Center	-	-	90,000.00	90,000.00	-	-
19-14/17	Various Improvements to Riggin Field	-	-	1,900,000.00	1,871,655.47	-	28,344.53
19-16	Various Capital Improvements	-	-	2,230,000.00	715,979.23	-	1,514,020.77
		<u>\$ 5,099,780.86</u>	<u>\$ 856,900.00</u>	<u>\$ 4,374,352.00</u>	<u>\$ 5,554,728.69</u>	<u>\$ 3,151,156.26</u>	<u>\$ 1,625,147.91</u>
Reference		C	C	C-16	Below	C	C,C-6

	Reference	
Improvement Authorization Disbursements	C-2	\$ 3,950,756.47
Encumbrance Payable	C-7	1,488,107.96
Canceled	C-1	<u>115,864.26</u>
	Above	<u>\$ 5,554,728.69</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF PREMIUM ON BAN/BOND SALE

C-10

Balance December 31, 2018	Reference C	\$ 169.00
Increased by:		
Bond Issue/ BAN	C-2	<u>1,239.17</u>
		1,408.17
Decreased by:		
Used to Fund Authorized Not Issued	C-6,16	
Tran.to Current- Anticipated Revenue	C-2	<u>0.00</u>
Balance December 31, 2019	C	<u>\$ 1,408.17</u>

SCHEDULE OF RESERVE FOR BUILDING AND GROUNDS IMPROVEMENT

C-11

Balance December 31, 2018	Reference C	\$ 493.09
Decreased by:		
Expenditures	C-2	<u>493.09</u>
Balance December 31, 2019	C	<u>\$ -</u>

SCHEDULE OF STATE LOAN PAYABLE

C-12

Balance December 31, 2018	Reference C	\$ 636,548.35
Increased by:		
State Loan Payable	C-14	<u>636,548.35</u>
Decreased by:		
Paid by Budget Appropriation	C-5	<u>47,488.65</u>
Balance December 31, 2019	C	<u>\$ 589,059.70</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF GENERAL SERIAL BONDS

C-13

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2019		Interest Rate	Balance Dec. 31, 2018	General Serial Bonds Issued	Decreased	Balance Dec. 31, 2019
			Date	Amount					
General Improvement Bonds	11/01/09	\$ 12,505,000.00	11/01/20-21 11/01/2022	1,156,086.29 1,233,158.39	4.00% 4.00%	\$ 4,701,417.26		\$ 1,156,086.29	\$ 3,545,330.97
General Improvement Bonds '14	4/30/2014	5,112,000.00	2/1/2020 2/1/2021 2/1/2022 2/1/2023 2/1/2024 2/1/2025 2/1/2026 2/1/2027 2/1/2028 2/1/2029 2/1/2030 2/1/2031	267,229.42 272,178.11 282,075.50 291,972.89 301,870.27 311,767.66 326,613.74 336,511.12 351,357.20 361,254.59 376,100.67 385,998.19	5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 4.00% 3.25%	4,122,261.40		257,332.04	3,864,929.36
General Improvement Bonds '14 (Refunded Bonds 2009)	3/04/14	11,175,000.00	6/15/2020 6/15/2021 6/15/2022 6/15/2023 6/15/2024 6/15/2025	1,125,000.00 1,130,000.00 1,135,000.00 1,145,000.00 1,150,000.00 1,100,000.00	5.00% 5.00% 5.00% 5.00% 5.00% 5.00%	7,915,000.00		1,130,000.00	6,785,000.00
Tax Appeal Refunding Bonds	12/28/2017	6,735,000.00	12/1/20-12/1/25 12/1/2026-12/01/2027 12/01/2028-12/1/2032 12/01/2033-12/1/2037	340,000.00 335,000.00 1,675,000.00 1,675,000.00	5.00% 5.00% 4.00% 3.25%	6,400,000.00		\$ 340,000.00	6,060,000.00
BCIA County Guaranteed Governmental Revenue Bonds- Series 2018	10/11/2018	7,480,000.00	6/15/2020 6/15/2021 6/15/2022 6/15/2023 6/15/2024 6/15/2025 6/15/2026 6/15/2027 6/15/2028 6/15/2029 6/15/2030 6/15/2031 6/15/2032 6/15/2033 6/15/2034	329,025.00 346,573.00 364,121.00 381,669.00 399,217.00 421,152.00 443,087.00 465,022.00 486,957.00 508,892.00 535,214.00 561,536.00 592,245.00 622,954.00 653,828.00	5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00%	7,480,000.00		368,508.00	7,111,492.00

	\$	30,618,678.66	\$	-	\$	3,251,926.33	\$	27,366,752.33
Reference		C		C-2,5,6		C-5		C

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS

C-14

Balance December 31, 2018	Reference C		\$ 1,091,710.55
Increased by:			
Receipts from New Jersey DOT- Various Streets	C-17,18	124,220.25	
Receipts from Bergen County Com. Dev.- Carlton Ave- Ord 15-11/18-04		<u>100,000.00</u>	
	C-2		<u>224,220.25</u>
Decreased by:			<u>1,315,930.80</u>
Anticipated in Current Budget	C-2		<u>244,683.00</u>
Balance December 31, 2019	C, Below		<u>\$ 1,071,247.80</u>
Analysis of Balance:			
Ord # 15-11/18-04 Carlton Ave- Bergen County Community Development			\$ 100,000.00
Ord #11-15 Streets and Roads			11,836.40
Ord #11-15 Riggin Field- Bergen County Open Space Grant			105,000.00
Ord # 10-07 Carlton Ave - Green Acres Grant/Loan			322,988.15
Ord #11-15 Green Acres Loan			250,000.00
Ord # 16-09/16-20 Van Winkle Road- Bergen County Community Development			45,453.00
Ord # 16-09 Streets & Roads- NJ DOT Grant			111,750.00
NJ DOT 2017 Various Streets			<u>124,220.25</u>
	Above		<u>\$ 1,071,247.80</u>

