

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

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2017**

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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, 2017**

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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, 2017 and 2016, 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, 2017 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 of Rumson 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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 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.

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 section 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 supplemental schedules presented for the various funds 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 June 11, 2018 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 #483

Freehold, New Jersey
June 11, 2018

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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, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 11, 2018. 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 #483

Freehold, New Jersey
June 11, 2018

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF RUMSON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

	REFERENCE	<u>2017</u>	<u>2016</u>
ASSETS			
Regular Fund:			
Cash	A-4	\$ 30,896,127.56	\$ 19,404,047.78
Change Fund	A	300.00	300.00
Due from State of NJ - Homestead Rebate	A	1.00	-
Total		<u>30,896,428.56</u>	<u>19,404,347.78</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-6	368,635.20	431,561.66
Sewer Fees Receivable	A-7	33,481.33	31,779.40
Revenue Accounts Receivable	A-8	3,500.03	2,616.86
Due From Capital Fund	A-30	-	86.72
Total Receivables & Other Assets With Full Reserves		<u>405,616.56</u>	<u>466,044.64</u>
Total Regular Funds		<u>31,302,045.12</u>	<u>19,870,392.42</u>
Grant Fund:			
Due From Current Fund	A-31	160,676.31	158,613.97
State Grants Receivable	A-32	10,163.80	259,417.04
Total State & Federal Grants		<u>170,840.11</u>	<u>418,031.01</u>
Total Assets		<u>\$ 31,472,885.23</u>	<u>\$ 20,288,423.43</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, 2017 AND 2016

	REFERENCE	<u>2017</u>	<u>2016</u>
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 1,211,464.97	\$ 1,349,258.86
Encumbrances Payable	A-3	476,743.61	440,400.08
Accounts Payable	A-11	116,628.00	104,137.79
Due To State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-5	8,108.03	8,108.03
Marriage Licenses	A-12	150.00	100.00
U.C.C. Fees	A-13	7,422.00	5,224.00
Prepaid Taxes	A-14	12,270,807.83	493,642.55
Tax Overpayments Payable	A-15	27,466.19	87,943.87
Sewer Fee Overpayments	A-16	10,345.31	8,908.90
Drive-In Sanitation Overpayments	A-17	400.00	800.00
Third Party Liens Payable	A-18	6,370.88	28.62
County Taxes Payable	A-19	99,031.81	93,277.05
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
Prior Year Construction Fee Payable	A-22	-	133.50
Due To:			
Grant Fund	A	160,676.31	158,613.97
Borough of Red Bank	A-29	-	0.02
Reserve for:			
Master Plan	A-23	-	82.82
Revaluation	A-24	-	16,477.91
Tax Sale Premiums	A-25	-	369,200.00
BAN Interest	A-27	-	4,431.59
Pay Special Emergency Notes	A-26	-	0.03
Tax Appeals	A-28	44,858.64	44,858.64
Subtotal Regular Fund		<u>25,693,355.48</u>	<u>14,438,510.13</u>
Reserve for Receivables & Other Assets	A	405,616.56	466,044.64
Fund Balance	A-1	<u>5,203,073.08</u>	<u>4,965,837.65</u>
Total Regular Fund		<u>31,302,045.12</u>	<u>19,870,392.42</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, 2017 AND 2016**

	REFERENCE	<u>2017</u>	<u>2016</u>
State & Federal Grant Funds:			
Encumbrance Payable	A-33	1,400.20	104,962.61
Reserve for Federal & State Grants:			
Appropriated Reserves	A-33	140,254.35	301,217.33
Unappropriated Reserves	A-34	<u>29,185.56</u>	<u>11,851.07</u>
Total State & Federal Grants		<u>170,840.11</u>	<u>418,031.01</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 31,472,885.23</u>	<u>\$ 20,288,423.43</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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 2,480,000.00	\$ 2,380,000.00
Miscellaneous Revenue Anticipated	4,137,497.29	3,903,629.57
Receipts From Delinquent Taxes	419,694.29	406,549.74
Receipts From Current Taxes	50,664,500.74	49,356,380.48
Non-Budget Revenue	115,172.46	155,624.20
Cancellation of:		
Unexpended Balances of Appropriation Reserves	1,251,519.96	1,210,453.76
Accounts Payable	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	<u>11,196.36</u>	<u>-</u>
Total Revenues	<u>59,157,113.19</u>	<u>57,412,637.75</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	5,385,936.75	5,222,252.74
Other Expenses	6,991,618.23	6,312,608.32
Capital Improvements	2,318,730.00	1,896,553.00
Municipal Debt Service	1,558,006.78	2,198,335.52
Deferred Charges and Statutory		
Expenditures	1,086,093.90	1,028,080.00
County Taxes	9,948,630.84	9,977,126.33
County Share of Added Taxes	99,031.81	93,277.05
Local School District Tax	16,059,502.00	16,567,271.00
Regional High School Tax	12,989,474.00	12,681,878.00
Prior Year Refunds	-	9,075.05
Interfund Advances	<u>2,853.45</u>	<u>-</u>
Total Expenditures	<u>56,439,877.76</u>	<u>55,986,457.01</u>
Excess/(Deficit) in Revenue	2,717,235.43	1,426,180.74
Fund Balance, January 1	<u>4,965,837.65</u>	<u>5,919,656.91</u>
	7,683,073.08	7,345,837.65
Decreased By:		
Utilization as Anticipated Revenue	<u>2,480,000.00</u>	<u>2,380,000.00</u>
Fund Balance, December 31	<u><u>\$ 5,203,073.08</u></u>	<u><u>\$ 4,965,837.65</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, 2017

	Anticipated <u>Budget</u>	Special <u>N.J.S. 40A:4-87</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Surplus Anticipated	\$ 2,480,000.00	\$ -	\$ 2,480,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	25,000.00	-	30,874.00	5,874.00
Fees and Permits:				
Other	150,000.00	-	184,966.15	34,966.15
Fines and Costs:				
Municipal Court	58,000.00	-	56,692.37	(1,307.63)
Interest and Cost on Taxes	110,000.00	-	121,618.66	11,618.66
Interest on Investments	150,000.00	-	201,780.66	51,780.66
Sewer Service Charges	1,100,000.00	-	1,174,941.35	74,941.35
Cellular Tower Fees	115,586.64	-	115,586.64	-
Cable Franchise Fees	132,406.47	-	132,406.47	-
Energy Receipts Taxes	660,673.00	-	660,673.00	-
NJDCA Non-Federal Cost Share	418,730.00	-	418,729.49	(0.51)
Interlocal - Fair Haven	248,916.00	-	245,628.84	(3,287.16)
Interlocal - Little Silver	197,997.00	-	197,997.00	-
Uniform Construction Code Fees	300,000.00	-	306,997.00	6,997.00
Uniform Fire Safety Act	3,963.66	-	12,692.25	8,728.59
Trash Collection Charges	47,200.00	-	46,400.00	(800.00)
Reserve to Pay Bonds & Notes	189,118.25	-	189,118.25	-
Reserve for BAN Interest	4,431.59	-	4,431.59	-
Clean Communities Program	17,576.12	-	17,576.12	-
Alcohol Education and Rehabilitation Fund	386.04	-	386.04	-
Police Body Armor Grant	1,863.38	-	1,863.38	-
Recycling Tonnage Grant	16,138.03	-	16,138.03	-
Total Miscellaneous Revenues	3,947,986.18	-	4,137,497.29	189,511.11
Receipts From Delinquent Taxes	400,000.00	-	419,694.29	19,694.29
Amount To Be Raised By Taxes for Support of Municipal Budget	11,530,223.79	-	12,583,977.18	1,053,753.39
Budget Revenues	18,358,209.97	-	19,621,168.76	1,262,958.79
Non-Budget Revenue	-	-	115,172.46	115,172.46
	<u>\$ 18,358,209.97</u>	<u>\$ -</u>	<u>\$ 19,736,341.22</u>	<u>\$ 1,378,131.25</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, 2017**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 50,664,500.74
Allocated To School and County Taxes	<u>39,096,638.65</u>
Balance for Support of Municipal Budget Appropriations	11,567,862.09
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,016,115.09</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 12,583,977.18</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 419,694.29</u>
	<u><u>\$ 419,694.29</u></u>

License-Other:

Raffle License	\$ 1,000.00
Food License	6,200.00
Mercantile License	<u>60.00</u>
	<u><u>\$ 7,260.00</u></u>

Fees & Permits:

Street Openings	\$ 26,812.00
Grading Plans	25,100.00
Police Department	2,402.15
Boat Launching Permits	50,989.00
Garage Sale Permits	720.00
Marriage Registrar Fees	78.00
Variances	19,000.00
Vital Statistics	2,450.00
200' List of Names	290.00
Tree Removal Permit	6,575.00
Sewer Disconnect Fees	33,350.00
Zoning Permit Fees	9,350.00
Landscaper Permits	<u>7,850.00</u>
	<u><u>\$ 184,966.15</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, 2017**

Analysis of Realized Revenues (continued):

