

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY**

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2018**

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COUNTY OF MONMOUTH, NEW JERSEY
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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**



HOLMAN | FRENIA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Rumson
Rumson, New Jersey 07760

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Rumson as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2018 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 in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 audit in accordance with 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 in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 entity'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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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 accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance 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 assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2018 the Borough adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental schedules presented for the various

funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The supplemental schedules presented for the various funds and the schedules of expenditures of federal awards are the responsibility of management and was derived from and relates 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 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 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 of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2019 on our consideration of the Borough's internal control over financial reporting and on 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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
August 5, 2019

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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

Honorable Mayor and Members
of the Borough Council
Borough of Rumson
Rumson, New Jersey 07760

We have audited, in accordance with the 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Borough of Rumson, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 5, 2019. Our report indicated that the Borough’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 of Local Government Services, Department of Community Affairs, State of New Jersey.

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 of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
August 5, 2019

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF RUMSON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	REFERENCE	<u>2018</u>	<u>2017</u>
ASSETS			
Regular Fund:			
Cash	A-4	\$ 17,279,074.76	\$ 30,896,127.56
Change Fund	A	300.00	300.00
Investment in BAN's	A-22	2,028,728.00	-
Due from State of NJ - Homestead Rebate	A	1.00	1.00
		<u>19,308,103.76</u>	<u>30,896,428.56</u>
Total			
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-6	504,555.18	368,635.20
Sewer Fees Receivable	A-7	31,915.18	33,481.33
Revenue Accounts Receivable	A-8	3,115.04	3,500.03
Due from Rumson Board of Education	A-23	360.00	-
Due from Police Outside Employment	A-24	23,805.00	-
		<u>563,750.40</u>	<u>405,616.56</u>
Total Receivables & Other Assets With Full Reserves			
		<u>19,871,854.16</u>	<u>31,302,045.12</u>
Total Regular Funds			
Grant Fund:			
Due From Current Fund	A-27	162,957.18	160,676.31
State Grants Receivable	A-28	27,501.42	10,163.80
		<u>190,458.60</u>	<u>170,840.11</u>
Total State & Federal Grants			
		<u>\$ 20,062,312.76</u>	<u>\$ 31,472,885.23</u>
Total Assets			

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	REFERENCE	<u>2018</u>	<u>2017</u>
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 1,189,258.97	\$ 1,211,464.97
Encumbrances Payable	A-3	273,793.58	476,743.61
Accounts Payable	A-11	111,805.39	116,628.00
Due To State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-5	9,358.03	8,108.03
Marriage Licenses	A-12	75.00	150.00
U.C.C. Fees	A-13	6,383.00	7,422.00
Prepaid Taxes	A-14	465,719.72	12,270,807.83
Tax Overpayments Payable	A-15	272,738.43	27,466.19
Sewer Fee Overpayments	A-16	8,579.72	10,345.31
Drive-In Sanitation Overpayments	A-17	400.00	400.00
Third Party Liens Payable	A-18	-	6,370.88
County Taxes Payable	A-19	169,661.15	99,031.81
Local School District Tax Payable	A-20	5,840,386.79	5,840,386.79
Regional High School Tax Payable	A-21	5,412,495.11	5,412,495.11
Due To:			
Grant Fund	A	162,957.18	160,676.31
Reserve for:			
Tax Appeals	A-25	<u>12,927.42</u>	<u>44,858.64</u>
Subtotal Regular Fund		<u>13,936,539.49</u>	<u>25,693,355.48</u>
Reserve for Receivables & Other Assets	A	563,750.40	405,616.56
Fund Balance	A-1	<u>5,371,564.27</u>	<u>5,203,073.08</u>
Total Regular Fund		<u>19,871,854.16</u>	<u>31,302,045.12</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	REFERENCE	<u>2018</u>	<u>2017</u>
State & Federal Grant Funds:			
Encumbrance Payable	A-29	101.95	1,400.20
Reserve for Federal & State Grants:			
Appropriated Reserves	A-29	180,365.96	140,254.35
Unappropriated Reserves	A-30	<u>9,990.69</u>	<u>29,185.56</u>
 Total State & Federal Grants		<u>190,458.60</u>	<u>170,840.11</u>
 Total Liabilities, Reserves & Fund Balance		<u><u>\$ 20,062,312.76</u></u>	<u><u>\$ 31,472,885.23</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 2,703,000.00	\$ 2,480,000.00
Miscellaneous Revenue Anticipated	3,785,834.18	4,137,497.29
Receipts From Delinquent Taxes	337,405.88	419,694.29
Receipts From Current Taxes	53,314,368.16	50,664,500.74
Non-Budget Revenue	81,478.16	115,172.46
Cancellation of:		
Unexpended Balances of Appropriation Reserves	1,153,972.90	1,251,519.96
Accounts Payable	3,940.00	60,809.19
Due from Red Bank	-	0.02
Third Party Liens Payable	-	28.62
Construction Fee Refund	-	133.50
Master Plan	-	82.82
Revaluation	-	16,477.91
Special Emergency Note - Sandy	-	0.03
Interfunds Returned	-	11,196.36
	<hr/>	<hr/>
Total Revenues	61,379,999.28	59,157,113.19
	<hr/>	<hr/>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	5,466,491.14	5,385,936.75
Other Expenses	7,160,799.41	6,991,618.23
Capital Improvements	1,715,000.00	2,318,730.00
Municipal Debt Service	1,763,395.19	1,558,006.78
Deferred Charges and Statutory		
Expenditures	1,136,199.00	1,086,093.90
County Taxes	10,637,315.29	9,948,630.84
County Share of Added Taxes	169,661.15	99,031.81
Local School District Tax	16,899,627.00	16,059,502.00
Regional High School Tax	13,534,345.00	12,989,474.00
Prior Year Refunds	1,509.91	-
Adjustment for Rumson BOE	360.00	-
Adjustment for Police Outside Employment	23,805.00	-
Interfund Advances	-	2,853.45
	<hr/>	<hr/>
Total Expenditures	58,508,508.09	56,439,877.76
	<hr/>	<hr/>
Excess/(Deficit) in Revenue	2,871,491.19	2,717,235.43
Fund Balance, January 1	5,203,073.08	4,965,837.65
	<hr/>	<hr/>
	8,074,564.27	7,683,073.08
Decreased By:		
Utilization as Anticipated Revenue	2,703,000.00	2,480,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 5,371,564.27	\$ 5,203,073.08
	<hr/>	<hr/>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Anticipated <u>Budget</u>	Special <u>N.J.S. 40A:4-87</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Surplus Anticipated	\$ 2,703,000.00	\$ -	\$ 2,703,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	25,000.00	-	35,315.00	10,315.00
Fees and Permits:				
Other	150,000.00	-	168,856.42	18,856.42
Fines and Costs:				
Municipal Court	58,000.00	-	59,118.67	1,118.67
Interest and Cost on Taxes	90,000.00	-	128,568.06	38,568.06
Interest on Investments	175,000.00	-	271,253.49	96,253.49
Sewer Service Charges	1,100,000.00	-	1,185,899.61	85,899.61
Cellular Tower Fees	115,586.64	-	115,586.64	-
Cable Franchise Fees	136,713.25	-	136,713.25	-
Energy Receipts Taxes	660,673.00	-	660,673.00	-
Interlocal - Fair Haven	230,916.00	-	273,264.52	42,348.52
Interlocal - Little Silver	212,904.00	-	212,904.00	-
Uniform Construction Code Fees	300,000.00	-	380,655.00	80,655.00
Uniform Fire Safety Act	3,963.66	-	13,757.47	9,793.81
Trash Collection Charges	46,400.00	-	58,972.80	12,572.80
FEMA	30,155.66	-	30,155.66	-
Clean Communities Program	16,802.54	-	16,802.54	-
Alcohol Education and Rehabilitation Fund	802.56	-	802.56	-
Drunk Driving Enforcement	-	7,337.62	7,337.62	-
NJUCF Stewardship Resiliency Planning	-	10,000.00	10,000.00	-
Police Body Armor Grant	1,865.87	-	1,865.87	-
Recycling Tonnage Grant	17,332.00	-	17,332.00	-
Total Miscellaneous Revenues	3,372,115.18	17,337.62	3,785,834.18	396,381.38
Receipts From Delinquent Taxes	300,000.00	-	337,405.88	37,405.88
Amount To Be Raised By Taxes for Support of Municipal Budget	11,900,402.17	-	13,124,054.14	1,223,651.97
Budget Revenues	18,275,517.35	17,337.62	19,950,294.20	1,657,439.23
Non-Budget Revenue	-	-	81,478.16	81,478.16
	\$ 18,275,517.35	\$ 17,337.62	\$ 20,031,772.36	\$ 1,738,917.39

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 53,314,368.16
Allocated To School and County Taxes	<u>41,240,948.44</u>
Balance for Support of Municipal Budget Appropriations	12,073,419.72
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,050,634.42</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 13,124,054.14</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>337,405.88</u>
	<u><u>\$ 337,405.88</u></u>

License-Other:

Raffle License	\$ 1,120.00
Food License	6,050.00
Auction License	125.00
Mercantile License	<u>20.00</u>
	<u><u>\$ 7,315.00</u></u>

Fees & Permits:

Street Openings	\$ 27,907.50
Grading Plans	26,225.00
Police Department	1,055.92
Boat Launching Permits	48,182.00
Garage Sale Permits	710.00
Marriage Registrar Fees	87.00
Variances	9,060.00
Vital Statistics	2,369.00
200' List of Names	270.00
Tree Removal Permit	7,860.00
Sewer Disconnect Fees	26,600.00
Zoning Permit Fees	10,725.00
Landscaper Permits	<u>7,805.00</u>
	<u><u>\$ 168,856.42</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Analysis of Realized Revenues (continued):

