TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF ROCHELLE PARK
TABLE OF CONTENTS

Exhibits Page

PART I-Report on Audit of Financial Statements and Supplementary Schedules

Exhibits		Page
	Independent Auditor's Report	1-3
	Financial Statements	
A	Comparative Balance Sheets – Regulatory Basis -Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-7
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	8-12
B	Comparative Balance Sheets – Regulatory Basis -Trust Funds	13
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	14
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis General Capital Fund	15
D	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	16
	Notes to Financial Statements	17-50
	Supplementary Schedules	
	Current Fund	
A-4	Statement of Current Cash - Treasurer	51
A-5	Statement of Change Funds	52
A-6	Statement of Grants Receivable	52
A-7	Statement of Taxes Receivable and Analysis of Property Tax Levy	53
A-8	Statement of Revenue Accounts Receivable	54
A-9	Statement of 2016 Appropriation Reserves	55-56
A-10	Statement of Encumbrances Payable	57
A-11	Statement of Due to State of New Jersey Senior Citizens' and Veterans' Deductions	57
A-12	Statement of Tax Overpayments	57
A-13	Statement of Prepaid Taxes	58
A-14	Statement of Fees Payable	58
A-15	Statement of County Taxes Payable	59
A-16	Statement of Local District School Taxes Payable	60
A-17	Statement of Miscellaneous Reserves	60
A-18	Statement of Reserve for State and Federal Grants – Appropriated	61
A-19	Statement of Reserve for State and Federal Grants – Unappropriated	61

TABLE OF CONTENTS
(Continued)

Exhibits		Page
	Supplementary Schedules (Continued)	
	Trust Fund	
B-1	Statement of Trust Cash	62
B-2	Statement of Due to Current Fund – Animal Control Fund	63
B-3	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	63
B-4	Statement of Due to State Department of Health – Animal Control Fund	64
B-5	Statement of Other Accounts Receivable – Other Trust Fund	64
B-6	Statement of Due to Current Fund – Other Trust Fund	64
B-7	Statement of Miscellaneous Reserve and Escrow Deposits – Other Trust Fund	64
B-8	Statement of Reserve for COAH – Other Trust Fund	65
B-9	Statement of Reserve for Self Insurance – Other Trust Fund	65
B-11	Statement of Payroll Deductions Payable – Other Trust Fund	65
	General Capital Fund	
C-2	Statement of General Capital Cash	66
C-3	Analysis of General Capital Cash	67
C-4	Statement of Grants Receivable	68
C-5	Statement of Due from Current Fund	69
C-6	Statement of Deferred Charges to Future Taxation – Funded	69
C-7	Statement of Deferred Charges to Future Taxation – Unfunded	70
C-8	Statement of General Serial Bonds	71
C-9	Statement of Bond Anticipation Notes	72
C-10	Statement of Improvement Authorizations	73
C-11	Statement of Contract Payable	74
C-12	Statement of Capital Improvement Fund	74
C-13	Statement of Reserve for Improvements/Acquisitions	74
C-14	Statement of Bonds and Notes Authorized But Not Issues	75

Exhibits		Page
	PART II-Government Auditing Standards	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor's Report	76-77
	Schedule of Expenditures of Federal Awards	78
	Schedule of Expenditures of State Financial Assistance	79
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	80
	Schedule of Findings and Questioned Costs	81-83
	Summary Schedule of Prior Year Audit Findings	84
	PART III-Supplementary Data and Letter of Comments and Recommendations	
	Comparative Statements of Operations and Changes in Fund Balance - Current Fund	85
	Comparative Schedule of Tax Rate Information	86
	Comparison of Tax Levies and Collection	86
	Delinquent Taxes and Tax Title Liens	87
	Comparative Schedule of Fund Balances	87
	Officials in Office and Surety Bonds	88
	General Comments	89-92
	Recommendations	93-94

TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2017

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Committee
Township of Rochelle Park
Rochelle Park, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Rochelle Park, as of December 31, 2017, and the related statements of operations and changes in fund balance - regulatory basis of the various funds, statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the 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 entity'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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Rochelle Park on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by 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 financial reporting requirements of the State of New Jersey for municipal government entities.

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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Rochelle Park as of December 31, 2017 or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements as of and for the year ended December 31, 2017. The LOSAP Trust Fund financial activities are included in the Township's Trust Funds, and represent 31 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2017.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Rochelle Park as of December 31, 2017, and the results of operations and changes in fund balance – regulatory basis of such funds and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year then ended in accordance with the financial accounting and reporting provisions 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

Prior Year's Financial Statements Audited by Other Auditors

The financial statements of the Township of Rochelle Park as of and for the year ended December 31, 2016 were audited by other auditors whose report dated April 30, 2017 expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. Their report also expressed a modified opinion on those financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Rochelle Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Rochelle Park.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2018 on our consideration of the Township of Rochelle Park'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 effectiveness of the Township of Rochelle Park's 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 Township of Rochelle Park's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
October 30, 2018