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF BOND ANTICIPATION NOTES

C-15

Ordinance #	Description	Original Amount Issue	Original Date of Issue	Date of Maturity	Rate of Interest	Balance Dec. 31, 2018	Issuance	Paid	Balance Dec. 31, 2019
2019-14/17	Various Improvements to Riggin Field	\$ 1,422,000.00	10/09/19	4/9/2020	1.750%	\$ -	\$ 1,422,000.00	\$ -	\$ 1,422,000.00
2019-16	Various Capital Improvements	2,118,500.00	10/09/19	4/9/2020	1.750%		2,118,500.00		2,118,500.00
						<u>\$ -</u>	<u>\$ 3,540,500.00</u>	<u>\$ -</u>	<u>\$ 3,540,500.00</u>
						C	C-2	C-2, Below	C

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-16

Ord. #	Improvement Description	Balance Dec. 31, 2018	2019 Authorization	Down Payment Capital Imp. Fund	Grants Serial Bonds/ Bond Ant. Notes Issued	Balance Dec. 31, 2019
05-01	Acquisition of Land	\$ 101.85			\$ 101.85	\$ (0.00)
15-10	Buildings & Park Improvements	450.50			450.50	0.00
18-05	Various Capital Improvements	856,900.00			774,117.39	82,782.61
19-06	Various Capital Improvements		54,352.00	27,176.00	27,176.00	0.00
19-07	Various Information Technology Improvements		100,000.00		100,000.00	0.00
19-10	Improvements to Borough Senior Center		90,000.00		90,000.00	0.00
19-14/17	Various Improvements to Rigglin Field		1,900,000.00	83,208.00	1,574,646.00	242,146.00
19-16	Various Capital Improvements		2,230,000.00	111,500.00	2,118,500.00	0.00
		<u>\$ 857,452.35</u>	<u>\$ 4,374,352.00</u>	<u>\$ 221,884.00</u>	<u>\$ 4,684,991.74</u>	<u>\$ 324,928.61</u>
	Reference	C	C-6	C-6,8	Below	C
			Budget Appropriation	C-2	\$ 774,669.74	
			Bond Anticipation Notes	C-16	3,540,500.00	
			Fund Balance	C-1	100,000.00	
			Grants Receivable	C-18	269,822.00	
				Above	<u>\$ 4,684,991.74</u>	

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF RESERVE FOR GRANTS

C-17

Balance December 31, 2018	Reference C		\$ 305,870.86
Decreased by:			
Receipts from New Jersey DOT- Various Streets	C-14,18	124,220.25	<u>124,220.25</u>
Balance December 31, 2019	C, Below		<u>\$ 181,650.61</u>
Analysis of Balance			
Bergen County Open Space Grant - Ord #09-06			\$ 63,912.50
Bergen County Open Space Grant - Ord #10-07			39,081.36
NJDOT- Various Streets 2017			41,406.75
NJDOT- Various Streets 2015 (Ord 16-09)			<u>37,250.00</u>
	Above		<u>\$ 181,650.61</u>

SCHEDULE OF GRANTS RECEIVABLE

C-18

Balance December 31, 2018	Reference C		\$ 305,870.86
Increased by:			
Bergen County Open Space Grant - Ord # 2019-06		\$ 27,176.00	
Bergen County Open Space Grant- Ord # 2019-14		152,646.00	
Bergen County Community Development Block Grant: Ord # 19-10		90,000.00	
	C-6,16		<u>269,822.00</u>
Decreased by:			
Grant Receipts- Applied to Reserve for Pmt of BANS	C-14, 17	124,220.25	
Grant Receipts	C-2	220,593.89	
			<u>344,814.14</u>
Balance December 31, 2019	C, Below		<u>\$ 230,878.72</u>
Analysis of Balance			
Bergen County Open Space Grant - Ord #09-06			\$ 63,912.50
Bergen County Open Space Grant - Ord #10-07			39,081.36
Bergen County Open Space Grant- Ord # 19-06			1,228.11
Bergen County Community Dev. Grant: Ord # 19-10			48,000.00
NJDOT- Various Streets 2017			41,406.75
NJDOT- Various Streets 2015 (Ord 16-09)			<u>37,250.00</u>
	Above		<u>\$ 230,878.72</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF CASH

D-4

	Reference	Operating	Capital	Escrow Trust
Balance December 31, 2018	D	\$ 1,865,197.71	\$ 1,002,445.55	\$ 1,514.69
Increased by Receipts:				
User Charges and Fees	D-1,2,5	1,608,889.81		
Giants Training Facility Agreement	D-1,2,5	37,461.56		
Meadowlands Stadium Agreement	D-1,2,5	144,673.41		
Delinquent User Charges	D-1,2,5	367,698.47		
Misc Income/ Hook-up Fees	D-1,5	260,755.16		
Interest Income	D-2	23,219.45		
Tax Overpayments	D-6	6,770.64		
Transfer from Utility Capital	D-7	150,534.64		
		<u>2,600,003.14</u>	<u>-</u>	<u>-</u>
		<u>4,465,200.85</u>	<u>1,002,445.55</u>	<u>1,514.69</u>
Decreased by Disbursements:				
Appropriations	D-3	2,103,035.69		
Appropriation Reserves	D-13	37,843.35		
Due to Current Fund	D-14	-		
Capital Expenditures	D-10			
Due from Utility Capital Fund- Capital Expenditures	D-7	150,534.64	150,534.64	
		<u>2,291,413.68</u>	<u>150,534.64</u>	<u>-</u>
Balance December 31, 2019	D	\$ 2,173,787.17	\$ 851,910.91	\$ 1,514.69