Analysis of Non-Budget Revenue

NSF Check Fees	\$ 380.00
Recycling Receipts	26,126.46
Prior Year Budget Refund	3,166.20
Public Auction	16,065.53
Copy Fees	44.68
Outside Work Admin Fee	19,892.50
DMV Inspection Fees	635.00
Other Miscellaneous Fees	<u>48,862.09</u>
	<u>\$ 115,172.46</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
General Appropriations						
Operations - Within "CAPS"						
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$ 162,947.00	\$ 162,947.00	\$ 159,188.00	\$ -	\$ 3,759.00	\$ -
Other Expenses	160,000.00	160,000.00	85,668.85	15,126.71	59,204.44	-
Municipal Clerk:						
Salaries and Wages	153,609.00	153,609.00	153,609.00	-	-	-
Other Expenses	10,000.00	10,000.00	2,758.87	6,952.00	289.13	-
Elections	3,000.00	3,000.00	1,399.57	800.00	800.43	-
Financial Administration (Treasury):						
Salaries and Wages	125,590.00	125,590.00	125,157.52	-	432.48	-
Other Expenses	20,000.00	20,000.00	15,026.52	272.99	4,700.49	-
Audit Services:						
Other Expenses	43,000.00	43,000.00	42,400.00	-	600.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	85,861.00	85,861.00	75,861.00	-	10,000.00	-
Other Expenses	15,000.00	15,000.00	7,504.71	1,124.49	6,370.80	-
Tax Assessment Administration:						
Salaries and Wages	39,854.00	39,854.00	39,854.00	-	-	-
Other Expenses	94,500.00	94,500.00	51,670.55	42,500.00	329.45	-
Records Retention and Disposal:						
Other Expenses	2,500.00	2,500.00	-	-	2,500.00	-
Legal Services (Legal Department):						
Other Expenses	195,000.00	195,000.00	101,814.44	23,474.07	69,711.49	-
Engineering Services:						
Salaries and Wages	153,000.00	153,000.00	153,000.00	-	-	-
Other Expenses	125,000.00	125,000.00	33,818.61	66,582.90	24,598.49	-

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, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	13,430.00	13,430.00	13,430.00	-	-	-
Other Expenses	7,500.00	7,500.00	4,225.59	679.40	2,595.01	-
Zoning Board of Adjustment:						
Salaries and Wages	13,430.00	13,430.00	13,430.00	-	-	-
Other Expenses	9,200.00	9,200.00	5,689.06	1,283.23	2,227.71	-
Zoning Enforcement Officer:						
Salaries and Wages	46,629.00	46,629.00	46,629.00	-	-	-
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement Functions:						
Salaries and Wages	17,569.00	17,569.00	9,569.00	-	8,000.00	-
Plumbing Inspector:						
Salaries and Wages	17,774.00	17,774.00	17,774.00	-	-	-
Electrical Inspection:						
Salaries and Wages	36,652.00	36,652.00	36,652.00	-	-	-
Fire Protection Official:						
Salaries and Wages	5,858.00	5,858.00	5,743.20	-	114.80	-
Fire Sub-Code Official:						
Salaries and Wages	10,302.00	10,302.00	9,641.57	-	660.43	-
Construction Code Official:						
Salaries and Wages	167,663.00	167,663.00	154,987.00	-	12,676.00	-
Other Expenses	18,485.00	18,485.00	9,142.00	629.03	8,713.97	-
Uniform Fire Safety:						
Other Expenses	3,963.66	3,963.66	481.33	-	3,482.33	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	2,134,494.75	2,134,494.75	2,099,728.73	-	34,766.02	-
Other Expenses	140,000.00	140,000.00	89,020.74	30,309.19	20,670.07	-
Purchase of Police Vehicles	100,000.00	100,000.00	70,524.00	3,180.00	26,296.00	-
Police Dispatch/911:						
Salaries and Wages	216,100.00	216,100.00	198,730.64	-	17,369.36	-
Annual Charge - 911 System	6,000.00	6,000.00	5,416.73	-	583.27	-
Aid To Volunteer Fire Companies:						
Other Expenses	16,236.00	16,892.00	16,892.00	-	-	-
Aid To First Aid Organization:						
Salaries and Wages	5,489.00	5,489.00	5,489.00	-	-	-
Other Expenses	35,000.00	35,000.00	(11,324.12)	35,014.00	11,310.12	-
Aid	8,118.00	8,446.00	8,446.00	-	-	-
Fire Department:						
Salaries and Wages	10,361.00	10,361.00	10,361.00	-	-	-
Other Expenses	25,000.00	25,000.00	10,494.93	7,995.58	6,509.49	-
Municipal Prosecutor's Office:						
Salaries and Wages	14,340.00	14,340.00	12,240.00	-	2,100.00	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	1,241,700.00	1,241,700.00	1,159,382.05	-	82,317.95	-
Other Expenses	130,000.00	130,000.00	97,566.69	32,380.54	52.77	-
Sewer System:						
Salaries and Wages	175,625.00	175,625.00	157,867.41	-	17,757.59	-
Other Expenses	80,000.00	80,000.00	37,711.79	31,055.22	11,232.99	-
Shade Tree Commission:						
Other Expenses	25,000.00	25,000.00	10,973.75	5,601.00	8,425.25	-
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	314,000.00	314,000.00	300,916.59	13,083.33	0.08	-
Buildings and Grounds:						
Salaries and Wages	52,769.00	52,769.00	51,317.44	-	1,451.56	-
Other Expenses	56,000.00	56,000.00	29,612.26	10,250.51	16,137.23	-
Property Lease	6,000.00	6,000.00	5,521.97	-	478.03	-
Vehicle Maintenance (Including Police Vehicles):						
Other Expenses	150,000.00	150,000.00	114,245.84	16,802.33	18,951.83	-
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	6,630.00	6,630.00	6,630.00	-	-	-
Contracted Services	54,346.00	54,346.00	54,346.00	-	-	-
Other Expenses	1,200.00	1,200.00	785.00	-	415.00	-
Animal Control Services:						
Salaries and Wages	5,000.00	5,000.00	5,000.00	-	-	-

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, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
PARK AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	89,376.00	89,376.00	87,538.77	-	1,837.23	-
Other Expenses	20,000.00	20,000.00	20,000.00	-	-	-
Municipal Court:						
Salaries and Wages	65,900.00	65,900.00	54,767.13	-	11,132.87	-
Other Expenses	10,028.00	10,028.00	3,646.09	708.01	5,673.90	-
Public Defender:						
Salaries and Wages	2,641.00	2,641.00	2,640.96	-	0.04	-
Board of Health:						
Hepatitis B Vaccine Costs	500.00	500.00	105.00	-	395.00	-
Visiting Nurse Services - Contractual	1,000.00	1,000.00	750.00	250.00	-	-
INSURANCE						
General Liability	343,000.00	337,016.00	306,182.52	-	30,833.48	-
Employee Group Health	1,745,033.00	1,745,033.00	1,507,421.39	3.82	237,607.79	-
Waiver of Insurance	35,000.00	35,000.00	32,453.58	-	2,546.42	-
Homeland Security (NJSA 40A:4-45.3(pp))						
Office of Emergency Management:						
Other Expenses	15,000.00	15,000.00	1,922.73	-	13,077.27	-

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, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	150,000.00	150,000.00	114,509.07	-	35,490.93	-
Street Lighting	65,000.00	65,000.00	53,677.10	1,476.97	9,845.93	-
Telephone (excluding telephone acquisition)	20,000.00	25,000.00	20,196.64	1,366.20	3,437.16	-
Water	45,000.00	45,000.00	35,451.74	-	9,548.26	-
Fire Hydrants	115,000.00	115,000.00	103,188.80	9,380.80	2,430.40	-
Gas (natural or propane)	25,000.00	25,000.00	11,807.26	2,245.81	10,946.93	-
Gasoline	150,000.00	150,000.00	80,882.13	-	69,117.87	-
Landfill/Solid Waste Disposal Costs	500,000.00	500,000.00	365,362.81	44,370.35	90,266.84	-
Accumulated Sick Leave	5,000.00	5,000.00	5,000.00	-	-	-
Total Operations - Within "CAPS"	10,171,203.41	10,171,203.41	8,731,525.55	404,898.48	1,034,779.38	-
Contingent	5,000.00	5,000.00	3,818.97	135.00	1,046.03	-
Total Operations Including Contingent - Within "CAPS"	10,176,203.41	10,176,203.41	8,735,344.52	405,033.48	1,035,825.41	-
Detail:						
Salaries and Wages	5,070,593.75	5,070,593.75	4,866,218.42	-	204,375.33	-
Other Expenses (Including Contingent)	5,105,609.66	5,105,609.66	3,869,126.10	405,033.48	831,450.08	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
STATUTORY EXPENDITURES						
Contribution To:						
Public Employees' Retirement System	337,788.00	337,788.00	337,788.00	-	-	-
Social Security System (O.A.S.I.)	285,000.00	285,000.00	260,384.20	-	24,615.80	-
Police and Firemen's Retirement System	462,261.00	462,261.00	462,261.00	-	-	-
Defined Contribution Plan	1,044.90	1,044.90	-	-	1,044.90	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	1,086,093.90	1,086,093.90	1,060,433.20	-	25,660.70	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	11,262,297.31	11,262,297.31	9,795,777.72	405,033.48	1,061,486.11	-
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	1,555,293.00	1,555,293.00	1,532,973.00	22,320.00	-	-
LOSAP	40,000.00	40,000.00	-	29,000.00	11,000.00	-
Reserve for Tax Appeals	119,927.00	119,927.00	-	20,240.13	99,686.87	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
Fair Haven Shared Service Agreement:						
Construction Office:						
Salaries and Wages	131,028.00	131,028.00	127,762.25	-	3,265.75	-
Other Expenses	13,185.00	13,185.00	6,308.78	-	6,876.22	-
Fair Haven Shared Service Agreement:						
Parks & Grounds:						
Other Expenses	18,000.00	18,000.00	14,712.50	-	3,287.50	-
Fair Haven Shared Service Agreement:						
Municipal Court						
Salaries and Wages	38,500.00	38,500.00	34,057.71	-	4,442.29	-
Other Expenses	5,310.00	5,310.00	3,826.12	150.00	1,333.88	-
Little Silver Shared Service Agreement:						
Construction Office:						
Salaries and Wages	145,815.00	145,815.00	142,161.82	-	3,653.18	-
Other Expenses	18,330.00	18,330.00	6,896.83	-	11,433.17	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Matching for Grants	5,000.00	5,000.00	-	-	5,000.00	-
Recycling Tonnage Grant	16,138.03	16,138.03	16,138.03	-	-	-
Clean Communities Program	17,576.12	17,576.12	17,576.12	-	-	-
Police Body Armor Grant	1,863.38	1,863.38	1,863.38	-	-	-
Alcohol Education Rehab	386.04	386.04	386.04	-	-	-
Total Operations - Excluded From "CAPS"	2,201,351.57	2,201,351.57	1,979,662.58	71,710.13	149,978.86	-
Detail:						
Salaries and Wages	315,343.00	315,343.00	303,981.78	-	11,361.22	-
Other Expenses	1,886,008.57	1,886,008.57	1,675,680.80	71,710.13	138,617.64	-
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	2,318,730.00	2,318,730.00	2,318,730.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	2,318,730.00	2,318,730.00	2,318,730.00	-	-	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			Cancelled
	Original Budget	Budget After Modification	Expended	Encumbered	Reserved	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	825,000.00	825,000.00	825,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	373,765.00	373,765.00	373,765.00	-	-	-
Interest on Bonds	280,000.00	280,000.00	278,376.26	-	-	1,623.74
Interest on Notes	29,945.00	29,945.00	29,860.00	-	-	85.00
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"	1,559,716.00	1,559,716.00	1,558,006.78	-	-	1,709.22
Total General Appropriations - Excluded From "CAPS"	6,079,797.57	6,079,797.57	5,856,399.36	71,710.13	149,978.86	1,709.22
Subtotal General Appropriations	17,342,094.88	17,342,094.88	15,652,177.08	476,743.61	1,211,464.97	1,709.22
Reserve for Uncollected Taxes	1,016,115.09	1,016,115.09	1,016,115.09	-	-	-
Total General Appropriations	\$ 18,358,209.97	\$ 18,358,209.97	\$ 16,668,292.17	\$ 476,743.61	\$ 1,211,464.97	\$ 1,709.22
Adopted Budget		<u>\$ 18,358,209.97</u>				
		<u>\$ 18,358,209.97</u>				