Analysis of Non-Budget Revenue

NSF Check Fees	\$ 360.00
Prior Year Budget Refund	328.90
Public Auction	42,822.07
Copy Fees	154.43
Outside Work Admin Fee	16,860.00
DMV Inspection Fees	150.00
Other Miscellaneous Fees	<u>20,802.76</u>
	<u><u>\$ 81,478.16</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended			Cancelled
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	
General Appropriations	\$ 166,130.00	\$ -	\$ 166,130.00	\$ 162,699.00	\$ -	\$ 3,431.00
Operations - Within "CAPS"	190,155.66	-	190,155.66	134,348.89	5,711.22	50,095.55
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	156,681.00	-	156,681.00	156,353.00	-	328.00
Other Expenses	10,000.00	-	10,000.00	6,643.78	685.00	2,671.22
Municipal Clerk:	3,000.00	-	3,000.00	2,753.74	-	246.26
Salaries and Wages						
Other Expenses	129,249.00	-	129,249.00	129,024.17	-	224.83
Financial Administration (Treasury):	20,000.00	-	20,000.00	16,193.73	100.00	3,706.27
Other Expenses						
Audit Services:	43,250.00	-	43,250.00	43,250.00	-	-
Other Expenses						
Revenue Administration (Tax Collection):	77,378.00	-	77,378.00	77,378.00	-	-
Salaries and Wages	15,000.00	-	15,000.00	8,373.25	-	6,626.75
Other Expenses						
Tax Assessment Administration:	40,651.00	-	40,651.00	40,651.00	-	-
Salaries and Wages	94,500.00	-	94,500.00	17,477.90	5,311.94	71,710.16
Other Expenses						
Records Retention and Disposal:	2,500.00	-	2,500.00	-	-	2,500.00
Other Expenses						
Legal Services (Legal Department):	195,000.00	-	195,000.00	159,987.98	31,202.12	3,809.90
Other Expenses						
Engineering Services:	156,060.00	-	156,060.00	156,060.00	-	-
Salaries and Wages	125,000.00	-	125,000.00	26,955.61	5,536.40	92,507.99
Other Expenses						

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	6,679.00	-	6,679.00	6,679.00	-	-	-
Other Expenses	14,500.00	-	14,500.00	6,098.26	92.82	8,308.92	-
Zoning Board of Adjustment:							
Salaries and Wages	6,679.00	-	6,679.00	6,679.00	-	-	-
Other Expenses	16,200.00	-	16,200.00	14,956.85	120.91	1,122.24	-
Zoning Enforcement Officer:							
Salaries and Wages	47,562.00	-	47,562.00	47,562.00	-	-	-
CODE ENFORCEMENT AND ADMINISTRATION							
Uniform Construction Code Enforcement Functions:							
Salaries and Wages	17,761.00	-	17,761.00	9,761.00	-	8,000.00	-
Plumbing Inspector:							
Salaries and Wages	22,036.00	-	22,036.00	22,036.00	-	-	-
Electrical Inspector:							
Salaries and Wages	33,788.00	-	33,788.00	33,788.00	-	-	-
Fire Protection Official:							
Salaries and Wages	5,272.00	-	5,272.00	5,272.00	-	-	-
Fire Sub-Code Official:							
Salaries and Wages	9,497.00	-	9,497.00	9,497.00	-	-	-
Construction Code Official:							
Salaries and Wages	166,794.00	-	166,794.00	156,794.00	-	10,000.00	-
Other Expenses	18,925.00	-	18,925.00	9,459.96	-	9,465.04	-
Uniform Fire Safety:							
Other Expenses	3,963.66	-	3,963.66	591.00	3,147.94	224.72	-

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended			Cancelled
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	2,207,242.00	-	2,207,242.00	2,131,988.52	-	75,253.48
Other Expenses	140,000.00	-	140,000.00	106,329.55	23,988.63	9,681.82
Purchase of Police Vehicles	100,000.00	-	100,000.00	82,097.92	5,540.00	12,362.08
Police Dispatch/911:						
Salaries and Wages	229,000.00	-	229,000.00	208,731.71	-	20,268.29
Annual Charge - 911 System	6,000.00	-	6,000.00	5,416.73	-	583.27
Aid To Volunteer Fire Companies:						
Other Expenses	17,230.00	-	17,230.00	17,230.00	-	-
Aid To First Aid Organization:						
Salaries and Wages	5,599.00	-	5,599.00	5,599.00	-	-
Other Expenses	35,000.00	-	35,000.00	20,543.10	8,163.75	6,293.15
Aid	8,615.00	-	8,615.00	8,615.00	-	-
Fire Department:						
Salaries and Wages	10,568.00	-	10,568.00	10,568.00	-	-
Other Expenses	25,000.00	-	25,000.00	19,269.61	3,235.02	2,495.37
Municipal Prosecutor's Office:						
Salaries and Wages	14,585.00	-	14,585.00	12,485.00	-	2,100.00
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	1,222,410.00	-	1,212,410.00	1,175,232.49	-	37,177.51
Other Expenses	140,000.00	-	150,000.00	116,192.72	27,587.89	6,219.39
Sewer System:						
Salaries and Wages	178,428.00	-	168,428.00	162,995.50	-	5,432.50
Other Expenses	80,000.00	-	90,000.00	49,366.21	37,780.68	2,853.11
Shade Tree Commission:						
Other Expenses	25,000.00	-	31,500.00	28,998.07	-	2,501.93
Storm Drain Cleaning	1,000.00	-	1,000.00	-	964.00	36.00
Stormwater Management	1,000.00	-	1,000.00	-	-	1,000.00
Solid Waste Collection:						
Contractual	318,375.00	-	318,375.00	304,999.97	13,375.00	0.03

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended			Cancelled
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	
Buildings and Grounds:						
Salaries and Wages	53,760.00	-	53,760.00	51,893.93	-	1,866.07
Other Expenses	56,000.00	-	56,000.00	20,591.90	9,472.24	25,935.86
Property Lease	6,000.00	-	6,000.00	5,570.84	-	429.16
Vehicle Maintenance (Including Police Vehicles):						
Other Expenses	150,000.00	-	150,000.00	105,445.74	13,531.79	31,022.47
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	6,763.00	-	6,763.00	6,763.00	-	-
Contracted Services	68,267.00	-	68,267.00	58,133.00	-	10,134.00
Other Expenses	1,200.00	-	1,200.00	848.80	-	351.20
Animal Control Services:						
Salaries and Wages	5,100.00	-	5,100.00	5,100.00	-	-
PARK AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	90,853.00	-	96,407.49	96,407.49	-	-
Other Expenses	20,000.00	-	20,000.00	20,000.00	-	-
Municipal Court:						
Salaries and Wages	77,300.00	-	65,245.51	57,729.23	-	7,516.28
Other Expenses	10,028.00	-	10,028.00	2,812.62	111.04	7,104.34
Public Defender:						
Salaries and Wages	2,694.00	-	2,694.00	2,694.00	-	-
Board of Health:						
Hepatitis B Vaccine Costs	500.00	-	500.00	-	90.00	410.00
Visiting Nurse Services - Contractual	1,000.00	-	1,000.00	750.00	250.00	-
INSURANCE						
General Liability	346,400.00	-	346,400.00	310,993.45	16,000.00	19,406.55
Employee Group Health	1,647,000.00	-	1,647,000.00	1,454,630.30	1.00	192,368.70
Waiver of Insurance	40,000.00	-	40,000.00	27,897.42	1,893.88	10,208.70

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended		Cancelled		
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended		Encumbered	Reserved
Homeland Security (NJSA 40A:4-45.3(pp))	15,000.00	-	15,000.00	1,901.06	6,996.50	6,102.44	-
Office of Emergency Management:							
Other Expenses							
UTILITY EXPENSES AND BULK PURCHASES							
Electricity	150,000.00	-	150,000.00	121,633.28	-	28,366.72	-
Street Lighting	65,000.00	-	65,000.00	50,739.27	590.29	13,670.44	-
Telephone (excluding telephone acquisition)	40,000.00	-	40,000.00	30,218.07	1,049.07	8,732.86	-
Water	45,000.00	-	45,000.00	30,263.57	-	14,736.43	-
Fire Hydrants	115,000.00	-	115,000.00	94,736.72	0.56	20,262.72	-
Gas (natural or propane)	25,000.00	-	25,000.00	13,814.43	1,007.82	10,177.75	-
Gasoline	150,000.00	-	150,000.00	102,151.15	-	47,848.85	-
Landfill/Solid Waste Disposal Costs	480,000.00	-	480,000.00	414,745.89	49,515.94	15,738.17	-
Accumulated Sick Leave	5,000.00	-	5,000.00	5,000.00	-	-	-
Total Operations - Within "CAPS"	10,232,128.32	-	10,232,128.32	9,027,448.38	273,053.45	931,626.49	-
Contingent	5,000.00	-	5,000.00	1,176.93	736.00	3,087.07	-
Total Operations Including Contingent - Within "CAPS"	10,237,128.32	-	10,237,128.32	9,028,625.31	273,789.45	934,713.56	-
Detail:							
Salaries and Wages	5,146,519.00	-	5,120,019.00	4,948,421.04	-	171,597.96	-
Other Expenses (Including Contingent)	5,090,609.32	-	5,117,109.32	4,080,204.27	273,789.45	763,115.60	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		Cancelled	
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended		Encumbered
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
STATUTORY EXPENDITURES						
Contribution To:						
Public Employees' Retirement System	367,869.00	-	367,869.00	367,869.00	-	-
Social Security System (O.A.S.I.)	285,000.00	-	285,000.00	265,486.93	-	19,513.07
Police and Firemen's Retirement System	482,180.00	-	482,180.00	482,180.00	-	-
Defined Contribution Plan	1,150.00	-	1,150.00	-	-	1,150.00
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	1,136,199.00	-	1,136,199.00	1,115,535.93	-	20,663.07
Total General Appropriations for Municipal Purposes - Within "CAPS"	11,373,327.32	-	11,373,327.32	10,144,161.24	273,789.45	955,376.63
Expenditures - Excluded From "CAPS":						
Aid To Oceanic Library (N.J.S.A. 40:54-35)	75,000.00	-	75,000.00	75,000.00	-	-
Sewer Authority - Share of Cost	1,667,912.00	-	1,667,912.00	1,666,472.00	2.00	1,438.00
LOSAP	40,000.00	-	40,000.00	-	-	40,000.00
Reserve for Tax Appeals	150,400.00	-	150,400.00	-	-	150,400.00
Fair Haven Shared Service Agreement: Construction Office:						
Salaries and Wages	153,728.00	-	153,728.00	153,728.00	-	-
Other Expenses	15,710.00	-	15,710.00	7,852.90	-	7,857.10
Fair Haven Shared Service Agreement: Parks & Grounds:						
Other Expenses	14,712.50	-	14,712.50	-	-	14,712.50