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-5

Balance December 31, 2018	Reference D		\$ 372,372.50
Increased by:			
Utility Charges and Fees Levied			<u>2,181,997.06</u>
			2,554,369.56
Decreased by:			
Collections			
Current Year Charges and Fees	D-2,4	1,608,889.81	
Applied Overpayments	D-2,4,6		
Delinquent Charges and Fees	D-2,4	367,698.47	
Giants Training Facility Agreement	D-2,4	37,461.56	
Meadowlands Stadium Agreement	D-2,4	144,673.41	
Misc Income/ Hook-up Fees	D-1,4	<u>260,755.16</u>	
			<u>2,419,478.41</u>
Balance December 31, 2019	D		<u>\$ 134,891.15</u>

SCHEDULE OF OVERPAYMENTS

D-6

Balance December 31, 2018	Reference D		\$ 24,465.53
Increased by:			
Cash Receipts	D-4		<u>6,770.64</u>
			31,236.17
Decreased by:			
Applied to Sewer Payments	D-5		<u>-</u>
Balance December 31, 2019	D		<u>\$ 31,236.17</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

**SCHEDULE OF DUE TO / (FROM) SEWER UTILITY OPERATING FUND
FROM / (TO) SEWER UTILITY CAPITAL FUND**

D-7

Balance December 31, 2018	Reference D	\$ -
Increased by:		
Cash Receipts	D-4	<u>150,534.64</u>
Decreased by:		
Capital Ordinance Expenditures	D-4,10	<u>150,534.64</u>
Balance December 31, 2019	D	<u><u>\$ -</u></u>

SCHEDULE OF FIXED CAPITAL / FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-8

Balance December 31, 2018	Reference D	\$ 5,603,548.62
Increased by:		
Improvement Authorizations Completed	Contra	
New Improvement Authorizations	D-10	<u>-</u>
		\$ 5,603,548.62
Decreased by:		
Improvement Authorizations Completed	Contra	
Improvement Authorizations Canceled	D-10	<u>-</u>
Balance December 31, 2019	Below	<u><u>\$ 5,603,548.62</u></u>
Analysis of Balance:		
Fixed Capital	D	\$ 4,503,548.62
Fixed Capital Authorized and Uncompleted	D	<u>1,100,000.00</u>
	Above	<u><u>\$ 5,603,548.62</u></u>

SCHEDULE OF SEWER LIEN

D-9

Balance December 31, 2018	Reference D	<u>\$ 2,058.75</u>
Balance December 31, 2019	D	<u><u>\$ 2,058.75</u></u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

Ord. #	Improvement Description	Balance December 31, 2018		2019 Authorizations	Canceled/ Expended	Balance December 31, 2019	
		Funded	Unfunded			Funded	Unfunded
15-22	Sewer System Upgrades	\$ 728,436.00			\$ 150,534.64	\$ 577,901.36	
16-12	Truck/Equipment Upgrades	17,281.00				17,281.00	
		<u>\$ 745,717.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,534.64</u>	<u>\$ 595,182.36</u>	<u>\$ -</u>
		D	D	D-8,16	D-4	D	D

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-11

	Reference	
Balance December 31, 2018	D	\$ 256,935.55
Decreased by:		
Improvement Authorization Down Payment		
Balance December 31, 2019	D	<u>\$ 256,935.55</u>

SCHEDULE OF AMORTIZATION RESERVE/ DEFERRED AMORTIZATION RESERVE

D-12

	Reference	
Balance December 31, 2018	D	\$ 4,337,020.29
Increased by:		
Principal Payments on Bonds	D-18	<u>98,073.67</u> 98,073.67 4,435,093.96
Decreased by:		
	C-10	
Balance December 31, 2019	Below	<u>\$ 4,435,093.96</u>
Analysis of Balance:		
Amortization Reserve	D	\$ 3,174,281.38
Deferred Reserve for Amortization	D	<u>1,260,812.58</u>
	Above	<u>\$ 4,435,093.96</u>

SCHEDULE OF 2018 APPROPRIATION RESERVES

D-13

	Balance Dec. 31, 2018	Modified by Transfers	Paid or Charged	Balance Lapsed	(Overexpended)
Operating					
Salaries and Wages	\$ 1,917.57	\$ 1,917.57		\$ 1,917.57	\$ -
Other Expenses	113,157.34	113,157.34	37,843.35	75,313.99	
Statutory Expenditures:					
Social Security System	<u>1,129.15</u>	<u>1,129.15</u>		<u>1,129.15</u>	
	<u>\$ 116,204.06</u>	<u>\$ 116,204.06</u>	<u>\$ 37,843.35</u>	<u>\$ 78,360.71</u>	<u>\$ -</u>
Reference	Below	Below	D-4	D-1	D
Appropriation Reserves	D \$ 115,829.37				
Encumbrance Payable	D <u>374.69</u>				
	<u>\$ 116,204.06</u>				
	Above				