Analysis of Paid or Charged

Reserve for Uncollected Taxes	1,016,115.09
Reserve for Grant Expenditures - Appropriated	35,963.57
Cash Disbursements	<u>15,616,213.51</u>
	<u>\$ 16,668,292.17</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, 2017 AND 2016**

ASSETS	REFERENCE	2017	2016
Animal Control Fund:			
Cash	B-2	\$ 19,957.54	\$ 20,564.89
Total Animal Control Fund		<u>19,957.54</u>	<u>20,564.89</u>
Trust - Other Funds			
Cash - Treasurer	B-2	3,434,404.81	3,067,819.22
Total Trust Other Fund		<u>3,434,404.81</u>	<u>3,067,819.22</u>
Recreation Commission:			
Cash - Treasurer	B-2	416,821.50	403,367.95
Length of Service Award Program Fund ("LOSAP"):			
Investments	B-9	430,382.61	350,288.28
Total Assets		<u>\$ 4,301,566.46</u>	<u>\$ 3,842,040.34</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 19,957.54	\$ 20,564.89
Total		<u>19,957.54</u>	<u>20,564.89</u>
Trust - Other Funds:			
Reserve for:			
Various Trust Funds	B-5	3,428,809.95	3,062,224.36
Special Assessment	B-6	2,613.00	2,613.00
Payroll Deductions Payable	B-7	2,981.86	2,981.86
Total		<u>3,434,404.81</u>	<u>3,067,819.22</u>
Recreation Commission:			
Fund Balance	B-1	416,821.50	403,367.95
Length of Service Award Program Fund ("LOSAP"):			
Miscellaneous Reserves	B-11	430,382.61	350,288.28
Total		<u>\$ 4,301,566.46</u>	<u>\$ 3,842,040.34</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, 2017**

Balance, December 31, 2016	\$ 403,367.95
Increased By:	
Cash Receipts	<u>532,116.08</u>
	935,484.03
Decreased By:	
Operating Expenses	<u>518,662.53</u>
Balance, December 31, 2017	<u><u>\$ 416,821.50</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, 2017 AND 2016**

ASSETS	REFERENCE	2017	2016
Cash	C-2 , C-3	\$ 4,428,946.23	\$ 3,771,230.16
Deferred Charges to Future Taxation:			
Funded	C-5	8,686,880.39	9,554,310.79
Unfunded	C-6	6,776,356.75	4,181,915.83
Due From FEMA Pumping Station	C-15	210,000.00	210,000.00
Due From NJ DOT	C-17	58,750.00	-
		<u>20,160,933.37</u>	<u>17,717,456.78</u>
Total Assets		<u>\$ 20,160,933.37</u>	<u>\$ 17,717,456.78</u>
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds Payable	C-7	\$ 8,290,000.00	\$ 9,115,000.00
Bond Anticipation Notes	C-8	2,620,553.00	2,994,318.00
Green Acres Loan Payable	C-9	396,880.39	439,310.79
Due to State of New Jersey	C-4	133.00	133.00
Due to Current Fund	C-16	-	86.72
Improvement Authorizations:			
Funded	C-10	2,278,738.44	1,703,699.52
Unfunded	C-10	3,134,722.78	614,039.55
Encumbrances Payable	C-10	288,044.30	238,989.97
Retained Percentage Due to Contractors	C-11	84.00	84.00
Capital Improvement Fund	C-12	3,151,192.70	2,395,649.43
Reserve for Pay Bonds	C-13	584.76	189,703.01
Fund Balance	C-1	-	26,442.79
		<u>20,160,933.37</u>	<u>17,717,456.78</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 20,160,933.37</u>	<u>\$ 17,717,456.78</u>

There were Bonds & Notes Authorized but not issued on December 31, 2017 of \$4,155,803.75 and on December 31, 2016 was \$1,187,597.83.

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

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016**

Balance, December 31, 2016	\$ 26,442.79
Decreased By:	
Improvement Authorizations Funded	<u>26,442.79</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**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, 2017 AND 2016**

Assets	REFERENCE	<u>2017</u>	<u>2016</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	6,538,662.48	6,435,328.84
Improvements	D-1	<u>4,400,750.75</u>	<u>4,400,750.75</u>
Total Assets		<u>\$ 17,772,828.23</u>	<u>\$ 17,669,494.59</u>
Fund Balance			
Investment in Fixed Assets	D-1	<u>\$ 17,772,828.23</u>	<u>\$ 17,669,494.59</u>
Total Fund Balance		<u>\$ 17,772,828.23</u>	<u>\$ 17,669,494.59</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 of Rumson 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 State of America applicable to local government units. The more significant differences are explained in this Note.

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

Current Fund – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

General Capital Fund – The General Capital 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 accounts for all assets used in government operations.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Budgets and Budgetary Accounting - The Borough of Rumson 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.

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 of Rumson requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 balance sheets 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 estimated fair market value on the acquisition date. 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. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property 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.

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.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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.

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 High School District. Operations is 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, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

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.

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 provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are 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 has recently adopted 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 financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Borough’s financial statements.

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 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.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

Deposits (continued)

As of December 31, 2017, the Borough's bank balance of \$37,182,103.50 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 36,257,916.19
Uninsured and Uncollateralized	<u>924,187.31</u>
	<u>\$ 37,182,103.50</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 investments would be classified in Level 1 and are valued using prices quoted in active markets for those securities. The Borough would not hold any investments that are measured using Level 2 and Level 3 inputs. The fair value and maturities of the investments at December 31, 2017 would be as followed:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 years</u>
LOSAP	<u>\$ 430,382.61</u>	<u>\$ 430,382.61</u>			
	<u>\$ 430,382.61</u>	<u>\$ 430,382.61</u>	\$ -	\$ -	\$ -

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Borough does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market 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. 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.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

Investments (continued)

Credit risk - Generally, credit risk is the risk that an issuer of a debt type 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 - The Borough places no limit in the amount the Borough may invest in any one issuer

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 of Tax Rate Information

	2017	2016	2015
Total Tax Rate	\$ 1.469	\$ 1.433	\$ 1.453
Apportionment of Tax Rate:			
Municipal	0.335	0.327	0.329
County	0.289	0.290	0.306
Local School	0.467	0.448	0.446
Regional School	0.378	0.368	0.372

Net Valuation Taxable

2017	\$ 3,441,172,574.00	
2016	\$ 3,448,408,950.00	
2015		\$ 3,359,860,332.00

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage of Collection
2017	\$ 51,052,398.08	\$ 50,640,770.22	99.19%
2016	49,875,004.23	\$ 49,356,380.48	98.96%
2015	49,410,732.43	48,959,713.21	99.08%

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3. Property Taxes (continued)

Delinquent Taxes and Tax Title Liens

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2017	\$ -	\$ 368,635.20	\$ 368,635.20	0.72%
2016	-	\$ 431,561.66	431,561.66	0.87%
2015	-	455,558.78	455,558.78	0.92%

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, 2017, 2016 or 2015.

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:			
2017	\$ 5,203,073.08	\$ 2,703,000.00	51.95%
2016	4,965,837.65	2,480,000.00	49.94%
2015	5,919,656.91	2,380,000.00	40.21%

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 THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7. Interfund Receivables and Payables

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 160,676.31
State and Federal Grant Fund	160,676.31	-
	<u>\$ 160,676.31</u>	<u>\$ 160,676.31</u>

The interfund receivables and payables above predominately 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	\$3,982,767.00	\$ 3,984,916.06
State and Federal Grant Fund	227,063.05	225,000.71
Trust Other Fund	8,999.76	8,999.76
Capital Fund	17,155.02	17,068.30
	<u>\$4,235,984.83</u>	<u>\$ 4,235,984.83</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.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>		<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>	
Land	\$	4,948,200.00	\$ -	\$ -	\$	4,948,200.00
Buildings		1,885,215.00	-	-		1,885,215.00
Equipment		6,435,328.84	176,170.70	(72,837.06)		6,538,662.48
Improvements		4,400,750.75	-	-		4,400,750.75
	\$	<u>17,669,494.59</u>	\$ <u>176,170.70</u>	\$ <u>(72,837.06)</u>	\$	<u>17,772,828.23</u>

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

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

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 2017, the State's pension contribution was less than the actuarial 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 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, 2017, the Borough's contractually required contribution to PERS plan was \$357,510.