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
Fair Haven Shared Service Agreement:							
Municipal Court	39,263.14	-	39,263.14	34,125.27	-	5,137.87	-
Salaries and Wages	5,450.00	-	5,450.00	3,573.04	2.13	1,874.83	-
Other Expenses							
Little Silver Shared Service Agreement:							
Construction Office:							
Salaries and Wages	153,481.00	-	153,481.00	153,481.00	-	-	-
Other Expenses	15,365.00	-	15,365.00	7,902.96	-	7,462.04	-
PUBLIC AND PRIVATE PROGRAMS OFFSET							
BY REVENUES							
Matching for Grants	5,000.00	-	5,000.00	-	-	5,000.00	-
Recycling Tonnage Grant	17,332.00	-	17,332.00	17,332.00	-	-	-
Clean Communities Program	16,802.54	-	16,802.54	16,802.54	-	-	-
Police Body Armor Grant	1,865.87	-	1,865.87	1,865.87	-	-	-
Alcohol Education Rehab	802.56	-	802.56	802.56	-	-	-
Drunk Driving Enforcement	-	7,337.62	7,337.62	7,337.62	-	-	-
NJUCF Stewardship Resiliency Planning	-	10,000.00	10,000.00	10,000.00	-	-	-
Total Operations - Excluded From "CAPS"	2,372,824.61	17,337.62	2,390,162.23	2,156,275.76	4.13	233,882.34	-
Detail:							
Salaries and Wages	346,472.14	-	346,472.14	341,334.27	-	5,137.87	-
Other Expenses	2,026,352.47	17,337.62	2,043,690.09	1,814,941.49	4.13	228,744.47	-
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	1,715,000.00	-	1,715,000.00	1,715,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	1,715,000.00	-	1,715,000.00	1,715,000.00	-	-	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		Cancelled	
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended		Encumbered
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	845,000.00	-	845,000.00	845,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	591,825.00	-	591,825.00	591,825.00	-	-
Interest on Bonds	251,000.00	-	251,000.00	250,738.76	-	261.24
Interest on Notes	24,900.00	-	24,900.00	24,825.91	-	74.09
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	51,006.00	-	51,006.00	51,005.52	-	0.48
Total Municipal Debt Service - Excluded From "CAPS"	1,763,731.00	-	1,763,731.00	1,763,395.19	-	335.81
Total General Appropriations - Excluded From "CAPS"	5,851,555.61	17,337.62	5,868,893.23	5,634,670.95	4.13	233,882.34
Subtotal General Appropriations	17,224,882.93	17,337.62	17,242,220.55	15,778,832.19	273,793.58	1,189,258.97
Reserve for Uncollected Taxes	1,050,634.42	-	1,050,634.42	1,050,634.42	-	-
Total General Appropriations	\$ 18,275,517.35	\$ 17,337.62	\$ 18,292,854.97	\$ 16,829,466.61	\$ 273,793.58	\$ 1,189,258.97
Adopted Budget			\$ 18,275,517.35			
Added by N.J.S. 40A:4-87			<u>17,337.62</u>			
			<u>\$ 18,292,854.97</u>			

Analysis of Paid or Charged

Reserve for Uncollected Taxes	1,050,634.42
Reserve for Revaluation	54,140.59
Reserve for Grant Expenditures - Appropriated	<u>15,724,691.60</u>
Cash Disbursements	<u>\$ 16,829,466.61</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Animal Control Fund:			
Cash	B-2	\$ 21,224.89	\$ 19,957.54
Total Animal Control Fund		<u>21,224.89</u>	<u>19,957.54</u>
Trust - Other Funds			
Cash - Treasurer	B-2	3,739,736.78	3,434,404.81
Total Trust Other Fund		<u>3,739,736.78</u>	<u>3,434,404.81</u>
Recreation Commission:			
Cash - Treasurer	B-2	437,235.40	416,821.50
Length of Service Award Program Fund ("LOSAP"):			
Investments	B-9	430,362.12	430,382.61
Total Assets		<u>\$ 4,628,559.19</u>	<u>\$ 4,301,566.46</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 21,224.89	\$ 19,957.54
Total		<u>21,224.89</u>	<u>19,957.54</u>
Trust - Other Funds:			
Reserve for:			
Various Trust Funds	B-5	3,734,141.92	3,428,809.95
Special Assessment	B-6	2,613.00	2,613.00
Payroll Deductions Payable	B-7	2,981.86	2,981.86
Total		<u>3,739,736.78</u>	<u>3,434,404.81</u>
Recreation Commission:			
Fund Balance	B-1	437,235.40	416,821.50
Length of Service Award Program Fund ("LOSAP"):			
Miscellaneous Reserves	B-11	430,362.12	430,382.61
Total		<u>\$ 4,628,559.19</u>	<u>\$ 4,301,566.46</u>

The accompanying Notes to Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND - RECREATION COMMISSION
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 416,821.50
Increased By:	
Cash Receipts	<u>686,161.30</u>
	1,102,982.80
Decreased By:	
Operating Expenses	<u>665,747.40</u>
Balance, December 31, 2018	<u><u>\$ 437,235.40</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
		<u> </u>	<u> </u>
Cash	C-1 , C-2	\$ 4,882,998.04	\$ 4,428,946.23
Deferred Charges to Future Taxation:			
Funded	C-4	7,798,597.13	8,686,880.39
Unfunded	C-5	5,028,728.00	6,776,356.75
Due From FEMA Pumping Station	C-14	-	210,000.00
Due From NJ DOT	C-15	580,329.00	58,750.00
		<u> </u>	<u> </u>
Total Assets		<u>\$ 18,290,652.17</u>	<u>\$ 20,160,933.37</u>
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds Payable	C-6	\$ 7,445,000.00	\$ 8,290,000.00
Bond Anticipation Notes	C-7	2,028,728.00	2,620,553.00
Green Acres Loan Payable	C-8	353,597.13	396,880.39
Due to State of New Jersey	C-3	133.00	133.00
Improvement Authorizations:			
Funded	C-9	1,332,643.43	2,278,738.44
Unfunded	C-9	3,000,000.00	3,134,722.78
Encumbrances Payable	C-9	1,360,471.08	288,044.30
Retained Percentage Due to Contractors	C-10	84.00	84.00
Capital Improvement Fund	C-11	2,769,410.77	3,151,192.70
Reserve for Pay Bonds	C-12	584.76	584.76
Fund Balance	C-1	-	-
		<u> </u>	<u> </u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 18,290,652.17</u>	<u>\$ 20,160,933.37</u>

There were Bonds & Notes Authorized but not issued on December 31, 2018 of \$3,000,000.00 and on December 31, 2017 was \$4,155,803.75

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

Assets	REFERENCE	<u>2018</u>	<u>2017</u>
Land	D-1	\$ 4,948,200.00	\$ 4,948,200.00
Buildings	D-1	1,885,215.00	1,885,215.00
Equipment	D-1	6,590,929.00	6,538,662.48
Improvements	D-1	<u>4,400,750.75</u>	<u>4,400,750.75</u>
Total Assets		<u>\$ 17,825,094.75</u>	<u>\$ 17,772,828.23</u>
Fund Balance			
Investment in Fixed Assets	D-1	<u>\$ 17,825,094.75</u>	<u>\$ 17,772,828.23</u>
Total Fund Balance		<u>\$ 17,825,094.75</u>	<u>\$ 17,772,828.23</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Rumson, County of Monmouth, New Jersey ("Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads, which are subject to separate audit. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost [with the exception of LOSAP investments which are reported at fair value]. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued):

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories and Supplies - 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 assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed property – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued):

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough’s Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough’s annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Borough of Rumson School District, and the Rumson-Fair Haven Regional High School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Rumson School District and its share of the Rumson-Fair Haven Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and the Borough’s share of the regional school district for the period from July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued):

provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements 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 municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Borough’s financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

Note 2. Deposits and Investments

The Borough is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough’s deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2. Deposits and Investments (continued):

New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2018, the Borough's bank balance of \$26,482,587.19 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 25,745,253.96
Uninsured and Uncollateralized	<u>737,333.23</u>
	<u><u>\$ 26,482,587.19</u></u>

Investments

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Borough's fair value, hierarchy level and maturities of its investments at December 31, 2018 would be as followed:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2018</u>			<u>Investment Maturities (in</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	<u>Less Than 1 Year</u>
Bond Anticipation Notes	\$ 2,028,728.00	\$ 2,028,728.00	\$ -	\$ 2,028,728.00	\$ 2,028,728.00
Money Markets	378,890.18	378,890.18	-	378,890.18	378,890.18
Fixed Account Investment Contract	51,471.94	-	51,471.94	51,471.94	51,471.94
	<u>\$ 2,459,090.12</u>	<u>\$ 2,407,618.18</u>	<u>\$ 51,471.94</u>	<u>\$ 2,459,090.12</u>	<u>\$ 2,459,090.12</u>
 <u>Fund</u>					
Current Fund	\$ 2,028,728.00	\$ 2,028,728.00	\$ -	\$ 2,028,728.00	\$ 2,028,728.00
Trust Fund - LOSAP	430,362.12	378,890.18	51,471.94	430,362.12	430,362.12
	<u>\$ 2,459,090.12</u>	<u>\$ 2,407,618.18</u>	<u>\$ 51,471.94</u>	<u>\$ 2,459,090.12</u>	<u>\$ 2,459,090.12</u>

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments (continued):

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, 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.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough’s investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough’s investments are in bond anticipation notes and money markets. These investments represent 82.5% and 15.4% of the Borough’s total investments.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 1.482</u>	<u>\$ 1.469</u>	<u>\$ 1.433</u>
Apportionment of Tax Rate:			
Municipal	0.333	0.335	0.327
County	0.298	0.289	0.290
Local School	0.473	0.467	0.448
Regional School	0.378	0.378	0.368

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 3,576,104,047.00
2017	3,441,172,574.00
2016	3,448,408,950.00

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (continued):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 53,845,963.94	\$ 53,314,368.16	99.01%
2017	51,052,398.08	50,640,770.22	99.19%
2016	49,875,004.23	49,356,380.48	98.96%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	-
2017	-
2016	-

The last tax sale was held on November 29, 2018.