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF DUE TO CURRENT FUND

	Reference		D-14
Balance December 31, 2018	D	\$	-
Increased by:			
Cash Receipts	D-4	<u>\$</u>	<u>-</u>
Decreased by:			
Transfer to Current Fund	D-4	<u>\$</u>	<u>-</u>
Balance December 31, 2019	D	<u>\$</u>	<u>-</u>

SCHEDULE OF ESCROW TRUST RESERVE

	Reference		D-15
Balance December 31, 2018	D	\$	1,514.69
Balance December 31, 2019	D	<u>\$</u>	<u>1,514.69</u>

BOROUGH OF EAST RUTHERFORD
SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-16

Ord. #	Improvement Description	Balance Dec. 31, 2018	Authorized Not Issued Improvement Authorizations	Down payments and Bond Ant. Notes	Balance Dec. 31, 2019
05-06	Renovation of Sewer Systems	\$ 207.00			\$ 207.00
		<u>\$ 207.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207.00</u>
	Reference	D	Below	Below	D

SCHEDULE OF ACCRUED INTEREST ON BOND PAYABLE

D-17

Balance December 31, 2018	Reference D	\$ 18,419.20
Increased by:		
Accrued Interest on Bond Payable & BANS	D-3	<u>5,937.84</u>
Balance December 31, 2019	D	<u>\$ 24,357.04</u>

BOROUGH OF EAST RUTHERFORD
SEWER CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF SEWER SERIAL BONDS

D-18

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2018	Bonds Issued	Decreased	Balance Dec. 31, 2019
			December 31, 2019						
			Date	Amount					
General Improvement Bonds	11/01/09	\$ 475,000.00	11/01/2020-21 11/01/2022	43,913.71 46,841.29	4.00% 4.00%	\$ 178,582.73	\$ -	\$ 43,913.71	\$ 134,669.02
General Improvement Bonds	4/30/2014	53,000.00	2/1/2020 2/1/2021 2/1/2022 2/1/2023 2/1/2024 2/1/2025 2/1/2026 2/1/2027 2/1/2028 2/1/2029 2/1/2030 2/1/2031	2,770.58 2,821.89 2,924.50 3,027.11 3,129.73 3,232.34 3,386.26 3,488.88 3,642.80 3,745.41 3,899.33 4,001.81	5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 4.00% 3.25%	42,738.60		2,667.96	40,070.64
BCIA County Guaranteed Governmental Revenue Bonds- Series 2018									
	10/11/2018	1,045,000.00	6/15/2020 6/15/2021 6/15/2022 6/15/2023 6/15/2024 6/15/2025 6/15/2026 6/15/2027 6/15/2028 6/15/2029 6/15/2030 6/15/2031 6/15/2032 6/15/2033 6/15/2034	45,975.00 48,427.00 50,879.00 53,331.00 55,783.00 58,848.00 61,913.00 64,978.00 68,043.00 71,108.00 74,786.00 78,464.00 82,755.00 87,046.00 91,172.00	5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00%	1,045,000.00		51,492.00	993,508.00
						\$ 1,266,321.33	\$ -	\$ 98,073.67	\$ 1,168,247.66
Reference						D	D-19	D-12	D
						1266321.33			

SCHEDULE OF SEWER BOND ANTICIPATION NOTES

D-19

Ordinance #	Description	Original Amount Issued	Original Date of Issue	Date of Maturity	Rate of Interest	Balance Dec. 31, 2018	Issuance	Paid	Balance Dec. 31, 2019
						\$ -			\$ -
Reference						\$ -	\$ -	\$ -	\$ -
						D	D-4	D-4,D-18	D

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF CASH

E-1

Balance December 31, 2018	Reference E		\$ 24,858.19
Increased by Receipts:			
Transfer From Current Fund	E-2	175,546.46	
Unappropriated Grant Revenue	E-5	<u>43,770.41</u>	<u>219,316.87</u>
			244,175.06
Decreased by:			
Transfer To Current Fund	E-2		<u>19,508.31</u>
Balance December 31, 2019	E		<u>\$ 224,666.75</u>

SCHEDULE OF DUE TO / (FROM) CURRENT FUND

E-2

Balance December 31, 2018	Reference E		\$ -
Increased by:			
Transfer From Current Fund	E-1, A-4	175,546.46	
Current Fund Disbursements	A-4, E-4	120,761.50	
Grants Receivable - Budgeted	E-3, A-2	102,207.65	
Unappropriated Grants Appropriated	E-5, A-2	<u>2,418.00</u>	<u>400,933.61</u>
			400,933.61
Decreased by:			
Transfer To Current Fund	A-4, E-1	19,508.31	
Grant Receivables	A-4, E-3	186,799.65	
Budget Appropriation	E-4	<u>119,625.65</u>	<u>325,933.61</u>
Balance December 31, 2019	E		<u>\$ 75,000.00</u>

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF GRANTS RECEIVABLE

E-3

Grant	Balance Dec.31, 2018	Increased by 2019 Budget	Cash Received	Cancelled	Balance Dec.31, 2019
Safe and Secure Community Program - 6935	\$ 15,000.00		\$ 15,000.00		\$ -
Safe and Secure Community Program - 6635		60,000.00	45,000.00		15,000.00
Urban Area Initiative Grant	150,000.00		84,592.00		65,408.00
Recycling Tonnage Grant	0.00	17,740.40	17,740.40		0.00
Clean Communities Grant	0.00	18,945.69	18,945.69		0.00
Body Armor Replacement Fund	0.00	4,958.94	4,958.94		0.00
Alcohol Education Rehab	0.00	562.62	562.62		0.00
	<u>\$ 165,000.00</u>	<u>\$ 102,207.65</u>	<u>\$ 186,799.65</u>	<u>\$ -</u>	<u>\$ 80,408.00</u>
Reference	E	E-2	E-2	E-4	E