Components of Net Pension Liability - At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$8,983,509. The net pension liability was measured as of June 30, 2017. 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, 2016, which was rolled forward to June 30, 2017. 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, 2017. The Borough's proportion measured as of June 30, 2017, was 0.0385916045% which was an increase of 0.001264874% from its proportion measured as of June 30, 2016.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 2,507,831	\$ 3,173,006
Deferred Inflows of Resources	1,920,264	163,348
Net Pension Liability	8,983,509	11,055,162
Borough's portion of the Plan's total net pension Liability	0.03859%	0.03733%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$647,965. 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 \$357,510 to the plan in 2017.

At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 211,531	\$ -
Changes of Assumptions	1,809,867	1,803,232
Net Difference between Projected and Actual Earnings on Pension Plan Investments	61,172	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	425,261	117,032
	<u>\$ 2,507,831</u>	<u>\$ 1,920,264</u>

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

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

	<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	-
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
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	-
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

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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>
2018		\$ 244,254
2019		345,185
2020		250,324
2021		(98,905)
2022		(153,291)
		<u>\$ 587,567</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

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

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 2013 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, 2016 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, 2017) 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, 2017 are summarized in the following table:

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public 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 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017 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 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 11,144,652	\$ 8,983,509	\$ 7,183,008

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 THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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 2017, 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, 2017, the Borough's contractually required contributions to PFRS plan was \$482,180.

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

Net Pension Liability and Pension Expense - At December 31, 2017 the Borough's proportionate share of the PFRS net pension liability was \$8,411,042. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The Borough's proportion measured as of June 30, 2017, was 0.0544824795%, which was a decrease of 0.0022129683% from its proportion measured as of June 30, 2016.

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/31/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 1,525,703	\$ 2,630,653
Deferred Inflows of Resources	1,826,121	249,633
Net Pension Liability	8,411,042	10,830,281
Borough's portion of the Plan's total net pension Liabili	0.05448%	0.05670%

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, the Borough’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$762,823. 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 \$482,180 to the plan in 2017.

At December 31, 2017, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 54,566	\$ 49,366
Changes of Assumptions	1,037,175	1,377,483
Net Difference between Projected and Actual Earnings on Pension Plan Investments	160,502	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	273,460	399,272
	\$ 1,525,703	\$ 1,826,121

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 THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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	-
 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
 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	-
 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

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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>	
2018	\$	98,040
2019		267,073
2020		(2,454)
2021		(457,425)
2022		<u>(205,652)</u>
	<u>\$</u>	<u>(300,418)</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 \$942,107 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017 was 0.0544824795%, which was a decrease of 0.0022129683% from its proportion measured as of June 30, 2016, which is the same proportion as the Borough’s. At December 31, 2017, 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 THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued)

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

Borough's Proportionate Share of Net Pension Liability	\$ 8,411,042
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>942,107</u>
	<u>\$ 9,353,149</u>

At December 31, 2017, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2017 measurement date was \$115,241.

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 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 base year of 2013 using a generational approach based on the plan actuary's modified MP-2014

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

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, 2016 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, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public 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%
	<hr style="width: 100%; border: 0.5px solid black;"/>	
	100.00%	
	<hr style="width: 100%; border: 0.5px solid black;"/>	

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. 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 3.58% as of June 30, 2017 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 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 (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 11,082,241	\$ 8,411,042	\$ 6,216,349
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	1,241,304	942,107	696,283
	\$ 12,323,545	\$ 9,353,149	\$ 6,912,632

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

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. 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>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 11,307,433.39	\$ 12,548,628.79	\$ 14,373,172.15
	<hr/>	<hr/>	<hr/>
Total Debt Issued	11,307,433.39	12,548,628.79	14,373,172.15
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	4,155,803.76	1,187,597.83	1,187,597.83
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	4,155,803.76	1,187,597.83	1,187,597.83
	<hr/>	<hr/>	<hr/>
Total Gross Debt	\$ 15,463,237.15	\$ 13,736,226.62	\$ 15,560,769.98
	<hr/>	<hr/>	<hr/>

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	\$ 15,463,237.15	\$ 584.76	\$ 15,462,652.39
	<hr/>	<hr/>	<hr/>
	\$ 15,463,237.15	\$ 584.76	\$ 15,462,652.39
	<hr/>	<hr/>	<hr/>

Net Debt \$15,462,652.39 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$3,455,365,965.67, equals 0.447%. 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, 2017 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 120,937,808.80
Net Debt	<hr/> 15,462,652.39
Remaining Borrowing Power	<hr/> <hr/> \$ 105,475,156.41

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

On 7/17/2007, 5/16/2012 and 3/13/2013, the Borough issued \$9,338,000, 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 7/15/2017, 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>
2018	845,000.00	250,738.75	1,095,738.75
2019	920,000.00	225,388.75	1,145,388.75
2020	455,000.00	193,488.75	648,488.75
2021	445,000.00	184,388.75	629,388.75
2022	475,000.00	166,588.75	641,588.75
2023-2027	2,590,000.00	561,443.75	3,151,443.75
2028-2032	2,560,000.00	203,437.50	2,763,437.50
	<u>\$ 8,290,000.00</u>	<u>\$ 1,785,475.00</u>	<u>\$ 10,075,475.00</u>

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, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Various Improvements	08/22/17	08/21/18	0.50%	625,084.72
Road Resurfacing and Curbing	08/22/17	08/21/18	0.50%	1,224,943.33
Various Improvements	08/22/17	08/21/18	0.50%	410,084.02
Various Improvements	08/22/17	08/21/18	0.50%	<u>360,440.93</u>
				<u>\$ 2,620,553.00</u>

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, 2017, the Borough had \$4,155,803.75 in various General Capital bonds and notes authorized but not issued

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. Municipal Debt (continued)

General Debt (continued)

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>
2018	43,283.26	7,722.26	51,005.52
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
2023-2026	171,587.54	6,931.80	178,519.34
	<u>\$ 396,880.39</u>	<u>\$ 36,666.56</u>	<u>\$ 433,546.95</u>

Note 11. 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 \$232,702.30 at December 31, 2017.

Note 12. 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.

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

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 12. Risk Management (continued)

Joint Insurance Pool (continued)

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, 2017 which can be obtained on the Fund's website.

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>
2017	\$ 7,404.99	\$ 10,814.10	\$ 60,188.56
2016	7,337.01	14,785.64	63,597.67
2015	12,570.25	27,809.62	71,046.30

Note 13. 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, 2017 the Borough estimates that no material liabilities will result from such audits.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 13. Contingencies (continued)

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. There are no significant pending tax appeals as of December 31, 2017.

Note 14. 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 15. 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 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 between \$0.00 and \$1,150 for the year ended December 31, 2017 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2017, 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.

BOROUGH OF RUMSON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 15. Length of Service Awards Program (continued)

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, 2017 payouts of \$0.00 were made to vested participants.

Forfeited Accounts - During the year ended December 31, 2017, 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.

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, 2017**

Balance, December 31, 2016		\$ 19,404,047.78
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 115,172.46	
State of New Jersey - Senior Citizens' and Veterans' Deductions	32,500.00	
Taxes Receivable	50,559,426.29	
Sewer Fees Receivable	1,149,785.68	
Sewer Fee Overpayments	26,405.38	
Revenue Accounts Receivable	2,922,160.78	
Due From:		
Trust - Other Fund	432,199.76	
Due To State of New Jersey:		
Marriage Licenses	650.00	
U.C.C. Fees	22,962.00	
Due To Capital Fund	17,155.02	
Prepaid Taxes	12,270,807.83	
Reserve for:		
Third Party Liens Payable	150,573.78	
Tax Sale Premiums	10,100.00	
Interfunds Returned	11,196.36	
Grants Receivable	123,353.43	
Reserve For Grant Expenditures - Unappropriated	19,197.87	
	67,863,646.64	67,863,646.64
		87,267,694.42

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2017**

Decreased By Disbursements:		
2017 Budget Appropriations	15,616,213.51	
2016 Appropriation Reserves	458,439.58	
Accounts Payable	6,400.00	
Due From Trust - Other Fund	432,199.76	
Tax Overpayments	80,644.90	
Due To State of New Jersey:		
Marriage Licenses	600.00	
U.C.C. Fees	20,764.00	
Due To Capital Fund	17,068.30	
Third Party Liens Payable	144,202.90	
County Taxes	10,041,907.89	
Local District School Taxes	16,059,502.00	
Regional District School Taxes	12,989,474.00	
Interfunds Advanced	2,853.45	
Reserve For:		
Tax Sale Premiums	369,200.00	
Grant Expenditures - Appropriated	132,096.57	
		56,371,566.86
Balance, December 31, 2017		\$ 30,896,127.56

**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, 2017**

Balance, December 31, 2016		\$ 8,108.03
Increased By:		
Cash Receipts	\$ 32,500.00	
Senior Citizens' Deductions Per Tax Billing		<u>32,500.00</u>
		40,608.03
Decreased By:		
Senior Citizens' Deductions Per Tax Billing	250.00	
Veterans' Deductions Per Tax Billing	500.00	
Deductions Allowed By Collector	<u>31,750.00</u>	
		<u>32,500.00</u>
Balance, December 31, 2017		<u><u>\$ 8,108.03</u></u>