Note 4: Property Acquired By Tax Title Lien Liquidation

The Borough had no properties acquired by liquidation of tax title liens as of December 31, 2018, 2017 or 2016.

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	\$ 5,371,564.27	\$ 2,803,000.00	52.18%
2017	5,203,073.08	2,703,000.00	51.95%
2016	4,965,837.65	2,480,000.00	49.94%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 162,957.18
State and Federal Grant Fund	162,957.18	-
	<u>\$ 162,957.18</u>	<u>\$ 162,957.18</u>

The interfund receivables and payables above predominantly resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 72,088.95	\$ 69,808.08
State and Federal Grant Fund	69,808.08	72,088.95
	<u>\$ 141,897.03</u>	<u>\$ 141,897.03</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 4,948,200.00	\$ -	\$ -	\$ 4,948,200.00
Buildings	1,885,215.00	-	-	1,885,215.00
Equipment	6,538,662.48	285,221.00	232,954.48	6,590,929.00
Improvements	4,400,750.75	-	-	4,400,750.75
	<u>\$ 17,772,828.23</u>	<u>\$ 285,221.00</u>	<u>\$ 232,954.48</u>	<u>\$ 17,825,094.75</u>

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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 or more years of service credit before age 62 and tier 5 with 30 or more years 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Borough's contractually required contribution to PERS plan was \$398,181.

Components of Net Pension Liability - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$7,881,942. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2018, was .04003119% which was an increase of .0014395855% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 2,035,108	\$ 2,507,831
Deferred Inflows of Resources	2,705,517	1,920,264
Net Pension Liability	7,881,942	8,983,509
 Borough's portion of the Plan's total net pension Liability	 0.04003%	 0.03859%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$559,290. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$398,181 to the plan in 2018.

At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 150,310	\$ 40,642
Changes of Assumptions	1,298,813	2,520,226
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	73,933
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>585,985</u>	<u>70,716</u>
	<u>\$ 2,035,108</u>	<u>\$ 2,705,517</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	<u>Dec 31,</u>	<u>Amount</u>
2019		\$ (4,908)
2020		(14,688)
2021		(94,866)
2022		(452,587)
2023		<u>(103,360)</u>
		<u>\$ (670,409)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2018) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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 calculated using the discount rate as disclosed above, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 9,910,634</u>	<u>\$ 7,881,942</u>	<u>\$ 6,179,999</u>

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of 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% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Borough's contractually required contributions to PFRS plan was \$563,669.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2018 the Borough's proportionate share of the PFRS net pension liability was \$7,801,761. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2018, was .0576556577%, which was an increase of .0031731782% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 1,337,032	\$ 1,525,703
Deferred Inflows of Resources	2,356,997	1,826,121
Net Pension Liability	7,801,761	8,411,042
Borough's portion of the Plan's total net pension Liability	0.05766%	0.05448%

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$674,313. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$563,669 to the plan in 2018.

At December 31, 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 79,373	\$ 32,286
Changes of Assumptions	669,676	1,999,457
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	42,683
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>587,983</u>	<u>282,571</u>
	<u>\$ 1,337,032</u>	<u>\$ 2,356,997</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2019	\$	242,672
2020		(26,855)
2021		(440,074)
2022		(658,503)
2023		<u>(137,205)</u>
	<u>\$</u>	<u>(1,019,965)</u>

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: 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. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$1,059,740 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State’s proportion of the net pension liability associated with the Borough was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2018 was .0565565770%, which was an increase of .0020740975% from its proportion measured as of June 30, 2017, which is the same proportion as the Borough’s. At December 31, 2018, the Borough’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

Borough's Proportionate Share of Net Pension Liability	\$ 7,801,761
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,059,740</u>
	<u><u>\$ 8,861,501</u></u>

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2018 measurement date was \$125,525.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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, 2018) 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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.

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 calculated using the discount rate as disclosed above, 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 (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the Net Pension Liability	\$ 10,441,689	\$ 7,801,761	\$ 5,609,073
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	1,418,330	1,059,740	761,900
	\$ 11,860,019	\$ 8,861,501	\$ 6,370,973

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

Note 10. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Postemployment Benefits Other Than Pensions (continued):

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating 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) retired 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) retired 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 negotiations 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 of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2018 was \$14,673,825.00. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.093663%, which was an increase of 0.000256% from its proportion measured as of June 30, 2017.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Postemployment Benefits Other Than Pensions (continued):

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$341,500.00 for the State's proportionate share of the OPEB expense attributable to the Borough. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Postemployment Benefits Other Than Pensions (continued):

	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 17,216,276.26	\$ 14,673,825.00	\$ 12,642,981.85
State of New Jersey's Total Nonemployer OPEB Liability	18,381,085,096.00	15,666,618,141.00	13,498,373,388.00

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

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Borough	\$ 12,240,322.79	\$ 14,673,825.00	\$ 17,823,138.46
State of New Jersey's Total Nonemployer OPEB Liability	13,068,471,450.00	15,666,618,141.00	19,029,006,023.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2018:

	12/31/2018	12/31/2017
Collective Deferred Outflows of Resources	\$ 2,115,007,508.00	\$ 1,151,561,955.00
Collective Deferred Inflows of Resources	9,261,653,464.00	3,414,042,238.00
Collective Net OPEB Liability	15,666,618,141.00	20,415,788,739.00
Borough's Portion	0.093663%	0.093407%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2019	\$ (1,049,390,011.00)
2020	(1,049,390,011.00)
2021	(1,049,390,011.00)
2022	(1,050,264,681.00)
2023	(1,051,678,489.00)
Thereafter	(1,896,532,753.00)
	<u><u>\$ (7,146,645,956.00)</u></u>

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Changes in Proportion

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

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

	June 30, 2017
Active Plan Members	61,789
Retirees Currently Receiving Benefits	26,277
Total Plan Members	88,066

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Service Cost	\$ 896,235,148.00
Interest on the Total OPEB Liability	764,082,232.00
Differences Between Expected and Actual Experience	(3,626,384,047.00)
Changes of Assumptions	(2,314,240,675.00)
Contributions From the Employer	(421,194,662.00)
Contributions From Non-Employer Contributing Entity	(53,548,285.00)
Net Investment Income	(2,320,422.00)
Administrative Expense	8,200,113.00
Net Change in Total OPEB Liability	(4,749,170,598.00)
Total OPEB Liability (Beginning)	20,415,788,739.00
Total OPEB Liability (Ending)	\$ 15,666,618,141.00

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Municipal Debt

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,827,325.13	\$ 11,307,433.39	\$ 12,548,628.79
	<hr/>	<hr/>	<hr/>
Total Debt Issued	9,827,325.13	11,307,433.39	12,548,628.79
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	3,000,000.00	4,155,803.76	1,187,597.83
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	3,000,000.00	4,155,803.76	1,187,597.83
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 12,827,325.13</u>	<u>\$ 15,463,237.15</u>	<u>\$ 13,736,226.62</u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	584.76	584.76	-
	<hr/>	<hr/>	<hr/>
Total Deductions	584.76	584.76	-
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 12,826,740.37</u>	<u>\$ 15,462,652.39</u>	<u>\$ 13,736,226.62</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 12,827,325.13	\$ 584.76	\$ 12,826,740.37
	<hr/>	<hr/>	<hr/>
	<u>\$ 12,827,325.13</u>	<u>\$ 584.76</u>	<u>\$ 12,826,740.37</u>

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Municipal Debt (continued):

Net Debt \$12,826,740.37 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$3,586,380,264.67, equals 0.359%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)		\$	124,893,309.26
Net Debt			12,826,740.37
Remaining Borrowing Power			\$ 112,066,568.89

General Debt

A. Serial Bonds Payable

On 5/16/2012 and 3/13/2013, the Borough issued \$2,795,000 and 7,575,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on 9/1/2019 and 7/15/2032.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 920,000.00	\$ 31,900.00	\$ 951,900.00
2020	455,000.00	9,100.00	464,100.00
2021	445,000.00	17,800.00	462,800.00
2022	475,000.00	19,000.00	494,000.00
2023	475,000.00	19,000.00	494,000.00
2024-2028	2,645,000.00	74,306.25	2,719,306.25
2029-2032	2,030,000.00	54,282.50	2,084,282.50
	\$ 7,445,000.00	\$ 225,388.75	\$ 7,670,388.75

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance December 31, 2018
Various Improvements	N/A	N/A	0.00	\$ 189,205.74
Road Resurfacing and Curbing	N/A	N/A	0.00	1,135,924.91
Various Improvements	N/A	N/A	0.00	388,211.54
Various Improvements	N/A	N/A	0.00	315,385.81
				\$ 2,028,728.00

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Municipal Debt (continued):

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the Borough had \$3,000,000.00 in various General Capital bonds and notes authorized but not issued.

D. Loans Payable

Green Acres Loan

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Loan Debt Issued and Outstanding:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 44,153.25	\$ 6,852.27	\$ 51,005.52
2020	45,040.73	5,964.80	51,005.53
2021	45,946.05	5,059.47	51,005.52
2022	46,869.56	4,135.96	51,005.52
2023	47,811.64	3,667.27	51,478.91
2024-2026	123,775.90	3,737.91	127,513.81
	<u>\$ 353,597.13</u>	<u>\$ 29,417.68</u>	<u>\$ 383,014.81</u>

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Borough is as follows:

	Balance December 31, <u>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 8,290,000.00	\$ -	\$ 845,000.00	\$ 7,445,000.00	\$ 920,000.00
Bond Anticipation Notes	2,620,553.00	2,028,728.00	2,620,553.00	2,028,728.00	2,028,728.00
Loans	396,880.39	-	43,283.26	353,597.13	44,153.25
Authorized But Not Issued	4,155,803.75	-	1,155,803.75	3,000,000.00	-
	<u>\$ 15,463,237.14</u>	<u>\$ 2,028,728.00</u>	<u>\$ 4,664,640.01</u>	<u>\$ 12,827,325.13</u>	<u>\$ 2,992,881.25</u>

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 12. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 13. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$209,898.79 at December 31, 2018.