BOROUGH OF EAST RUTHERFORD
GRANT FUND
DECEMBER 31, 2019 AND 2018

SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

E-4

Grant	Balance Dec. 31, 2018	Transferred From 2019 Budget Appropriations	Cancel/ Expended	Balance Dec. 31, 2019
Comcast Technology Grant	\$ 9,910.29		\$ 8,848.00	\$ 1,062.29
Clean Communities	16,976.56	18,945.69	8,032.50	27,889.75
Drunk Driving Enforcement Fund	24,225.07		3,559.27	20,665.80
Parking Offense Adjudication Act	26,557.15	2,418.00		28,975.15
Body Armor Replacement Fund	251.30			251.30
Recycling Tonnage Grant	18,725.59	17,740.40		36,465.99
Alcohol Education and Rehab	-	562.62		562.62
Safe and Secure Communities Program	-	60,000.00	60,000.00	-
Safe and Secure Communities Program-Match	-	15,000.00	15,000.00	-
Federal Bullet Proof Vest Fund	64.50			64.50
Urban Area Initiative Grant	88,158.00		22,750.00	65,408.00
NJ Body Armor Grant	-	4,958.94		4,958.94
Emergency Management Agency- Asst Grant	2,571.73		2,571.73	-
	<u>\$ 187,440.19</u>	<u>\$ 119,625.65</u>	<u>\$ 120,761.50</u>	<u>\$ 186,304.34</u>
Reference	E	E-2, A-3	E-2	E

SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

E-5

Grant	Balance Dec. 31, 2018	Transfer to 2019 Budget	Grant Fund Receipt	Balance Dec. 31, 2019
Drunk Driving Enforcement Fund	\$ -		\$ 7,143.11	\$ 7,143.11
Parking Offense Adjudication Act	2,418.00	2,418.00	2,918.00	2,918.00
Recycling Tonnage Grant			24,794.42	24,794.42
Federal Bullet Proof Vest Fund	-		8,914.88	8,914.88
	<u>\$ 2,418.00</u>	<u>\$ 2,418.00</u>	<u>\$ 43,770.41</u>	<u>\$ 43,770.41</u>
Reference	E	A-2, E-2	E-1	E

**BOROUGH OF EAST RUTHERFORD
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit G-1

**SCHEDULE OF BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Police and Firemen's Retirement System (PFRS)**

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Borough's proportionate share of the net pension liability (asset) **	0.15161%	0.15051%	0.16030%	0.16250%	0.16380%	0.16203%	0.15329%			
Borough's proportionate share of the net pension liability (asset) associated with the Borough	\$ 18,553,991	\$ 20,365,875	\$ 24,747,525	\$ 31,042,021	\$ 27,284,094	\$ 20,381,358	\$ 20,379,037			
Total	<u>18,553,991</u>	<u>20,365,875</u>	<u>24,747,525</u>	<u>31,042,021</u>	<u>27,284,094</u>	<u>20,381,358</u>	<u>20,379,037</u>			
Borough's covered employee payroll	5,311,595	4,987,931	5,096,698	5,240,977	5,272,622	5,357,102	\$ 4,893,785			
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	349%	408%	486%	592%	517%	380%	416%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%			

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Borough's proportionate of the net pension liability (asset)	0.04084%	0.04045%	0.04042%	0.04519%	0.04183%	0.04417%	0.05048%			
Borough's proportionate share of the net pension liability (asset)	<u>\$ 7,359,417</u>	<u>\$ 7,965,199</u>	<u>\$ 9,408,674</u>	<u>\$ 13,384,598</u>	<u>\$ 9,390,367</u>	<u>\$ 8,269,875</u>	<u>\$ 9,647,516</u>			
Borough's covered employee payroll	2,970,772	2,931,309	2,789,545	2,873,087	2,982,221	2,805,059	2,812,367			
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	248%	272%	337%	466%	315%	295%	343%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%			

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

**BOROUGH OF EAST RUTHERFORD
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit G-2

**SCHEDULE OF BOROUGH CONTRIBUTIONS
Police and Firemen's Retirement System (PFRS)**

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution*	\$ 1,531,448	\$ 1,471,413	\$ 1,418,702	\$ 1,324,944	\$ 1,331,485	\$ 1,244,471	\$ 1,118,398			
Contributions in relation to the contractually required contributions*	(1,531,448)	(1,471,413)	(1,418,702)	(1,324,944)	(1,331,485)	(1,244,471)	(1,118,398)			
Contributions deficiency (excess)	-	-	-	-	-	-	-			
Borough's covered employee payroll	5,311,595	4,987,931	5,096,698	5,240,977	5,272,622	5,357,102	\$ 4,893,785			
Contributions as a percentage of covered-employee payroll	28.83%	29.50%	27.84%	25.28%	25.25%	23.23%	22.85%			

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution*	\$ 397,289	\$ 402,387	\$ 374,430	\$ 401,480	\$ 359,640	\$ 364,133	\$ 384,504			
Contributions in relation to the contractually required contributions*	(397,289)	(402,387)	(374,430)	(401,480)	(359,640)	(364,133)	(384,504)			
Contributions deficiency (excess)	-	-	-	-	-	-	-			
Borough's covered employee payroll	2,970,772	2,931,309	2,789,545	2,873,087	2,982,221	2,805,059	2,812,367			
Contributions as a percentage of covered-employee payroll	13.37%	13.73%	13.42%	13.97%	12.06%	12.98%	13.67%			

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

BOROUGH OF EAST RUTHERFORD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit G-3

Police & Firemen's Retirement System

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service, and disability benefits after 4 years of service

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Healthy Retiree mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of East Rutherford, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of East Rutherford, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 30, 2020. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division.