**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, 2017**

Year	Balance December 31, 2016	2017 Levy	Added Taxes	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Cancellations/ Adjustments	Balance December 31, 2017
				2016	2017			
2016	\$ 431,561.66	\$ -	\$ -	\$ -	\$ 419,694.29	\$ -	\$ 11,867.37	-
2017	-	50,550,826.59	501,571.49	493,642.55	50,138,358.19	32,500.00	19,262.14	368,635.20
	\$ 431,561.66	\$ 50,550,826.59	\$ 501,571.49	\$ 493,642.55	\$ 50,558,052.48	\$ 32,500.00	\$ 31,129.51	\$ 368,635.20

Analysis of 2017 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 50,550,826.59
Added Taxes (54:4-63 et seq.)	<u>501,571.49</u>
	<u>\$ 51,052,398.08</u>
Tax Levy:	
Regional High School Taxes	\$ 12,989,474.00
Local District School Taxes	16,059,502.00
County Taxes	\$ 8,813,226.12
County Library Taxes	617,595.45
County Open Space Taxes	517,809.27
Added/Omitted County Taxes	<u>99,031.81</u>
	10,047,662.65
Local Taxes for Municipal Purposes	11,530,223.79
Add: Additional Taxes Levied	<u>425,535.64</u>
	11,955,759.43
	<u>\$ 51,052,398.08</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF SEWER FEES RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 31,779.40
Increased By:		
Billings - Net	1,176,643.28	
Overpayments Created	819.28	
		1,177,462.56
Decreased By:		
Cash Receipts	\$ 1,149,785.68	1,209,241.96
Transfer from Overpayments	186.70	
Overpayments Applied	25,788.25	
		1,175,760.63
Balance, December 31, 2017		\$ 33,481.33

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, <u>2016</u>	Accrued <u>2017</u>	Cash <u>Receipts</u>	Balance December 31, <u>2017</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 30,874.00	\$ 30,874.00	\$ -
Fees and Permits:				
Other	-	184,966.15	184,966.15	-
Fines and Costs:				
Municipal Court	2,616.86	57,575.54	56,692.37	3,500.03
Interest and Cost on Taxes	-	121,618.66	121,618.66	-
Interest on Investments	-	201,780.66	201,780.66	-
Cellular Tower Fees	-	115,586.64	115,586.64	-
Cable Franchise Fees	-	132,406.47	132,406.47	-
Energy Receipts Taxes	-	660,673.00	660,673.00	-
NJDCA Non-Federal Cost Share	-	418,729.49	418,729.49	-
Interlocal - Fair Haven	-	245,628.84	245,628.84	-
Interlocal - Little Silver	-	197,997.00	197,997.00	-
Uniform Construction Code Fees	-	306,997.00	306,997.00	-
Uniform Fire Safety Act	-	12,692.25	12,692.25	-
Trash Collection Charges	-	46,400.00	46,400.00	-
Reserve to Pay Bonds & Notes	-	189,118.25	189,118.25	-
	<u>\$ 2,616.86</u>	<u>\$ 2,923,043.95</u>	<u>\$ 2,922,160.78</u>	<u>\$ 3,500.03</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DUE TO TRUST - OTHER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$	-
Increased By:		
Cash Receipts		<u>432,199.76</u>
		432,199.76
Decreased By:		
Cash Disbursements		<u>432,199.76</u>
Balance, December 31, 2017	\$	<u><u>-</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>December 31, 2016</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	\$ 3,823.93	\$ -	\$ 3,823.93	\$ -	\$ 3,823.93
Other Expenses	34,395.78	45,961.24	80,357.02	40,741.97	39,615.05
Municipal Clerk:					
Salaries and Wages	3,970.36	-	3,970.36	-	3,970.36
Other Expenses	1,979.00	1,746.00	3,725.00	1,736.00	1,989.00
Elections	481.93	800.00	1,281.93	800.00	481.93
Financial Administration (Treasury):					
Salaries and Wages	648.67	-	648.67	-	648.67
Other Expenses	13,159.06	200.00	13,359.06	8,021.00	5,338.06
Audit Services:					
Other Services	1,385.00	-	1,385.00	-	1,385.00
Revenue Administration (Tax Collection):					
Salaries and Wages	7,500.08	-	7,500.08	-	7,500.08
Other Expenses	6,810.13	-	6,810.13	995.00	5,815.13
Tax Assessment Administration:					
Other Expenses	9,465.65	42,352.78	51,818.43	51,799.30	19.13
Legal Services (Legal Department):					
Other Expenses	56,349.10	32,531.50	88,880.60	55,450.25	33,430.35
Engineering Services:					
Salaries and Wages	37,500.00	-	37,500.00	-	37,500.00
Other Expenses	26,374.89	65,591.50	91,966.39	67,965.71	24,000.68
Records Retention and Disposal					
Other Expenses	1,500.00	1,000.00	2,500.00	700.00	1,800.00
LAND USE ADMINISTRATION					
Planning Board:					
Other Expenses	2,908.46	850.00	3,758.46	1,309.25	2,449.21
Zoning Board of Adjustment:					
Other Expenses	972.93	1,925.00	2,897.93	1,841.74	1,056.19
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions:					
Salaries and Wages	8,000.00	-	8,000.00	-	8,000.00
Electrical Inspection:					
Salaries and Wages	1,380.23	-	1,380.23	-	1,380.23
Uniform Fire Safety:					
Other Expenses	3,980.27	-	3,980.27	-	3,980.27
Construction Code Official:					
Salaries and Wages	13,305.48	-	13,305.48	168.58	13,136.90
Other Expenses	7,126.87	238.40	7,365.27	804.50	6,560.77

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>December 31, 2016</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	61,196.32	-	61,196.32	1,572.30	59,624.02
Other Expenses	32,200.48	13,401.09	45,601.57	11,993.64	33,607.93
Purchase of Police Vehicles	49,291.00	355.00	49,646.00	-	49,646.00
Police Dispatch/911:					
Salaries and Wages	19,674.44	-	19,674.44	512.91	19,161.53
Annual Charge - 911 System	583.27	-	583.27	-	583.27
Aid To First Aid Organization:					
Other Expenses	886.26	3,024.49	3,910.75	2,127.21	1,783.54
Fire Department:					
Other Expenses	939.25	3,049.15	3,988.40	2,559.35	1,429.05
Municipal Prosecutor's Office:					
Salaries and Wages	1,710.00	-	1,710.00	-	1,710.00
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	45,837.22	-	45,837.22	1,806.92	44,030.30
Other Expenses	10,820.17	38,551.18	47,371.35	28,145.38	19,225.97
Sewer System:					
Salaries and Wages	19,578.07	-	19,578.07	577.70	19,000.37
Other Expenses	39,555.14	6,515.71	46,070.85	405.63	45,665.22
Shade Tree Commission:					
Other Expenses	688.00	9,400.00	12,088.00	11,968.75	119.25
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	-	13,083.47	13,083.47	13,083.33	0.14
Buildings and Grounds:					
Salaries and Wages	2,007.39	-	2,007.39	77.85	1,929.54
Other Expenses	19,628.09	6,668.43	26,296.52	4,062.80	22,233.72
Property Lease	613.35	-	613.35	-	613.35
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	27,577.95	9,254.76	36,832.71	8,713.74	28,118.97
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health)					
Other Expenses	521.00	-	521.00	-	521.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>December 31, 2016</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	4,827.46	-	4,827.46	-	4,827.46
Municipal Court:					
Salaries and Wages	16,710.16	-	16,710.16	343.72	16,366.44
Other Expenses	3,289.16	662.50	3,951.66	862.50	3,089.16
Board of Health:					
Hepatitis B Vaccine Costs	500.00	-	500.00	-	500.00
VNA Contract	-	250.00	250.00	250.00	-
INSURANCE					
General Liability	76,483.00	-	76,483.00	-	76,483.00
Employee Group Health	269,212.02	-	269,212.02	(710.91)	269,922.93
Waiver Insurance	5,049.55	-	5,049.55	-	5,049.55
Homeland Security (NJSA 40A:4-45.3(pp))					
Office of Emergency Management:					
Other Expenses	6,777.56	6,500.00	13,277.56	5,000.00	8,277.56
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	42,574.39	-	42,574.39	10,001.91	32,572.48
Street Lighting	14,215.99	250.00	14,465.99	318.71	14,147.28
Telephone (excluding telephone acquisition)	5,583.78	100.00	5,683.78	69.62	5,614.16
Water	962.50	-	962.50	(372.09)	1,334.59
Fire Hydrants	2,430.39	9,380.81	11,811.20	9,380.80	2,430.40
Gas (natural or propane)	11,709.28	1,119.59	12,828.87	2,643.57	10,185.30
Gasoline	89,720.88	-	89,720.88	3,548.46	86,172.42
Landfill/Solid Waste Disposal Costs	64,838.45	73,254.98	138,093.43	50,386.95	87,706.48
Contingent	3,316.82	-	3,316.82	-	3,316.82
STATUTORY EXPENDITURES					
Contribution To:					
Social Security System (O.A.S.I.)	4,188.13	-	4,188.13	-	4,188.13
Police and Firemen's Retirement System (Retro)	3.00	-	3.00	-	3.00
LOSAP	10,100.00	29,900.00	40,000.00	27,450.00	12,550.00
Sewer Authority - Share of Cost	-	22,320.00	22,320.00	22,320.00	-
Reserve for Tax Appeals	85,215.28	-	85,215.28	85,215.28	-
Fair Haven Shared Service Agreement:					
Construction Office:					
Salaries and Wages	3,342.01	-	3,342.01	120.25	3,221.76
Other Expenses	4,379.94	-	4,379.94	262.38	4,117.56