Note 14. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool

The Borough is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Borough with the following coverage:

Employee Theft - Per Loss Coverage	\$ 1,000,000.00
Forgery or Alteration	1,000,000.00
Inside the Premises - Theft of Money and Securities	1,000,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property	1,000,000.00
Computer Fraud	1,000,000.00
Public Employee Dishonesty	1,000,000.00

Contributions to the Funds are payable in one installment and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2018 which can be obtained on the Fund's website.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 14. Risk Management (continued):

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method.” Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 7,462.05	\$ 6,493.29	\$ 61,157.32
2017	7,404.99	10,814.10	60,188.56
2016	7,337.01	14,785.64	63,597.67

Note 15. Contingencies

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018 the Borough estimates that no material liabilities will result from such audits.

Litigation

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses.

As of December 31, 2018 there were certain tax appeals on file against the Borough. The Borough has estimated the potential exposure to the Borough from such appeals is approximately \$12,927.42.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 16. Length of Service Awards Program

The Borough's length of service awards program ("LOSAP") is reported in the Borough's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute \$1,150 for the year ended December 31, 2018 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2018, the Borough contributed a total of \$26,450 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2018 payouts of \$0 were made to vested participants.

Forfeited Accounts – During the year ended December 31, 2018, no accounts were forfeited.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 30,896,127.56
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 81,478.16	
State of New Jersey - Senior Citizens' and Veterans' Deductions	32,500.00	
Taxes Receivable	41,349,716.21	
Tax Overpayments	310,415.14	
Sewer Fees Receivable	1,158,634.30	
Sewer Fee Overpayments	26,301.92	
Revenue Accounts Receivable	2,545,793.98	
Due From:		
Trust - Other Fund	9,019.68	
Police Outside Employment	1,440.00	
Due To State of New Jersey:		
Marriage Licenses	725.00	
U.C.C. Fees	22,644.00	
Due To Capital Fund	3,034,448.86	
Prepaid Taxes	465,719.72	
Reserve for:		
Third Party Liens Payable	2,994.13	
Reserve For Grant Expenditures - Unappropriated	17,608.10	
	<u>49,059,439.20</u>	
		<u>79,955,566.76</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

Decreased By Disbursements:		
2018 Budget Appropriations	15,724,691.60	
2017 Appropriation Reserves	469,161.37	
Accounts Payable	65,956.92	
Sewer Fee Overpayments	802.20	
Due From Trust - Other Fund	9,019.68	
Tax Overpayments	97,074.12	
Due From Police Outside Employment	25,245.00	
Due From Rumson Board of Education	360.00	
Due To State of New Jersey:		
Marriage Licenses	800.00	
U.C.C. Fees	23,683.00	
Due To Capital Fund	3,034,448.86	
Third Party Liens Payable	9,365.01	
County Taxes	10,736,347.10	
Local District School Taxes	16,899,627.00	
Regional District School Taxes	13,534,345.00	
Investment in BAN's	2,028,728.00	
Reserve For:		
Prior Year Refunds	1,509.91	
Grant Expenditures - Appropriated	15,327.23	
	<u>62,676,492.00</u>	
Balance, December 31, 2018		<u><u>\$ 17,279,074.76</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY -
 SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 8,108.03
Increased By:		
Cash Receipts		32,500.00
		40,608.03
Decreased By:		
Senior Citizens' Deductions Per Tax Billing	1,500.00	
Veterans' Deductions Per Tax Billing	29,000.00	
Deductions Allowed By Collector	750.00	
		31,250.00
Balance, December 31, 2018		\$ 9,358.03

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2018**

Year	Balance December 31, 2017	2018 Levy	Added Taxes	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Cancellations/ Adjustments	Balance December 31, 2018
				2017	2018			
2017	\$ 368,635.20	\$ -	\$ -	\$ -	\$ 337,405.88	\$ -	\$ 29,242.91	1,986.41
2018	-	52,997,861.82	848,102.12	12,270,807.83	41,012,310.33	31,250.00	29,027.01	502,568.77
	\$ 368,635.20	\$ 52,997,861.82	\$ 848,102.12	\$ 12,270,807.83	\$ 41,349,716.21	\$ 31,250.00	\$ 58,269.92	\$ 504,555.18

Analysis of 2018 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 52,997,861.82
Added Taxes (54:4-63 et seq.)	<u>848,102.12</u>
	<u>\$ 53,845,963.94</u>
Tax Levy:	
Regional High School Taxes	\$ 13,534,345.00
Local District School Taxes	16,899,627.00
County Taxes	\$ 8,999,864.74
County Library Taxes	637,923.98
County Open Space Taxes	999,526.57
Added/Omitted County Taxes	<u>169,661.15</u>
	10,806,976.44
Local Taxes for Municipal Purposes	11,900,402.17
Add: Additional Taxes Levied	<u>704,613.33</u>
	12,605,015.50
	<u>\$ 53,845,963.94</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SEWER FEES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 33,481.33
Increased By:		
Billings - Net	1,184,333.46	
Overpayments Created	498.42	
		1,184,831.88
Decreased By:		
Cash Receipts	\$ 1,158,634.30	1,218,313.21
Overpayments Applied	27,763.73	
		1,186,398.03
Balance, December 31, 2018		\$ 31,915.18

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance December 31, <u>2017</u>	Accrued <u>2018</u>	Cash <u>Receipts</u>	Balance December 31, <u>2018</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 35,315.00	\$ 35,315.00	\$ -
Fees and Permits:				
Other	-	168,856.42	168,856.42	-
Fines and Costs:				
Municipal Court	3,500.03	58,733.68	59,118.67	3,115.04
Interest and Cost on Taxes	-	128,568.06	128,568.06	-
Interest on Investments	-	271,253.49	271,253.49	-
Cellular Tower Fees	-	115,586.64	115,586.64	-
Cable Franchise Fees	-	136,713.25	136,713.25	-
Energy Receipts Taxes	-	660,673.00	660,673.00	-
Interlocal - Fair Haven	-	273,264.52	273,264.52	-
Interlocal - Little Silver	-	212,904.00	212,904.00	-
Uniform Construction Code Fees	-	380,655.00	380,655.00	-
Uniform Fire Safety Act	-	13,757.47	13,757.47	-
Trash Collection Charges	-	58,972.80	58,972.80	-
FEMA	-	30,155.66	30,155.66	-
	<u>\$ 3,500.03</u>	<u>\$ 2,545,408.99</u>	<u>\$ 2,545,793.98</u>	<u>\$ 3,115.04</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO TRUST - OTHER FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Cash Receipts	<u>9,019.68</u>
	9,019.68
Decreased By:	
Cash Disbursements	<u>9,019.68</u>
	-
Balance, December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>December 31, 2017</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 3,759.00	\$ -	\$ 3,759.00	\$ -	\$ 3,759.00
Other Expenses	59,204.44	15,126.71	74,331.15	12,840.39	61,490.76
Municipal Clerk:					
Other Expenses	289.13	6,952.00	7,241.13	6,952.00	289.13
Elections	800.43	800.00	1,600.43	800.00	800.43
Financial Administration (Treasury):					
Salaries and Wages	432.48	-	432.48	-	432.48
Other Expenses	4,700.49	272.99	4,973.48	400.83	4,572.65
Audit Services:					
Other Services	600.00	-	600.00	-	600.00
Revenue Administration (Tax Collection):					
Salaries and Wages	10,000.00	-	10,000.00	-	10,000.00
Other Expenses	6,370.80	1,124.49	7,495.29	1,124.49	6,370.80
Tax Assessment Administration:					
Other Expenses	329.45	42,500.00	42,829.45	42,500.00	329.45
Legal Services (Legal Department):					
Other Expenses	69,711.49	23,474.07	93,185.56	25,972.90	67,212.66
Engineering Services:					
Other Expenses	24,598.49	66,582.90	91,181.39	72,506.78	18,674.61
Records Retention and Disposal					
Other Expenses	2,500.00	-	2,500.00	-	2,500.00
LAND USE ADMINISTRATION					
Planning Board:					
Other Expenses	2,595.01	679.40	3,274.41	250.00	3,024.41
Zoning Board of Adjustment:					
Other Expenses	2,227.71	1,283.23	3,510.94	1,273.23	2,237.71
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	8,000.00	-	8,000.00	-	8,000.00
Fire Protection Official					
Salaries and Wages	114.80	-	114.80	-	114.80
Fire Sub-Code Official					
Salaries and Wages	660.43	-	660.43	-	660.43
Uniform Fire Safety:					
Other Expenses	3,482.33	-	3,482.33	-	3,482.33
Construction Code Official:					
Salaries and Wages	12,676.00	-	12,676.00	-	12,676.00
Other Expenses	8,713.97	629.03	9,343.00	614.47	8,728.53
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	34,766.02	-	34,766.02	1,209.00	33,557.02
Other Expenses	20,670.07	30,309.19	50,979.26	21,388.20	29,591.06
Purchase of Police Vehicles	26,296.00	3,180.00	29,476.00	3,180.00	26,296.00
Police Dispatch/911:					
Salaries and Wages	17,369.36	-	17,369.36	3,961.00	13,408.36
Annual Charge - 911 System	583.27	-	583.27	-	583.27
Aid To First Aid Organization:					
Other Expenses	11,310.12	35,014.00	46,324.12	35,059.33	11,264.79
Fire Department:					
Other Expenses	6,509.49	7,995.58	14,505.07	7,565.28	6,939.79