Borough's Response to Findings

The Borough's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPA's
Registered Municipal Accountants

June 30, 2020
Carlstadt, New Jersey

BOROUGH OF EAST RUTHERFORD
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule H-1

	CFDA #	Pass-Through Entity ID #	Grant Award	Grant Period	Cash Received	Program Expenditures	Canceled	Grant Receivable
FEDERAL GRANT PROGRAMS / PASS THROUGH GRANTOR PROGRAM								
Department of Law & Public Safety								
Public Assistance-FEMA- Severe Winter Storm	97.036		\$ 28,279.68	2019	\$ 28,279.68	\$ 28,279.68	\$ -	\$ -
Federal Bullet Proof Vest Fund	16.607		6,655.20	2017				
			8,914.88	2019	8,914.88	*		
			15,570.08		8,914.88	*	*	*
Transportation State Aid Highway Projects								
Highway Planning & Construction								
Roadway Improvements-2017	20.205	NJ- 078-6320-480	165,627.00	2017	\$124,220.25	\$124,220.25		41,406.75
Roadway Improvements-2016 (Ord 16-09)	20.205	NJ- 078-6320-480	149,000.00	2016				37,250.00
			314,627.00		*	*	*	78,656.75
US Dept. of Housing and Urban Development								
Community Development Block Grants:								
Senior Center Ord # 2019-10	14.219		90,000.00		42,000.00	90,000.00		48,000.00
Office of Homeland Security								
Emergency Management Performance Grant	97.042		5,000.00	2016		2,571.73		
			5,000.00		*	2,571.73	*	*
Urban Area Initiative Grant	97.067		150,000.00	2018	84,592.00	22,750.00		65,408.00
Total Federal Financial Assistance					\$ 288,006.81	\$ 267,821.66	\$ -	\$ 192,064.75

* Major Programs

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule H-2

STATE GRANT PROGRAM	Grant Award	Grant Award Numbers or Project Number	Grant Period	Cash Received	Program Expenditures	Cancelled	Grant Receivable
<i>Solid Waste Administration</i>							
Clean Communities	18,845.69	042-4900-765-004	2019	\$ 18,845.69	\$ -	\$ -	\$ -
Clean Communities	16,976.56	042-4900-765-004	2018		8,032.50		
				<u>18,845.69</u>	<u>8,032.50</u>	<u>-</u>	<u>-</u>
State Recycling Grants	24,794.42	042-4900-752-001	2019	24,794.42			
State Recycling Grants	17,740.40	042-4900-752-001	2018	17,740.40			
State Recycling Grants	18,725.59	042-4900-752-001	2017				
				<u>42,534.82</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Dept. of Law and Public Safety Division of Criminal Justice</i>							
Safe and Secure Communities Program	60,000.00	066-1020-100-232	2019	45,000.00	60,000.00		
Safe and Secure Communities Program	60,000.00	066-1020-100-232	2018	15,000.00			
				<u>60,000.00</u>	<u>60,000.00</u>	<u>-</u>	<u>-</u>
Body Armor Replacement Fund	4,958.94	066-1020-718-001	2019	4,958.94			
Body Armor Replacement Fund	4,265.96	066-1020-718-001	2017				
				<u>4,958.94</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>NJ Division of Highway Traffic Safety</i>							
Drunk Driving Enforcement Fund	7,269.44	6400-100-078-6400	PY		414.93		
Drunk Driving Enforcement Fund	8,451.00	6400-100-078-6400	2014		3,144.34		
Drunk Driving Enforcement Fund	6,176.24	6400-100-078-6400	2015				
Drunk Driving Enforcement Fund	5,119.70	6400-100-078-6400	2016				
Drunk Driving Enforcement Fund	4,063.20	6400-100-078-6400	2018				
Drunk Driving Enforcement Fund	7,143.11	6400-100-078-6400	2019	7,143.11			
				<u>7,143.11</u>	<u>3,559.27</u>	<u>-</u>	<u>-</u>
<i>Department of Community Affairs</i>							
Parking Offense Adjudication Act	21,383.15		PY				
Parking Offense Adjudication Act	2,492.00		2016				
Parking Offense Adjudication Act	2,682.00		2017				
Parking Offense Adjudication Act	2,418.00		2018				
	2,918.00		2019	2,918.00			
				<u>2,918.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance				<u>\$ 136,400.56</u>	<u>\$ 71,591.77</u>	<u>\$ -</u>	<u>\$ -</u>
* Expended in Prior Years							

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SCHEDULE OF EXPENDITURES OF COUNTY/ OTHER FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Schedule H-3

	Grant Award Numbers or Project Number	Grant Award	Grant Period	Cash Received	Program Expenditures	Canceled	Grant Receivable
COUNTY GRANT PROGRAM							
Other Grant Programs:	N/A						
Comcast Technology Grant		32,500.00	1/1/14 - 12/31/19	\$ -	\$ 8,848.00	\$ -	\$ -
Bergen County Open Space							
Ord # 2009-06		63,912.50					63,912.50
Ord # 2010-7 Carlton Ave		75,000.00					39,081.36
Ord # 2019-06 Various Improvements		27,176.00		25,947.89	27,176.00		1,228.11
Ord # 2019-14- Riggin Field		152,646.00		152,646.00	152,646.00		0.00
				178,593.89	179,822.00	0.00	104,221.97
Total County Financial Assistance				\$ 178,593.89	\$ 188,670.00	\$ -	\$ 104,221.97

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2019

1. General

The accompanying schedules present the activity of all federal and state financial assistance programs of the Borough of East Rutherford (the "Borough"). All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

2. Basis of Accounting

The accompanying schedules are presented using the modified accrual basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1C of the Borough's financial statements.