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	December 31, 2016		Budget after	Paid or	Balance
	<u>Reserved</u>	<u>Encumbrances</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Fair Haven Shared Service Agreement:					
Parks & Grounds:					
Other Expenses	17,128.10	-	17,128.10	-	17,128.10
Fair Haven Shared Service Agreement:					
Municipal Court:					
Salaries and Wages	8,746.18	-	8,746.18	392.58	8,353.60
Other Expenses	20.40	162.50	182.90	182.50	0.40
Little Silver Shared Service Agreement:					
Construction Office:					
Salaries and Wages	4,646.30	-	4,646.30	167.17	4,479.13
Other Expenses	9,962.91	-	9,962.91	364.77	9,598.14
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching for Grants	5,000.00	-	5,000.00	-	5,000.00
	<u>\$ 1,349,258.86</u>	<u>\$ 440,400.08</u>	<u>\$ 1,789,658.94</u>	<u>\$ 538,138.98</u>	<u>\$ 1,251,519.96</u>
Cash Disbursements				\$ 458,439.58	
Accounts Payable				79,699.40	
				<u>\$ 538,138.98</u>	

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF ACCOUNTS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 104,137.79
Increased By:		
Appropriation Reserves		79,699.40
		183,837.19
Decreased By:		
Accounts Payable Cancelled	\$ 60,809.19	
Cash Disbursements	6,400.00	
		67,209.19
Balance, December 31, 2017		\$ 116,628.00

**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, 2017**

Balance, December 31, 2016	\$ 100.00
Increased By:	
Cash Receipts	<u>650.00</u>
	750.00
Decreased By:	
Cash Disbursements	<u>600.00</u>
Balance, December 31, 2017	<u><u>\$ 150.00</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, 2017**

Balance, December 31, 2016	\$ 5,224.00
Increased By:	
Cash Receipts	<u>22,962.00</u>
	28,186.00
Decreased By:	
Cash Disbursements	<u>20,764.00</u>
Balance, December 31, 2017	<u><u>\$ 7,422.00</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF PREPAID TAXES
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$	493,642.55
Increased By:		
Cash Receipts:		
Collection of 2017 Taxes		12,270,807.83
		12,764,450.38
Decreased By:		
Amount Applied To Taxes Receivable		493,642.55
Balance, December 31, 2017	\$	12,270,807.83

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 87,943.87
Increased By:		
Overpayment Created		<u>77,634.73</u>
		165,578.60
Decreased By:		
Cash Disbursements	80,644.90	
Overpayment Applied	<u>57,467.51</u>	
		<u>138,112.41</u>
Balance, December 31, 2017		<u><u>\$ 27,466.19</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SEWER FEE OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 8,908.90
Increased By:		
Cash Receipts	26,405.38	
Overpayments Created	<u>819.28</u>	
		<u>27,224.66</u>
		36,133.56
Decreased By:		
Overpayments Applied		<u>25,788.25</u>
Balance, December 31, 2017		<u><u>\$ 10,345.31</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DRIVE-IN SANITATION OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$	800.00
Decreased By:		
Transfer to Sewer Receivable	186.70	
Transfer to Taxes Receivable	213.30	
		<u>400.00</u>
Balance, December 31, 2017	<u>\$</u>	<u>400.00</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF THIRD PARTY LIENS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$	28.62
Increased By:			
Cash Receipts			<u>150,573.78</u>
			150,602.40
Decreased By:			
Cancelled	28.62		
Cash Disbursements	<u>144,202.90</u>		
			<u>144,231.52</u>
Balance, December 31, 2017		\$	<u><u>6,370.88</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 93,277.05
Increased By:		
2017 Tax Levy :		
County Taxes	\$ 8,813,226.12	
County Library Taxes	617,595.45	
County Open Space Taxes	517,809.27	
Due To County for Added/Omitted Taxes	<u>99,031.81</u>	
		<u>10,047,662.65</u>
		10,140,939.70
Decreased By:		
Cash Disbursements		<u>10,041,907.89</u>
Balance, December 31, 2017		<u><u>\$ 99,031.81</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		
School Tax Payable	\$ 5,840,386.79	\$ 5,840,386.79
Increased By:		
Levy - School Year July 1, 2017 to June 30, 2018		16,059,502.00
		21,899,888.79
Decreased By:		
Cash Disbursed		16,059,502.00
Balance, December 31, 2017		
School Tax Payable	5,840,386.79	\$ 5,840,386.79
 <u>2017 Liability for Local District High School Tax</u>		
Tax Payable, December 31, 2017	\$ 5,840,386.79	
Tax Paid	16,059,502.00	\$ 21,899,888.79
Less:		
Tax Payable, December 31, 2016		5,840,386.79
Amount Charged To 2017 Operations		\$ 16,059,502.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		
School Tax Payable	\$ 5,412,495.11	\$ 5,412,495.11
Increased By:		
Levy - School Year July 1, 2017 to June 30, 2018		<u>12,989,474.00</u>
		18,401,969.11
Decreased By:		
Cash Disbursed		<u>12,989,474.00</u>
Balance, December 31, 2017		
School Tax Payable	\$ 5,412,495.11	<u>\$ 5,412,495.11</u>
 <u>2017 Liability for Regional District High School Tax</u>		
Tax Payable, December 31, 2017	5,412,495.11	
Tax Paid	<u>12,989,474.00</u>	18,401,969.11
Less:		
Tax Payable, December 31, 2016		<u>5,412,495.11</u>
Amount Charged To 2017 Operations		<u>\$ 12,989,474.00</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF PRIOR YEAR CONSTRUCTION FEES PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$	133.50
Decreased By:		
Cancelled		133.50
Balance, December 31, 2017	\$	-

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF RESERVE FOR MASTER PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$	82.82
Decreased By:		
Cancelled		82.82
		82.82
Balance, December 31, 2017	\$	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR REVALUATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 16,477.91
Decreased By:	
Cancelled	<u>16,477.91</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 369,200.00
Increased By:		
Cash Receipts		<u>10,100.00</u>
		379,300.00
Decreased By:		
Cash Disbursements	369,200.00	
Due to Trust	<u>10,100.00</u>	
		<u>379,300.00</u>
Balance, December 31, 2017		<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TO PAY SPECIAL EMERGENCY NOTES - SANDY
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 0.03
Decreased By:	
Realize in 2017 Revenue	<u>0.03</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR BAN INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 4,431.59
Decreased By:	
Realize in 2017 Revenue	<u>4,431.59</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX APPEALS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2017 & 2016

\$ 44,858.64

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO BOROUGH OF RED BANK
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 0.02
Decreased By:	
Cancelled to Operations	<u>0.02</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 86.72
Increased By:	
Cash Disbursements:	<u>17,068.30</u>
	17,155.02
Decreased By:	
Cash Receipts	<u>17,155.02</u>
Balance, December 31, 2017	<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, 2017**

Balance, December 31, 2016		\$ 158,613.97
Increased By:		
Cash Receipts:		
Grants Receivable	\$ 123,353.43	
Grants - Unappropriated	<u>19,197.87</u>	
		<u>142,551.30</u>
		301,165.27
Decreased By:		
Cash Disbursements:		
Grants - Cancellation	8,392.39	
Grants - Appropriated	<u>132,096.57</u>	
		<u>140,488.96</u>
Balance, December 31, 2017		<u><u>\$ 160,676.31</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, <u>2016</u>	Increased By Revenue Anticipated <u>2017</u>	Cash Received	Transferred from <u>Unappropriated</u>	<u>Cancelled</u>	Balance December 31, <u>2017</u>
State of New Jersey:						
Supplemental Safe Neighborhood Program	\$ 28.00	\$ -	\$ -	\$ -	\$ -	\$ 28.00
Police Body Armor Grant	-	1,863.38	-	1,863.38	-	-
Clean Communities Program	-	17,576.12	17,576.12	-	-	-
Recycling Tonnage Grant	-	16,138.03	16,138.03	-	-	-
Alcohol Education & Rehabilitation	-	386.04	386.04	-	-	-
NJ Department of Transportation - Blackpoint	160,000.00	-	-	-	160,000.00	-
Federal:						
Assistance to Firefighters Grant	1,426.00	-	-	-	-	1,426.00
Sandy Planning Asst	97,963.04	-	89,253.24	-	-	8,709.80
	<u>\$ 259,417.04</u>	<u>\$ 35,963.57</u>	<u>\$ 123,353.43</u>	<u>\$ 1,863.38</u>	<u>\$ 160,000.00</u>	<u>\$ 10,163.80</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, <u>2016</u>	Transferred From <u>Encumbrances</u>	Budget <u>Appropriation</u>	Paid or <u>Charged</u>	<u>Encumbered</u>	<u>Cancelled</u>	Balance December 31, <u>2017</u>
State of New Jersey:							
Clean Communities Program	\$ 24,262.22	\$ -	\$ 17,576.12	\$ 21,203.19	\$ 679.20	\$ -	\$ 19,955.95
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	4,896.16	450.00	16,138.03	20,421.70	721.00	-	341.49
D.W.I. Grant	593.24	-	-	-	-	-	593.24
Municipal Court Alcohol Education & Rehab	9,945.96	-	386.04	-	-	-	10,332.00
Drunk Driving Enforcement Fund	3,248.94	-	-	1,218.44	-	-	2,030.50
Body Armor Fund	3,696.73	-	1,863.38	-	-	-	5,560.11
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
NJ DOT Blackpoint Horseshoe	160,000.00	-	-	-	-	160,000.00	-
Federal:							
Assistance to Firefighters Grant	16,426.00	-	-	-	-	-	16,426.00
Sandy Planning Assistant Grant	1,842.82	104,512.61	-	89,253.24	-	8,392.39	8,709.80
	<u>\$ 301,217.33</u>	<u>\$ 104,962.61</u>	<u>\$ 35,963.57</u>	<u>\$ 132,096.57</u>	<u>\$ 1,400.20</u>	<u>\$ 168,392.39</u>	<u>\$ 140,254.35</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Cash <u>Receipts</u>	Grants <u>Appropriated</u>	Balance December 31, <u>2017</u>
State of New Jersey:				
Recycling Tonnage Grant	\$ -	\$ 17,332.00		\$ 17,332.00
Body Armor Fund	1,863.38	1,865.87	1,863.38	1,865.87
OEM Joint Grant w/Sea Bright	9,987.69	-	-	9,987.69
	<u>\$ 11,851.07</u>	<u>\$ 19,197.87</u>	<u>\$ 1,863.38</u>	<u>\$ 29,185.56</u>