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	December 31, 2017		Budget after Modification	Paid or Charged	Balance Lapsed
	Reserved	Encumbrances			
Municipal Prosecutor's Office:					
Salaries and Wages	2,100.00	-	2,100.00	-	2,100.00
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	82,317.95	-	62,317.95	3,467.64	58,850.31
Other Expenses	52.77	32,380.54	52,433.31	40,606.90	11,826.41
Sewer System:					
Salaries and Wages	17,757.59	-	17,757.59	825.06	16,932.53
Other Expenses	11,232.99	31,055.22	42,288.21	40,383.84	1,904.37
Shade Tree Commission:					
Other Expenses	8,425.25	5,601.00	14,026.25	4,650.00	9,376.25
Storm Drain Cleaning	1,000.00	-	1,000.00	-	1,000.00
Stormwater Management	1,000.00	-	1,000.00	-	1,000.00
Solid Waste Collection:					
Contractual	0.08	13,083.33	13,083.41	13,083.33	0.08
Buildings and Grounds:					
Salaries and Wages	1,451.56	-	1,451.56	-	1,451.56
Other Expenses	16,137.23	10,250.51	26,387.74	13,241.61	13,146.13
Property Lease	478.03	-	478.03	-	478.03
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	18,951.83	16,802.33	35,754.16	10,749.42	25,004.74
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health)					
Other Expenses	415.00	-	415.00	-	415.00
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	1,837.23	-	1,837.23	-	1,837.23
Municipal Court:					
Salaries and Wages	11,132.87	-	11,132.87	541.26	10,591.61
Other Expenses	5,673.90	708.01	6,381.91	514.51	5,867.40
Public Defender:					
Salaries and Wages	0.04	-	0.04	-	0.04
Board of Health:					
Hepatitis B Vaccine Costs	395.00	-	395.00	-	395.00
VNA Contract	-	250.00	250.00	250.00	-
INSURANCE					
General Liability	30,833.48	-	30,833.48	-	30,833.48
Employee Group Health	237,607.79	3.82	237,611.61	(2,404.16)	240,015.77
Waiver Insurance	2,546.42	-	2,546.42	-	2,546.42
Homeland Security (NJSA 40A:4-45.3(pp))					
Office of Emergency Management:					
Other Expenses	13,077.27	-	13,077.27	-	13,077.27

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>December 31, 2017</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	35,490.93	-	35,490.93	9,754.36	25,736.57
Street Lighting	9,845.93	1,476.97	11,322.90	1,537.49	9,785.41
Telephone (excluding telephone acquisition)	3,437.16	1,366.20	4,803.36	1,356.84	3,446.52
Water	9,548.26	-	9,548.26	-	9,548.26
Fire Hydrants	2,430.40	9,380.80	11,811.20	9,380.80	2,430.40
Gas (natural or propane)	10,946.93	2,245.81	13,192.74	2,245.81	10,946.93
Gasoline	69,117.87	-	69,117.87	-	69,117.87
Landfill/Solid Waste Disposal Costs	90,266.84	44,370.35	134,637.19	41,432.94	93,204.25
Contingent	1,046.03	135.00	1,181.03	135.00	1,046.03
STATUTORY EXPENDITURES					
Contribution To:					
Social Security System (O.A.S.I.)	24,615.80	-	24,615.80	-	24,615.80
Defined Contriution Plan	1,044.90	-	1,044.90	751.51	293.39
LOSAP	11,000.00	29,000.00	40,000.00	27,600.00	12,400.00
Sewer Authority - Share of Cost	-	22,320.00	22,320.00	20,880.00	1,440.00
Reserve for Tax Appeals	99,686.87	20,240.13	119,927.00	54,978.05	64,948.95
Fair Haven Shared Service Agreement:					
Construction Office:					
Salaries and Wages	3,265.75	-	3,265.75	-	3,265.75
Other Expenses	6,876.22	-	6,876.22	31.10	6,845.12
Fair Haven Shared Service Agreement:					
Parks & Grounds:					
Other Expenses	3,287.50	-	3,287.50	-	3,287.50
Fair Haven Shared Service Agreement:					
Municipal Court:					
Salaries and Wages	4,442.29	-	4,442.29	425.53	4,016.76
Other Expenses	1,333.88	150.00	1,483.88	188.50	1,295.38
Little Silver Shared Service Agreement:					
Construction Office:					
Salaries and Wages	3,653.18	-	3,653.18	-	3,653.18
Other Expenses	11,433.17	-	11,433.17	30.44	11,402.73
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching for Grants	5,000.00	-	5,000.00	-	5,000.00
	<u>\$ 1,211,464.97</u>	<u>\$ 476,743.61</u>	<u>\$ 1,688,208.58</u>	<u>\$ 534,235.68</u>	<u>\$ 1,153,972.90</u>
				Cash Disbursements	\$ 469,161.37
				Accounts Payable	<u>65,074.31</u>
				<u>\$ 534,235.68</u>	

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 116,628.00
Increased By:		
Appropriation Reserves		<u>65,074.31</u>
		181,702.31
Decreased By:		
Accounts Payable Cancelled	\$ 3,940.00	
Cash Disbursements	<u>65,956.92</u>	
		<u>69,896.92</u>
Balance, December 31, 2018		<u><u>\$ 111,805.39</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 150.00
Increased By:	
Cash Receipts	<u>725.00</u>
	875.00
Decreased By:	
Cash Disbursements	<u>800.00</u>
Balance, December 31, 2018	<u><u>\$ 75.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - U.C.C. FEES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 7,422.00
Increased By:	
Cash Receipts	<u>22,644.00</u>
	30,066.00
Decreased By:	
Cash Disbursements	<u>23,683.00</u>
Balance, December 31, 2018	<u><u>\$ 6,383.00</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF PREPAID TAXES
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 12,270,807.83
Increased By:	
Cash Receipts:	
Collection of 2019 Taxes	465,719.72
	12,736,527.55
Decreased By:	
Amount Applied To Taxes Receivable	12,270,807.83
Balance, December 31, 2018	\$ 465,719.72

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 27,466.19
Increased By:		
Cash Receipts	310,415.14	
Overpayment Created	<u>93,994.43</u>	
		<u>404,409.57</u>
		431,875.76
Decreased By:		
Cash Disbursements	97,074.12	
Overpayment Applied	<u>62,063.21</u>	
		<u>159,137.33</u>
Balance, December 31, 2018		<u><u>\$ 272,738.43</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SEWER FEE OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 10,345.31
Increased By:		
Cash Receipts	26,301.92	
Overpayments Created	498.42	
	<u> </u>	<u>26,800.34</u>
		37,145.65
Decreased By:		
Cash Disbursements	802.20	
Overpayments Applied	27,763.73	
	<u> </u>	<u>28,565.93</u>
Balance, December 31, 2018		<u><u>\$ 8,579.72</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DRIVE-IN SANITATION OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 and 2017	<u>\$ 400.00</u>
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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF THIRD PARTY LIENS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 6,370.88
Increased By:	
Cash Receipts	<u>2,994.13</u>
	9,365.01
Decreased By:	
Cash Disbursements	<u>9,365.01</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 99,031.81
Increased By:		
2018 Tax Levy :		
County Taxes	\$ 8,999,864.74	
County Library Taxes	637,923.98	
County Open Space Taxes	999,526.57	
Due To County for Added/Omitted Taxes	<u>169,661.15</u>	
		<u>10,806,976.44</u>
		10,906,008.25
Decreased By:		
Cash Disbursements		<u>10,736,347.10</u>
Balance, December 31, 2018		<u><u>\$ 169,661.15</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		
School Tax Payable	\$ 5,840,386.79	
		\$ 5,840,386.79
Increased By:		
Levy - School Year July 1, 2018 to June 30, 2019		16,899,627.00
		22,740,013.79
Decreased By:		
Cash Disbursed		16,899,627.00
Balance, December 31, 2018		
School Tax Payable	5,840,386.79	\$ 5,840,386.79
 <u>2018 Liability for Local District High School Tax</u>		
Tax Payable, December 31, 2018	\$ 5,840,386.79	
Tax Paid	16,899,627.00	\$ 22,740,013.79
Less:		
Tax Payable, December 31, 2017		5,840,386.79
Amount Charged To 2018 Operations		\$ 16,899,627.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		
School Tax Payable	\$ 5,412,495.11	\$ 5,412,495.11
Increased By:		
Levy - School Year July 1, 2018 to June 30, 2019		<u>13,534,345.00</u>
		18,946,840.11
Decreased By:		
Cash Disbursed		<u>13,534,345.00</u>
Balance, December 31, 2018		
School Tax Payable	\$ 5,412,495.11	<u>\$ 5,412,495.11</u>
 <u>2018 Liability for Regional District High School Tax</u>		
Tax Payable, December 31, 2018	5,412,495.11	
Tax Paid	<u>13,534,345.00</u>	18,946,840.11
Less:		
Tax Payable, December 31, 2017		<u>5,412,495.11</u>
Amount Charged To 2018 Operations		<u>\$ 13,534,345.00</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF INVESTMENT IN BAN'S
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Cash Disbursements	<u>2,028,728.00</u>
Balance, December 31, 2018	<u><u>\$2,028,728.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM RUMSON BOARD OF EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Cash Disbursements	<u>360.00</u>
Balance, December 31, 2018	<u><u>\$ 360.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM POLICE OUTSIDE EMPLOYMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Cash Disbursements	<u>25,245.00</u>
	25,245.00
Decreased By:	
Cash Receipts	<u>1,440.00</u>
Balance, December 31, 2018	<u><u>\$ 23,805.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX APPEALS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 44,858.64
Decreased By:	
Overpayments Applied	<u>31,931.22</u>
Balance December 31, 2018	<u><u>\$ 12,927.42</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Cash Disbursements:	<u>3,034,448.86</u>
	3,034,448.86
Decreased By:	
Cash Receipts	<u>3,034,448.86</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 160,676.31
Increased By:	
Cash Receipts:	
Grants - Unappropriated	<u>17,608.10</u>
	178,284.41
Decreased By:	
Cash Disbursements:	
Grants - Appropriated	<u>15,327.23</u>
Balance, December 31, 2018	<u><u>\$ 162,957.18</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GRANT FUND
 SCHEDULE OF STATE GRANTS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance December 31, <u>2017</u>	Increased By Revenue Anticipated <u>2018</u>	Transferred from <u>Unappropriated</u>	Balance December 31, <u>2018</u>
State of New Jersey:				
Supplemental Safe Neighborhood Program	\$ 28.00	\$ -	\$ -	\$ 28.00
Police Body Armor Grant	-	1,865.87	1,865.87	-
Drunk Driving Enforcement Fund	-	7,337.62	-	7,337.62
Clean Communities Program	-	16,802.54	16,802.54	-
Recycling Tonnage Grant	-	17,332.00	17,332.00	-
Alcohol Education & Rehabilitation	-	802.56	802.56	-
NJUCF - Stewardship Resilliency	-	10,000.00	-	10,000.00
Federal:				
Assistance to Firefighters Grant	1,426.00	-	-	1,426.00
Sandy Planning Asst	8,709.80	-	-	8,709.80
	<u>\$ 10,163.80</u>	<u>\$ 54,140.59</u>	<u>\$ 36,802.97</u>	<u>\$ 27,501.42</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance December 31, <u>2017</u>	Transferred From <u>Encumbrances</u>	Budget <u>Appropriation</u>	Paid or <u>Charged</u>	<u>Encumbered</u>	Balance December 31, <u>2018</u>
State of New Jersey:						
Clean Communities Program	\$ 19,955.95	\$ 679.20	\$ 16,802.54	\$ 7,580.09	\$ 101.95	\$ 29,755.65
N.J. Transportation Trust Fund Grant	57,503.32	-	-	-	-	57,503.32
Emergency Road Repair Aid Grant	8,123.26	-	-	-	-	8,123.26
Recycling Tonnage Grant	341.49	721.00	17,332.00	2,060.00	-	16,334.49
D.W.I. Grant	593.24	-	-	-	-	593.24
Municipal Court Alcohol Education & Rehab	10,332.00	-	802.56	-	-	11,134.56
Drunk Driving Enforcement Fund	2,030.50	-	7,337.62	5,687.14	-	3,680.98
Body Armor Fund	5,560.11	-	1,865.87	-	-	7,425.98
Pothole Program	1,779.33	-	-	-	-	1,779.33
Emergency Operations Planning	610.72	-	-	-	-	610.72
Handicapped Recreation Opportunities	16.00	-	-	-	-	16.00
Stormwater Grant	7,962.63	-	-	-	-	7,962.63
N.J. State Police 2004 Exercise Pass Grant	310.00	-	-	-	-	310.00
NJUCF - Stewardship Resiliency	-	-	10,000.00	-	-	10,000.00
Federal:						
Assistance to Firefighters Grant	16,426.00	-	-	-	-	16,426.00
Sandy Planning Assistant Grant	8,709.80	-	-	-	-	8,709.80
	<u>\$ 140,254.35</u>	<u>\$ 1,400.20</u>	<u>\$ 54,140.59</u>	<u>\$ 15,327.23</u>	<u>\$ 101.95</u>	<u>\$ 180,365.96</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance December 31, <u>2017</u>	Cash <u>Receipts</u>	Grants <u>Appropriated</u>	Balance December 31, <u>2018</u>
State of New Jersey:				
Recycling Tonnage Grant	\$ 17,332.00	\$ -	\$ 17,332.00	\$ -
Body Armor Fund	1,865.87	-	1,865.87	-
OEM Joint Grant w/Sea Bright	9,987.69	-	-	9,987.69
Clean Communities Program	-	16,802.54	16,802.54	-
Municipal Court Alcohol Education and Rehabilitation	-	805.56	802.56	3.00
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 29,185.56	\$ 17,608.10	\$ 36,802.97	\$ 9,990.69
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TRUST FUNDS