3. Relationship of Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements, exclusive of the unappropriated reserves. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>County/Other</u>	<u>Total</u>
Grant / Current Fund	\$ 53,601.41	\$ 71,591.77	\$ 8,848.00	\$ 134,041.18
Capital Fund	214,220.25		179,822.00	394,042.25
	<u>\$ 267,821.66</u>	<u>\$ 71,591.77</u>	<u>\$ 188,670.00</u>	<u>\$ 528,083.43</u>

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. State Loans Outstanding

The Borough's state loans outstanding at December 31, 2019, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust Program	#0212-03-055	\$ 58,629.37
Green Trust Program	#0212-02-046	\$ 164,315.55
Green Trust Program	#0212-01-023	\$ 206,310.49
Green Trust Program	#0212-08-014	\$ 159,804.29

See Independent Auditor's Report

SUPPLEMENTARY DATA

BOROUGH OF EAST RUTHERFORD
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate and Assessed Valuations

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>1.832</u>	<u>1.778</u>	<u>2.074</u>	<u>1.945</u>	<u>1.967</u>

Apportionment of Tax Rate

*

Municipal/Library	0.550	0.530	0.608	0.566	0.584
County/Open Space	0.252	0.191	0.329	0.313	0.281
Local School	0.756	0.789	0.843	0.783	0.779
Regional High School	0.274	0.268	0.294	0.283	0.323

Net Valuation Taxable as listed in the Bergen County Board of Taxation Levy Duplicate

2019	<u>\$ 2,226,720,362</u>	
2018	<u>\$ 2,095,011,962</u>	*
2017	<u>\$ 1,871,939,135</u>	
2016	<u>\$ 1,893,227,849</u>	
2015	<u>\$ 1,849,548,746</u>	
* Revaluation		

Comparison of Current Tax Collections

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2019	\$ 40,816,964.96	\$ 40,256,877.82	98.63%
2018	37,328,306.67	37,021,378.72	99.18%
2017	38,865,589.64	38,494,464.11	99.05%
2016	36,841,971.75	36,302,906.39	98.54%
2015	37,941,448.09	37,819,591.71	99.68%

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

BOROUGH OF EAST RUTHERFORD
SUPPLEMENTARY DATA

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison expressing percentage of the total of delinquent taxes and tax title liens in relation to the tax levies of the last five years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2019	\$ 417,951.01	\$ 443,892.29	\$ 861,843.30	2.11%
2018	342,463.15	259,335.19	601,798.34	1.61%
2017	301,836.59	213,724.52	515,561.11	1.33%
2016	282,323.78	197,366.29	479,690.07	1.30%
2015	229,684.04	345,277.83	574,961.87	1.52%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation at December 31, 2019 is \$636,900. This represents the properties assessed valuation from 1995-2019.

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2019	\$ 3,391,856.29	\$ 1,500,000.00
	2018	3,109,175.05	1,500,000.00
	2017	2,096,540.62	800,000.00
	2016	684,735.81	680,000.00
	2015	2,669,518.29	2,160,000.00

BOROUGH OF EAST RUTHERFORD
ROSTER OF OFFICIALS AND SURETY BONDS
AT DECEMBER 31, 2019

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
James Cassella	Mayor	
Philip Sorbera	President of Council	
Daniel Alvarez	Councilman	
George Cronk	Councilman	
Michael Lorusso	Councilman	
Edward C. Ravettine	Councilman	
Saverio Stallone	Councilman	
Danielle Lorenc	Municipal Clerk Assessment Search Officer Dog Licensing Official Registrar of Vital Statistics	
Linda Broncano	Tax Collector	\$1,000,000.00
Kathleen Winston	Assistant Tax Collector	
Anthony Bianchi	Finance Director	
Dennis Rivelli	Chief of Police	
Keith Matino	Building Inspector	
Dennis McGuire	Assessor	
Frank Recanati	Construction Code Official Plumbing Sub-Code Official	
George O. Savino	Municipal Judge	
Margaret Stuiso	Court Administrator	
Nancy Farina	Deputy	
Barbara Oszczepalski	Violations Clerk	

Note 1: Individual bonds were written by the Commerce Banc Insurance Services and were in force for the period under audit. All Municipal Court Employees and the Municipal Judge are covered by a \$1,000,000.00 blanket court bond with the South Bergen County Municipal Joint Insurance Fund. All other listed officials are covered by the Faithful Performance and Employee Dishonesty Bond issued by the South Bergen County Municipal Joint Insurance Fund in the amount of \$1,000,000.00.