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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, 2017**

	<u>Animal Control</u>	<u>Trust - Other</u>	<u>Recreation Commission</u>
Balance, December 31, 2016	\$ 20,564.89	\$ 3,067,819.22	\$ 403,367.95
Increased By Receipts:			
Recreation Fees	-	-	532,116.08
Dog License Fees	9,571.00	-	-
Due From Current Fund	-	432,199.76	-
Other Reserves	-	758,953.01	-
Dog License Registration Fees	1,065.00	-	-
	<u>10,636.00</u>	<u>1,191,152.77</u>	<u>532,116.08</u>
	<u>31,200.89</u>	<u>4,258,971.99</u>	<u>935,484.03</u>
Decreased By Disbursements:			
Recreation Expenses	-	-	518,662.53
Animal Control Expenditures	10,178.35	-	-
Due From Current Fund	-	432,199.76	-
Other Reserves	-	392,367.42	-
Dog License Registration Fees	1,065.00	-	-
	<u>11,243.35</u>	<u>824,567.18</u>	<u>518,662.53</u>
Balance, December 31, 2017	<u>\$ 19,957.54</u>	<u>\$ 3,434,404.81</u>	<u>\$ 416,821.50</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, 2017**

Balance, December 31, 2016		\$	20,564.89
Increased By:			
Dog License Fees Collected	\$	8,101.00	
Late Fees Collected		1,470.00	
			9,571.00
			30,135.89
Decreased By:			
Expenditures Under R.S.4:19-15.13			10,178.35
Balance, December 31, 2017		\$	19,957.54

2015 Fees	\$	11,898.00
2016 Fees		12,615.00
	\$	24,513.00

**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, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Registration Fees Collected	<u>1,065.00</u>
	1,065.00
Decreased By:	
Cash Disbursements	<u>1,065.00</u>
Balance, December 31, 2017	<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, 2017**

	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
Payroll Deductions:				
Pension System	\$ 8,796.73	\$ 50.82	\$ 50.82	\$ 8,796.73
State Unemployment	63,597.67	7,404.99	10,814.10	60,188.56
	<hr/> 72,394.40	7,455.81	10,864.92	68,985.29
Forfeited Funds	440.21	3.83	0.30	443.74
Engineering and Escrow				
Deposit	256,157.68	76,992.29	56,333.33	276,816.64
P.O.A.A. Fees	1,964.89	268.00	-	2,232.89
Public Defender	5,133.00	450.00	-	5,583.00
Cash Bond	39,080.00	21,000.00		60,080.00
Outside Employment - Off Duty Police	44,242.15	12,520.00	54,923.75	1,838.40
Tax Sale Premium	-	223,200.00	210,100.00	13,100.00
Reserve for:				
Street Openings	19,000.00	13,000.00	7,000.00	25,000.00
Sick Leave	222,032.50	5,000.00	-	227,032.50
C.O.A.H.	2,373,474.23	389,460.63	42,615.23	2,720,319.63
D.A.R.E.	11,535.76	92.69	2,126.77	9,501.68
Fire Safety	1,000.00	-	-	1,000.00
Cafeteria	1,098.66	9,509.76	8,403.12	2,205.30
Miscellaneous - Other	14,670.88	-	-	14,670.88
	<hr/> 2,989,829.96	751,497.20	381,502.50	3,359,824.66
	<hr/> <u>\$ 3,062,224.36</u>	<u>\$ 758,953.01</u>	<u>\$ 392,367.42</u>	<u>\$ 3,428,809.95</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR SPECIAL ASSESSMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2017 & 2016

\$ 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, 2017**

Balance, December 31, 2017 & 2016

\$ 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, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Cash Disbursements	<u>432,199.76</u>
	432,199.76
Decreased By:	
Cash Receipts	<u>432,199.76</u>
Balance, December 31, 2017	<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, 2017**

Balance, December 31, 2016		\$ 350,288.28
Increased By:		
Appreciation	\$ 54,544.33	
Borough Contributions	<u>26,450.00</u>	
		<u>80,994.33</u>
		431,282.61
Decreased By:		
Accounting Charges	\$ 900.00	
		<u>900.00</u>
Balance, December 31, 2017		<u><u>\$ 430,382.61</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, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Appropriation Reserves	<u>26,450.00</u>
	26,450.00
Decreased By:	
Cash Receipts	<u>26,450.00</u>
Balance, December 31, 2017	<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, 2017**

Balance, December 31, 2016		\$ 350,288.28
Increased By:		
Appreciation	\$ 54,544.33	
Borough Contributions	<u>26,450.00</u>	
		<u>80,994.33</u>
		431,282.61
Decreased By:		
Accounting Charges	900.00	
		<u>900.00</u>
Balance, December 31, 2017		<u><u>\$ 430,382.61</u></u>

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, 2017**

Balance, December 31, 2016		\$	3,771,230.16
Increased By:			
Capital Improvement Fund	\$	2,318,730.00	
FEMA Proceeds		31,794.08	
Due From NJ DOT		176,250.00	
Due From Current Fund		17,068.30	
		<u> </u>	<u>2,543,842.38</u>
			6,315,072.54
Decreased By:			
Due From Current Fund		17,155.02	
Improvement Authorizations		1,679,853.04	
Reserve To Pay Bonds		189,118.25	
		<u> </u>	<u>1,886,126.31</u>
Balance, December 31, 2017		\$	<u><u>4,428,946.23</u></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, 2017**

	BALANCE DECEMBER 31, <u>2017</u>
Due To State of New Jersey	\$ 133.00
Encumbrances Payable	288,044.30
Capital Improvement Fund	3,151,192.70
Retained Percentage Due To Contractors	84.00
Reserve to Pay Bonds	584.76
Due From NJ DOT	(58,750.00)
Fund Balance	-

<u>Ordinance Number/Date</u>	<u>Improvement Description</u>	
04/04/02 & 07/21/05	Various Improvements	2,540.00
04/15/04	Various Improvements	-
05/05/05	Various Improvements	-
08/03/06	First Aid Equipment	1,511.17
05/25/06	Various Improvements	-
08/17/06	Office of Emergency Management	1,461.35
03/18/08	Various Improvements	-
11-006	Various Improvements	-
12-002 & 14-009	Road Resurfacing	-
12-011	Various Improvements	-
13-004	Various Improvements	(1,199,286.89)
15-003	Various Improvements	-
15-004	Various Improvements	-
16-004	Various Improvements	1,075,196.84
16-005	Various Improvements	31,788.62
17-006	Various Improvements	1,010,012.05
17-007	Various Improvements	118,401.42
17-008	Various Improvements	6,032.91
		\$ 4,428,946.23

**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, 2017**

Balance, December 31, 2017 & 2016

\$ 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, 2017**

Balance, December 31, 2016		\$ 9,554,310.79
Decreased By:		
2016 Current Budget Appropriation:		
General Serial Bonds	\$ 825,000.00	
Green Acre Loans Payable	<u>42,430.40</u>	
		<u>867,430.40</u>
Balance, December 31, 2017		<u><u>\$ 8,686,880.39</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, 2017

Date of Ordinance	Improvement Description	Balance December 31, 2016	Increased by 2017 Authorizations	Decreased by		Balance December 31, 2017	Analysis of Balance, December 31, 2017		Unexpended Improvement Authorization
				Notes Paid by Budget Appropriation	FEMA Proceeds		Financed by Bond Anticipation Notes	Expenditures	
03/18/08	Various Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
06/05/08	Various Improvements	-	-	-	-	-	-	-	-
10/13/09	Various Improvements	-	-	-	-	-	-	-	-
05/16/11	Various Improvements	653,785.45	-	28,700.73	-	625,084.72	625,084.72	-	-
12-002 & 14-009	Road Resurfacing	1,503,080.00	-	278,136.67	-	1,224,943.33	1,224,943.33	-	-
12-011	Various Improvements	431,956.50	-	21,872.48	-	410,084.02	410,084.02	-	-
13-004	Sanitary Sewer Repairs and Replacement as a result of Hurricane Sandy	1,012,597.83	-	-	31,794.08	980,803.75	-	908,371.21	72,432.54
13-004	Building Repairs as a result of Hurricane Sandy	175,000.00	-	-	-	175,000.00	-	112,709.76	62,290.24
13-004	Acquisition of various vehicles and equipment for Department of Public Works	357,996.05	-	45,055.12	-	312,940.93	312,940.93	-	-
13-004	Acquisition of various equipment and furniture for Borough Hall	47,500.00	-	-	-	47,500.00	47,500.00	-	-
17-006	Road, Curbing, Sidewalk, & Related Drainage Improvements	-	3,000,000.00	-	-	3,000,000.00	-	-	3,000,000.00
		\$ 4,181,915.83	\$ 3,000,000.00	\$ 373,765.00	\$ 31,794.08	\$ 6,776,356.75	\$ 2,620,553.00	\$ 1,021,080.97	\$ 3,134,722.78