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Animal Control</u>	<u>Trust - Other</u>	<u>Recreation Commission</u>
Balance, December 31, 2017	\$ 19,957.54	\$ 3,434,404.81	\$ 416,821.50
Increased By Receipts:			
Recreation Fees	-	-	640,578.05
Dog License Fees	10,625.00	-	-
Due From Current Fund	-	9,019.68	-
Other Reserves	-	519,648.14	-
Dog License Registration Fees	1,057.80	-	-
	<u>11,682.80</u>	<u>528,667.82</u>	<u>640,578.05</u>
	<u>31,640.34</u>	<u>3,963,072.63</u>	<u>1,057,399.55</u>
Decreased By Disbursements:			
Recreation Expenses	-	-	620,164.15
Animal Control Expenditures	9,357.65	-	-
Due From Current Fund	-	9,019.68	-
Other Reserves	-	214,316.17	-
Dog License Registration Fees	1,057.80	-	-
	<u>10,415.45</u>	<u>223,335.85</u>	<u>620,164.15</u>
Balance, December 31, 2018	<u>\$ 21,224.89</u>	<u>\$ 3,739,736.78</u>	<u>\$ 437,235.40</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 ANIMAL CONTROL FUND
 SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 19,957.54
Increased By:		
Dog License Fees Collected	\$ 8,985.00	
Late Fees Collected	<u>1,640.00</u>	
		<u>10,625.00</u>
		30,582.54
Decreased By:		
Expenditures Under R.S.4:19-15.13		<u>9,357.65</u>
Balance, December 31, 2018		<u><u>\$ 21,224.89</u></u>

2016 Fees	\$ 12,615.00	
2017 Fees	<u>9,571.00</u>	
	<u><u>\$ 22,186.00</u></u>	

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - DOG LICENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Registration Fees Collected	<u>1,057.80</u>
	1,057.80
Decreased By:	
Cash Disbursements	<u>1,057.80</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2018</u>
Payroll Deductions:				
Pension System	\$ 8,796.73	\$ 1,130.13	\$ 751.51	\$ 9,175.35
State Unemployment	60,188.56	7,462.05	6,493.29	61,157.32
	<hr/> 68,985.29	8,592.18	7,244.80	<hr/> 70,332.67
Forfeited Funds	443.74	4.13	0.58	447.29
Engineering and Escrow				
Deposit	276,816.64	49,717.21	89,943.89	236,589.96
P.O.A.A. Fees	2,232.89	168.00	-	2,400.89
Public Defender	5,583.00	325.00	-	5,908.00
Cash Bond	60,080.00	62,026.07	20,076.07	102,030.00
Outside Employment - Off Duty Police	1,838.40	7,290.00	-	9,128.40
Tax Sale Premium	13,100.00	2,000.00	5,500.00	9,600.00
Reserve for:				
Street Openings	25,000.00	11,000.00	9,000.00	27,000.00
Sick Leave	227,032.50	5,000.00	15,600.00	216,432.50
C.O.A.H.	2,720,319.63	361,634.46	55,283.92	3,026,670.17
D.A.R.E.	9,501.68	3,913.01	2,131.20	11,283.49
Fire Safety	1,000.00	-	-	1,000.00
Cafeteria	2,205.30	7,978.08	9,535.71	647.67
Miscellaneous - Other	14,670.88	-	-	14,670.88
	<hr/> 3,359,824.66	511,055.96	207,071.37	<hr/> 3,663,809.25
	<hr/> <u>\$ 3,428,809.95</u>	<u>\$ 519,648.14</u>	<u>\$ 214,316.17</u>	<u>\$ 3,734,141.92</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR SPECIAL ASSESSMENT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 & 2017

\$ 2,613.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUNDS
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 & 2017

\$ 2,981.86

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Cash Disbursements	<u>9,019.68</u>
	9,019.68
Decreased By:	
Cash Receipts	<u>9,019.68</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 430,382.61
Increased By:		
Borough Contributions		<u>26,450.00</u>
		456,832.61
Decreased By:		
Accounting Charges	950.00	
Investment Losses	<u>25,520.49</u>	
		<u>26,470.49</u>
Balance, December 31, 2018		<u><u>\$ 430,362.12</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ -
Increased By:	
Appropriation Reserves	<u>26,450.00</u>
	26,450.00
Decreased By:	
Cash Receipts	<u>26,450.00</u>
Balance, December 31, 2018	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 430,382.61
Increased By:		
Borough Contributions		26,450.00
		456,832.61
Decreased By:		
Accounting Charges	950.00	
Investment Losses	25,520.49	
		26,470.49
Balance, December 31, 2018		\$ 430,362.12

GENERAL CAPITAL FUND

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 4,428,946.23
Increased By:		
Capital Improvement Fund	\$ 1,715,000.00	
FEMA Proceeds	598,220.86	
Due From NJ DOT	197,500.00	
Due From FEMA Pumping Station	<u>210,000.00</u>	
		<u>2,720,720.86</u>
		7,149,667.09
Decreased By:		
Improvement Authorizations		<u>2,266,669.05</u>
Balance, December 31, 2018		<u>\$ 4,882,998.04</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, <u>2018</u>
Due To State of New Jersey	\$ 133.00
Encumbrances Payable	1,360,471.08
Capital Improvement Fund	2,769,410.77
Retained Percentage Due To Contractors	84.00
Reserve to Pay Bonds	584.76
Due From NJ DOT	(580,329.00)

<u>Ordinance Number/Date</u>	<u>Improvement Description</u>	
16-004	Various Improvements	\$ 893,487.96
16-005	Various Improvements	5,181.36
17-006	Various Improvements	67,240.01
17-007	Various Improvements	84,345.10
18-008	Various Improvements	10,747.67
18-009	Various Improvements	21,641.33
18-013	Various Improvements	<u>250,000.00</u>
		<u>\$ 4,882,998.04</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 & 2017

\$ 133.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 8,686,880.39
Decreased By:		
2018 Current Budget Appropriation:		
General Serial Bonds	\$ 845,000.00	
Green Acre Loans Payable	<u>43,283.26</u>	
		<u>888,283.26</u>
Balance, December 31, 2018		<u><u>\$ 7,798,597.13</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