See Independent Auditor's Report and Accompanying Notes to Financial Statements

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 "a contract year the total sum of \$17,500...If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$40,000.], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

N.J.S. 40A:11-9 states "The governing body of any contracting unit may by ordinance, in the case of a municipality, by ordinance or resolution, as the case may be, in the case of a county, or by resolution in all other cases, establish the office of purchasing agent, or a purchasing department or a purchasing board, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contract in unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c. 198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing function of the contracting unit."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Expenditure of \$6,000 or more and less than \$40,000 Per N.J.S.A. 40A:11-6.1

N.J.S.A 40A:11-6.1 states, "a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection professional services and paragraph (b) of the subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous."

Collection of Interest of Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of East Rutherford, County of Bergen, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date, and if delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency. Delinquent real estate taxes for 2018 will be advertised for sale after April 1, 2019.
2. There is a ten-day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

It appears from an examination of the Collector's records, that interest was collected in accordance with the foregoing resolution.

Collection of Interest on Delinquent Utility Rents

The Governing Body on January 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent utility rents:

WHEREAS, the statutory maximum interests permitted to be charged for unpaid fees is one and one-half (1 1/2 %) percent per month;

WHEREAS, the East Rutherford Public Works & Utilities Commission has had a policy of charging one and one-half (1 1/2%) percent per month interest on any unpaid balances; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council that effective January 1, 2019, all past due balances to the East Rutherford Public Works & Utilities Commission shall accrue interest at the rate of one and one-half (1 1/2 %) percent per month.

Borough of East Rutherford
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Part 1- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued

Unmodified (Regulatory Basis)

B) Internal Control over Financial Reporting

1) Material weakness identified

Yes

X

No

2) Were reportable conditions identified that were
not considered to be material weaknesses?

Yes

X

No

C) Noncompliance material to financial statements?

Yes

X

No

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

Borough of East Rutherford
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

“None”

Status of Prior Year Findings

Finding 2018-001

Budget emergency be adopted prior to the over-expenditure of available appropriations.

Status:

Corrective action has been taken.

Borough of East Rutherford
Summary Schedule of Prior Year Audit Comments/Recommendations
Year Ended December 31, 2019

Internal Controls:

***18-02 Recommendation:**

That all monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt.

Status: Corrective action has *not* been taken.

18-03 Recommendation:

That the Borough updates the construction code fee ordinance and the permit software to be consistent.

Status: Corrective action has *not* been taken.

18-04 Recommendation:

That expenditures be monitored for compliance with the Local Public Contracts Law.

Status: Corrective action has *not* been taken.

18-05 Recommendation:

That documentation be requested from vendors prior to the disbursement of monies to the Borough.

Status: Corrective action has *not* been taken.

18-06 Recommendation:

That controls be implemented and monitored to ensure that all required forms are included in employee files.

Status: Corrective action has *not* been taken.

18-07 Recommendation:

That the new hire and terminated list of employees be available for inspection for audit.

Status: Corrective action has been taken.

18-08 Recommendation:

That controls be implemented and monitored to ensure that correct amounts are transferred to the payroll agency account to cover withholding liabilities.

Status: Corrective action has been taken.

18-09 Recommendation:

Municipal Court:

1. That the following backlog in ticket and complaint processing be rectified:
 - a). Stale tickets assigned over six (6) months not issued should be recalled.
 - b). The Follow-Up Incomplete Report should be reviewed, and tickets listed on the report should be dismissed with judge's adjudication on record.
2. That bail receipts be deposited in the bank within 48 hours at all times.
3. That all pre-numbered receipts remain in the Police department bail receipt book and be available for audit.

Status: Partial corrective action has been taken.

Borough of East Rutherford
Audit Comments and Recommendations
For the Year Ended December 31, 2019

Current Fund

***Finding 19-01**

The Current Fund did not comply with N.J.S.A. 40A:5-15. All monies collected were not deposited or transmitted to the treasurer within 48 hours of receipt.

Recommendation:

That all monies collected must be deposited or transmitted to the treasurer within 48 hours of receipt.

***Finding 19-02**

Purchases from four vendors for fuel oil, building and grounds and cleaning exceeded the bidding threshold in aggregate and were not advertised for bids in accordance with the Local Public Contracts Law.

Recommendation:

That expenditures be monitored for compliance with the Local Public Contracts Law.

***Finding 19-03**

Our examination of expenditures revealed that W-9 forms and business registration certificates are not maintained for all applicable vendors used by the Borough.

Recommendation:

That documentation be requested from vendors prior to the disbursement of monies from the Borough.

Finding 19-04

During our review of new leases entered into by the Borough police department revealed that supporting documents were unavailable for inspection.

Recommendation:

That controls be implemented and maintained to ensure that all required documentation be available for inspection.

Construction Code

***Finding 19-05**

Although the DCA fees were charged correctly in the permit software, it was noted that the fee ordinance as well as the eCode on the Borough's website maintained the outdated DCA fee amounts to be charged by permit. Not all fees charged in the permit software are listed in the fee ordinance.

Recommendation:

That the Borough updates the construction code fee ordinance and the permit software to be consistent.

*** Repeated from prior year's audit.**

Borough of East Rutherford
Audit Comments and Recommendations
For the Year Ended December 31, 2019

Payroll

***Finding 19-06**

During the examination of employee files, it was noted that numerous employee files did not include required IRS Forms I-9 and/or W-4.

Recommendation:

That controls be implemented and monitored to ensure that all required forms are included in employee files.

Municipal Court

***Finding 19-07**

Bail and general account receipts were not always deposited in the bank within 48 hours.

Recommendation:

That all monies collected must be deposited within 48 hours of receipt.

Appreciation

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.