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

<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, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
05/15/11	Various Improvements	06/14/11	08/22/17	08/21/18	0.50%	\$ 653,785.45	\$ 625,084.72	\$ 653,785.45	\$ 625,084.72
04/02/12	Road Resurfacing and Curbing	09/14/12	08/22/17	08/21/18	0.50%	1,503,080.00	1,224,943.33	1,503,080.00	1,224,943.33
10/01/12	Various Improvements	08/28/14	08/22/17	08/21/18	0.50%	431,956.50	410,084.02	431,956.50	410,084.02
02/26/13	Various Improvements	08/28/14	08/22/17	08/21/18	0.50%	405,496.05	360,440.93	405,496.05	360,440.93
						<u>\$ 2,994,318.00</u>	<u>\$ 2,620,553.00</u>	<u>\$ 2,994,318.00</u>	<u>\$ 2,620,553.00</u>
							<u>Renewals</u>	<u>\$ 2,620,553.00</u>	<u>\$ 2,620,553.00</u>
							<u>Paid by Budget Appropriation</u>	<u>-</u>	<u>373,765.00</u>
								<u>\$ 2,620,553.00</u>	<u>\$ 2,994,318.00</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 439,310.79
Decreased By:	
Budget Appropriation	<u>42,430.40</u>
Balance, December 31, 2017	<u><u>\$ 396,880.39</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Ordinance Number	Improvement Description	Date	Amount	Balance, December 31, 2016		Deferred Charges - Unfunded	2017 Authorizations	DOT Grants	Transferred From Encumbrance Payable	Cancelled	Paid or Charged	Encumbered	Reimbursed	Balance, December 31, 2017	
				Funded	Unfunded									Funded	Unfunded
1993	Road Resurfacing	05/27/93	\$ 360,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	Road Resurfacing	12/04/97	360,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2001	Various Improvements	04/05/01	614,500.00	-	-	-	-	-	18,440.00	-	-	-	-	-	-
2002	Various Improvements	04/04/02 & 07/21/05	628,600.00	2,540.00	-	-	-	-	-	-	-	-	-	2,540.00	-
2004	Various Improvements	04/15/04	775,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2005	Various Improvements	05/05/05	1,040,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2006	Acquisition of First Aid Equipment	08/03/06	20,000.00	1,511.17	-	-	-	-	1,187.08	-	-	-	-	1,511.17	-
2006	Various Improvements	05/25/06	1,143,000.00	-	-	-	-	-	-	-	-	-	-	-	-
2006	Office of Emergency Management Equipment	08/17/06	150,000.00	1,461.35	-	-	-	-	-	-	-	-	-	1,461.35	-
07-005	Various Improvements	03/24/09	7,937,000.00	-	-	-	-	-	440.92	-	-	-	-	-	-
07-011	Acquisition of Fire Department Gear & Equipment	08/30/07	471,144.00	-	-	-	-	-	-	-	-	-	-	-	-
09-002	Acquisition and/or Installation of Equipment	03/02/09	250,000.00	-	-	-	-	-	-	-	-	-	-	-	-
09-015	Various Improvements	10/13/09	850,000.00	-	-	-	-	-	-	-	-	-	-	-	-
09-015	Various Improvements	10/13/09	30,000.00	-	-	-	-	-	-	-	-	-	-	-	-
09-015	Various Improvements	10/13/09	150,000.00	-	-	-	-	-	-	-	-	-	-	-	-
11-006	Bulbhead Repair & Replacement	05/16/11	150,000.00	-	-	-	-	-	-	-	-	-	-	-	-
11-006	Public Building Improvements	05/16/11	500,000.00	-	11,830.02	-	-	-	-	11,830.02	-	-	-	-	-
11-006	Park & Recreation Field Improvements	05/16/11	5,000,000.00	-	-	-	-	-	-	-	-	-	-	-	-
12-003	Various Equipment	03/13/12	154,500.00	-	-	-	-	-	-	-	-	-	-	-	-
12-002 & 14-009	Road Resurfacing	04/02/12	1,780,000.00	-	696.33	-	-	-	1,619.97	-	-	-	-	-	-
12-011	Emergency Services Equipment	10/01/12	100,000.00	-	1,828.60	-	-	-	-	-	1,828.60	-	-	-	-
12-011	Park Improvements	10/01/12	50,000.00	-	7,749.26	-	-	-	-	7,749.26	-	-	-	-	-
12-011	Pumper Truck	10/01/12	320,000.00	-	-	-	-	-	-	-	-	-	-	-	-
13-004	Sanitary Sewer Repairs and Replacement as a result of Hurricane Sandy	02/26/13	750,000.00	-	387,069.62	-	-	-	1,557.00	-	284,400.00	-	-	31,794.08	72,832.54
13-004	Building Repairs as a result of Hurricane Sandy	02/26/13	300,000.00	-	62,290.24	-	-	-	-	-	-	-	-	-	62,290.24
13-004	Acquisition of various vehicles and equipment for Department of Public Works	02/26/13	400,000.00	-	12,575.01	-	-	-	-	12,575.01	-	-	-	-	-
13-004	Acquisition of various equipment and furniture for Borough Hall	02/26/13	50,000.00	-	-	-	-	-	-	-	-	-	-	-	-
15-003	Acquisition of various equipment	04/14/15	300,000.00	-	91,956.02	-	-	-	184,755.00	-	86,643.27	-	-	-	-
15-004	Acquisition of various equipment for emergency services & Department of Public Work.	04/14/15	70,000.00	-	38,064.45	-	-	-	18,064.45	-	20,000.00	-	-	-	-
16-004	Sanitary Sewer Repairs, Replacement, & Upgrades	05/24/16	1,500,000.00	1,500,000.00	-	-	-	-	-	596,952.50	27,654.00	-	-	966,393.50	-
16-004	Park Improvements	05/24/16	40,000.00	9,010.00	-	-	-	-	30,990.00	40,000.00	-	-	-	-	-
16-004	Public Works Vehicles & Equipment	05/24/16	60,000.00	32,327.00	-	-	-	-	-	9,638.69	12,884.97	-	-	9,803.34	-
16-004	Emergency Services Equipment Acquisition & Upgrades	05/24/16	100,000.00	100,000.00	-	-	-	-	-	-	-	-	-	100,000.00	-
16-005	Bulbhead & Drainage Repairs, Replacement & Upgrades	12/13/16	50,000.00	6,850.00	-	-	-	-	-	1,668.64	-	-	-	5,181.36	-
16-005	Park Improvements	12/13/16	50,000.00	50,000.00	-	-	-	-	-	23,392.74	-	-	-	26,607.26	-
17-006	Road, Curbing, Sidewalk, & Related Drainage Improvements	06/13/17	4,735,000.00	-	-	-	4,735,000.00	-	-	538,161.10	186,626.85	-	-	1,010,012.05	3,090,000.00
17-007	Borough Hall Equipment & Upgrades & Park Improvements	06/13/19	150,000.00	-	-	150,000.00	-	-	-	31,598.58	-	-	-	118,401.42	-
17-008	Acquisition of Emergency Services Equipment	06/13/21	264,427.99	-	-	264,427.99	-	-	-	-	20,409.88	-	-	6,032.91	-
				\$ 1,703,699.52	\$ 614,039.55	\$ -	\$ 4,911,442.79	\$ -	\$ 238,989.97	\$ -	\$ 1,679,853.04	\$ 288,044.30	\$ 86,613.27	\$ 2,278,738.44	\$ 3,134,222.78

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RETAINED PERCENTAGE DUE TO CONTRACTORS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2017 & 2016

\$ 84.00

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 2,395,649.43
Increased By:		
Cash Receipts:		
Refunds		
Current Fund Budget Appropriation	\$ 2,318,730.00	
Cancellation - Ord: 15-003	<u>86,813.27</u>	
		<u>2,405,543.27</u>
		4,801,192.70
Decreased By:		
Improvement Authorizations Funded		<u>1,650,000.00</u>
Balance, December 31, 2017		<u><u>\$ 3,151,192.70</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, 2017**

Balance, December 31, 2016	\$ 189,703.01
Decreased By:	
Transfer to Current Fund	<u>189,118.25</u>
Balance, December 31, 2017	<u><u>\$ 584.76</u></u>

**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, 2017**

<u>Improvement Description</u>	<u>Date of Ordinance</u>	Balance		Decreased		Balance December 31, <u>2016 & 2017</u>
		December 31, <u>2016</u>	<u>Increased</u>	Bond Anticipation <u>Notes Issued</u>	FEMA Insurance <u>Proceeds</u>	
Various Improvements	2/26/2013	\$ 654,502.83	\$ -		\$ 31,794.08	\$ 622,708.75
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>\$ 1,187,597.83</u>	<u>\$ 3,000,000.00</u>	<u>\$ -</u>	<u>\$ 31,794.08</u>	<u>\$ 4,155,803.75</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, 2017**

Balance, December 31, 2017 & 2016

\$ 210,000.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE (FROM)/TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 86.72
Increased By:	
Cash Receipts	<u>17,068.30</u>
	17,155.02
Decreased By:	
Current Fund Budget - CIF	<u>17,155.02</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM NJ DOT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Grant Award	<u>235,000.00</u>
	235,000.00
Decreased By:	
Cash Receipts	<u>176,250.00</u>
Balance, December 31, 2017	<u><u>\$ 58,750.00</u></u>

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, 2017**

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$ 4,948,200.00	\$ -	\$ -	\$ 4,948,200.00
Buildings	1,885,215.00	-	-	1,885,215.00
Equipment	6,435,328.84	176,170.70	72,837.06	6,538,662.48
Improvements	4,400,750.75	-	-	4,400,750.75
	<u>\$ 17,669,494.59</u>	<u>\$ 176,170.70</u>	<u>\$ 72,837.06</u>	<u>\$ 17,772,828.23</u>

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COMMENTS AND RECOMMENDATIONS

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BOROUGH OF RUMSON

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

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BOROUGH OF RUMSON
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

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
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

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, 2017

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

<u>Name</u>	<u>Title</u>
John E. Ekdahl	Mayor
Joseph K. Hemphill	Councilmember
Laura Atwell	Councilmember
Gary Casazza	Councilmember
Benjamin W. Day, Jr.	Councilmember
Mark E. Rubin	Councilmember
John J. Conklin, III	Councilmember
Helen Graves	Chief Financial Officer/Tax Collector
Thomas Rogers	Borough Clerk/Business Administrator
Carol Anne Dice	Court Administrator

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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

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, 2017.

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, 2017.

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, 2017 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 the 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
June 11, 2018