Date of Ordinance	Improvement Description	Balance December 31, 2017	Increased by 2018 Authorizations	Decreased by			Balance December 31, 2018	Analysis of Balance, December 31, 2018	
				Notes Paid by Budget Appropriation	Capital Improvement Fund	FEMA Proceeds		Cancelled	Financed by Bond Anticipation Notes
05/16/11	Various Improvements	\$ 625,084.72	\$ -	\$ 435,878.98	\$ -	\$ -	\$ 189,205.74	\$ 189,205.74	\$ -
12-002 & 14-009	Road Resurfacing	1,224,943.33	-	89,018.42	-	-	1,135,924.91	1,135,924.91	-
12-011	Various Improvements	410,084.02	-	21,872.48	-	-	388,211.54	388,211.54	-
13-004	Sanitary Sewer Repairs and Replacement as a result of Hurricane Sandy	980,803.75	-	-	284,072.17	598,220.86	-	-	-
13-004	Building Repairs as a result of Hurricane Sandy	175,000.00	-	-	112,709.76	-	-	-	-
13-004	Acquisition of various vehicles and equipment for Department of Public Works	312,940.93	-	34,499.56	-	-	278,441.37	278,441.37	-
13-004	Acquisition of various equipment and furniture for Borough Hall	47,500.00	-	10,555.56	-	-	36,944.44	36,944.44	-
17-006	Road, Curbing, Sidewalk, & Related Drainage Improvements	3,000,000.00	-	-	-	-	3,000,000.00	-	3,000,000.00
		\$ 6,776,356.75	\$ -	\$ 591,825.00	\$ 396,781.93	\$ 598,220.86	\$ 5,028,728.00	\$ 2,028,728.00	\$ 3,000,000.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Date of Ordinance</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2018</u>
05/15/11	Various Improvements	06/14/11	N/A	N/A	0.00%	\$ 625,084.72	\$ 189,205.74	\$ 625,084.72	\$ 189,205.74
04/02/12	Road Resurfacing and Curbing	09/14/12	N/A	N/A	0.00%	1,224,943.33	1,135,924.91	1,224,943.33	1,135,924.91
10/01/12	Various Improvements	08/28/14	N/A	N/A	0.00%	410,084.02	388,211.54	410,084.02	388,211.54
02/26/13	Various Improvements	08/28/14	N/A	N/A	0.00%	360,440.93	315,385.81	360,440.93	315,385.81
						<u>\$ 2,620,553.00</u>	<u>\$ 2,028,728.00</u>	<u>\$ 2,620,553.00</u>	<u>\$ 2,028,728.00</u>
					<u>Renewals</u>		<u>\$ 2,028,728.00</u>	<u>\$ 2,028,728.00</u>	
					<u>Paid by Budget Appropriation</u>		<u>-</u>	<u>591,825.00</u>	
							<u>\$ 2,028,728.00</u>	<u>\$ 2,620,553.00</u>	

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 396,880.39
Decreased By:	
Budget Appropriation	<u>43,283.26</u>
Balance, December 31, 2018	<u><u>\$ 353,597.13</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Ordinance Number	Improvement Description	Date	Ordinance		Balance, December 31, 2017		2018 Authorizations		Transferred From Encumbrance Payable	Cancelled	Paid or Charged	Encumbered	Balance, December 31, 2018	
			Amount		Funded	Unfunded	Capital Improvement Fund	DOT Grants					Funded	Unfunded
2001	Various Improvements	04/05/01	614,500.00	\$	-	\$	-	\$	18,440.00	\$	-	18,440.00	\$	-
2002	Various Improvements	04/04/02 & 07/21/05	628,600.00		2,540.00						2,540.00			
2006	Acquisition of First Aid Equipment	08/03/06	20,000.00		1,511.17						1,511.17			
2006	Office of Emergency Management Equipment	08/17/06	150,000.00		1,461.35						1,461.35			
12-011	Emergency Services Equipment	10/01/12	100,000.00		-			1,828.60			1,828.60			
13-004 & 18-011	Sanitary Sewer Repairs and Replacement as a result of Hurricane Sandy	02/26/13	750,000.00		31,794.08	72,432.54			98,510.72		5,715.90			
13-004 & 18-011	Building Repairs as a result of Hurricane Sandy	02/26/13	300,000.00		-	62,290.24			62,290.24		-			
15-004	Acquisition of various equipment for emergency services & Department of Public Works	04/14/15	70,000.00		-			20,000.00			20,000.00			
16-004	Sanitary Sewer Repairs, Replacement, & Upgrades	05/24/16	1,500,000.00		965,393.50			27,654.00			72,245.54	27,314.00	893,487.96	
16-004	Park Improvements	05/24/16	40,000.00		-						-			
16-004	Public Works Vehicles & Equipment	05/24/16	60,000.00		9,803.34			12,884.97			12,884.97	9,803.34		
16-004	Emergency Services Equipment Acquisition & Upgrades	05/24/16	100,000.00		100,000.00						94,616.16	5,383.84		
16-005	Bulkhead & Drainage Repairs, Replacement & Upgrades	12/13/16	50,000.00		5,181.36						-	-	5,181.36	
16-005	Park Improvements	12/13/16	50,000.00		26,607.26						26,607.26			
17-006 & 18-012	Road, Curbing, Sidewalk, & Related Drainage Improvements	06/13/17	4,735,000.00		1,010,012.05	3,000,000.00		719,079.00			1,227,237.13	621,440.76	67,240.01	3,000,000.00
17-007	Borough Hall Equipment & Upgrades & Park Improvements	06/13/19	150,000.00		118,401.42						30,921.32	3,135.00	84,345.10	
17-008	Acquisition of Emergency Services Equipment	06/13/21	26,442.79		6,032.91			20,409.88			26,442.79			
18-008	Piping, Rock Park Improvements	06/12/18	900,000.00		-		900,000.00				742,656.86	146,595.47	10,747.67	
18-009	DPW Vehicles & Equipment	06/25/18	250,000.00		-		250,000.00				-	247,925.77	2,074.23	
18-009	Emergency Services Equipment / Upgrades		300,000.00		-		300,000.00				-	280,432.90	19,567.10	
18-013	Park Improvements	11/13/18	150,000.00		-		150,000.00				-	-	150,000.00	
18-013	Emergency Services Equipment / Upgrades	11/13/18	100,000.00		-		100,000.00				-	-	100,000.00	
					\$ 2,278,738.44	\$ 3,134,722.78	\$ 1,700,000.00	\$ 719,079.00	\$ 288,044.30	\$ 160,800.96	\$ 2,266,669.05	\$ 1,360,471.08	\$ 1,332,643.43	\$ 3,000,000.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RETAINED PERCENTAGE DUE TO CONTRACTORS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 & 2017

\$ 84.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 3,151,192.70
Increased By:	
Cash Receipts:	
Current Fund Budget Appropriation	<u>1,715,000.00</u>
	4,866,192.70
Decreased By:	
Improvement Authorizations Funded	<u>2,096,781.93</u>
Balance, December 31, 2018	<u><u>\$ 2,769,410.77</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2018 & 2017

\$ 584.76

RUMSON, BOROUGH OF
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Improvement Description</u>	<u>Date of Ordinance</u>	Balance December 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>		Balance December 31, <u>2018</u>
				<u>Bond Anticipation Notes Issued</u>	<u>FEMA Proceeds</u>	
Various Improvements	2/26/2013	\$ 622,708.75	\$ -	\$ 557,582.89	\$ 65,125.86	\$ -
Various Improvements	3/24/2015	505,000.00	-	-	505,000.00	-
Various Improvements	8/11/2015	28,095.00	-	-	28,095.00	-
Various Improvements	6/13/2017	3,000,000.00	-	-	-	3,000,000.00
		<u>\$ 4,155,803.75</u>	<u>\$ -</u>	<u>\$ 557,582.89</u>	<u>\$ 598,220.86</u>	<u>\$ 3,000,000.00</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF FEDERAL GRANTS RECEIVABLE - FEMA PUMP STATION GENERATORS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 210,000.00
Decreased By:	
Cash Receipts	210,000.00
Balance, December 31, 2018	\$ -

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM NJ DOT
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 58,750.00
Increased By:	
Grant Award - Ord. 18-012	<u>719,079.00</u>
	777,829.00
Decreased By:	
Cash Receipts	<u>197,500.00</u>
Balance, December 31, 2018	<u><u>\$ 580,329.00</u></u>

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GENERAL FIXED ASSET ACCOUNT GROUP

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 4,948,200.00	\$ -	\$ -	\$ 4,948,200.00
Buildings	1,885,215.00	-	-	1,885,215.00
Equipment	6,538,662.48	285,221.00	232,954.48	6,590,929.00
Improvements	4,400,750.75	-	-	4,400,750.75
	<u>\$ 17,772,828.23</u>	<u>\$ 285,221.00</u>	<u>\$ 232,954.48</u>	<u>\$ 17,825,094.75</u>

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BOROUGH OF RUMSON

PART II

SINGLE AUDIT SECTION

FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members
of the Borough Council
Borough of Rumson
County of Monmouth
Rumson, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of Rumson's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended December 31, 2018. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough of Rumson complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Borough of Rumson is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
August 5, 2019

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Department/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-Through Number</u>	<u>Program Expenditures</u>	<u>Passed to Sub-recipients</u>
Federal Emergency Management Agency (FEMA)				
Department of Homeland Security (DHS)				
Public Assistance Grants				
Superstorm Sandy	97.036	066-1200-100-A92	\$ 240,155.66	\$ -
FEMA Pumping Station	97.036	066-1200-100-A92	598,220.86	-
			<hr/>	
Total Federal Financial Awards			<u>\$ 838,376.52</u>	<u>\$ -</u>

BOROUGH OF RUMSON
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards present the activity of all federal awards programs of the Borough of Rumson. The Borough is defined in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of expenditures of federal awards.

Note 2. Summary of Significant Accounting Policies

The accompanying schedule of federal awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Borough did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Note 3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

	Federal
Current Fund	\$ 30,155.66
General Capital Fund	<u>808,220.86</u>
 Total	 <u><u>\$ 838,376.52</u></u>

*These expenditures are from a prior year

BOROUGH OF RUMSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 4. Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the modified accrual basis of accounting as explained in Note 2.

Note 5. Federal Loans Outstanding

The Borough had no loan balances outstanding at December 31, 2018.

Note 6. Contingencies

Each of the grantor agencies reserves the right to conduct additional audits of the Borough's grant program for economy, efficiency and program results. However, the Borough administration does not believe such audits would result in material amounts of disallowed costs.

Note 7. Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**BOROUGH OF RUMSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	066-1200-100-A92	FEMA Public Assistance Grants - Superstorm Sandy
97.036	066-1200-100-A92	FEMA Pumping Station

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

BOROUGH OF RUMSON
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

BOROUGH OF RUMSON
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III – Federal Awards & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

**BOROUGH OF RUMSON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the status of prior year findings related to the financial statements.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

BOROUGH OF RUMSON

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<u>Name</u>	<u>Title</u>
Joseph K. Hemphill	Mayor
John J. Colklin, III	Councilmember
Mark E. Rubin	Councilmember
Laura Atwell	Councilmember
Gary Casazza	Councilmember
Robert Swikart	Councilmember
James C. Kingsbery	Councilmember
Helen Graves	Chief Financial Officer/Tax Collector
Thomas Rogers	Borough Clerk/Business Administrator
Michele Smallze	Court Administrator

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Honorable Mayor and Members
of the Borough Council
County of Monmouth
Rumson, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2018.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2018.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" 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.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates 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, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Rumson, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by Borough Council of the Borough of Rumson, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
August 5, 2019