EXHIBIT A

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	Reference	2017	2016
ASSETS			
Cash	A-4	$ 5,114,469	$ 4,631,904
Cash - Change Funds	A-5	480	480
Cash - Petty Cash	A	903	903
Grants Receivable	A-6	157,791	139,221
		5,273,643	4,772,508
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	301,916	196,179
Revenue Accounts Receivable	A-8	23,461	17,538
Due from Animal Control Fund	B-2	11,025	
Due from Other Trust Fund	B-6	48,635	2,200
		385,037	215,917
Total Assets		$ 5,658,680	$ 4,988,425
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-9	$ 775,361	$ 1,227,275
Encumbrances Payable	A-10	78,536	223,462
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-11	500	
Tax Overpayments	A-12		686
Prepaid Taxes	A-13	545,001	78,028
Fees Payable	A-14	5,023	962
County Taxes Payable	A-15		8,035
Local School Taxes Payable	A-16	138,560	49,427
Due to General Capital Fund	C-5	240,000	
Miscellaneous Reserves	A-17	7,169	39,433
Reserve for State and Federal Grants:			
Appropriated	A-18	189,560	164,479
Unappropriated	A-19	23,245	23,518
		2,002,955	1,815,305
Reserve for Receivables	A	385,037	215,917
Fund Balance	A-1	3,270,688	2,957,203
Total Liabilities, Reserves and Fund Balance		$ 5,658,680	$ 4,988,425

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Reference	2017	2016
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-2	$ 500,000	$ 484,432
Miscellaneous Revenues Anticipated	A-2	2,351,456	2,528,241
Receipts from Delinquent Taxes	A-2	196,929	360,384
Receipts from Current Taxes	A-2	22,359,816	22,400,369
Nonbudget Revenues	A-2	140,210	400,563
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	831,516	432,333
Cancelled Appropriated Grant Reserves	A-27		7,667
Statutory Excess - Animal Control Fund Cancelled Accounts Payable	A-17	11,025	
Interfunds Returned	A-1	2,200	-
Total Income		26,393,152	26,613,989
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	4,543,207	4,517,000
Other Expenses	A-3	4,827,226	4,946,056
Deferred Charges and Statutory Expenditures - Municipal	A-3	878,669	1,016,499
Capital Improvements	A-3	75,000	315,000
Municipal Debt Service	A-3	1,218,318	1,154,550
Contribution to Local District School	A-3	97,183	98,000
County Taxes Payable	A-22	2,291,535	2,229,549
County Added Taxes	A-22	1,568	31,814
Local District School Taxes	A-23	11,402,862	11,334,339
Refund of Prior Year Revenue	A-4	183,689	458,489
Prior Year Sr. Cit. and Vets. Deductions Disallowed	A-1	750	
Interfund and Other Receivable Advances	A	59,660	-
Total Expenditures		25,579,667	26,101,296
Statutory Excess to Fund Balance		813,485	512,693
FUND BALANCE, JANUARY 1	A	2,957,203	2,928,942
		3,770,688	3,441,635
Decreased by:			
Utilized as Anticipated Revenues	A-1,A-2	500,000	484,432
FUND BALANCE, DECEMBER 31	A	$ 3,270,688	$ 2,957,203

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference	Budget	Special Added by: 40A:4-87	Realized	Excess (Deficit)
FUND BALANCE ANTICIPATED	A-1	$ 500,000	-	$ 500,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-8	17,000		16,353	$ (647)
Other	A-8	18,000		22,840	4,840
Fees and Permits	A-8	111,000		35,048	(75,952)
Fines and Costs					
Municipal Court	A-8	190,000		190,252	252
Interest and Costs on Taxes	A-8	50,000		37,725	(12,275)
Interest on Investments and Deposits	A-8	39,000		40,593	1,593
Energy Receipts Taxes	A-8	618,801		622,474	3,673
Consolidated Municipal Property Tax Relief Aid	A-8	79,716		76,043	(3,673)
Uniform Construction Code Fees	A-8	192,000		233,232	41,232
Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services					
NJ Recycling Tonnage Grant	A-19	9,689		9,689	-
NJ Clean Communities Program	A-19	11,725		11,725	-
NJ Body Armor Replacement Program	A-18	2,104		2,104	-
NJ Municipal Alliance Against Alcohol & Drug Abuse	A-6	9,876		9,876	-
Bergen County Prosecutor - Confiscated Funds	A-6	18,570		18,570	-
Uniform Fire Safety Act - State	A-8	13,000		12,993	(7)
Uniform Fire Safety Act - Local	A-8	44,000		48,635	4,635
Cable T.V. Franchise Fee - Cablevision	A-8	49,513		49,513	-
Cable T.V. Franchise Fee Verizon	A-8	36,158		36,158	-
Hotel Fees	A-8	102,000		105,692	3,692
Westfield Corporation	A-8	150,821		150,820	(1)
Cellular Tower Lease - AT&T/Cingular	A-8	27,500		30,000	2,500
Cellular Tower Lease - Sprint/Nextel	A-8	53,000		64,971	11,971
Cellular Tower Lease - Metro PCS Wireless	A-8	30,000		31,630	1,630
Real Property Rental - 151 W. Passaic Street	A-8	174,000		177,433	3,433
Third Party Billing - Ambulance Fees	A-8	164,000		159,783	(4,217)
Sale of Gasoline - Maywood Boro	A-8	51,000		58,281	7,281
Sale of Gasoline - Saddle Brook Twp	A-8	67,000		72,409	5,409
Sale of Gasoline - Saddle Brook BOE	A-8	15,000	-	26,614	11,614
Total Miscellaneous Revenues	A-1	2,344,473	-	2,351,456	6,983
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	196,000	-	196,929	929
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		8,959,130	-	9,023,851	64,721
	A-2	8,959,130	-	9,023,851	64,721
Total General Revenues	A-3	$ 11,999,603	$ -	12,072,236	$ 72,633
Nonbudget Revenue	A-1,A-2			140,210	
				$ 12,212,446	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Reference		2017
ANALYSIS OF REALIZED REVENUE			
Allocation of Current Tax Collection			
Revenue from Collections	A-1,A-8	$	22,359,816
Less Allocated to School and County Taxes	A-22,A-23,A-24		13,695,965
Balance for Support of Municipal Budget Appropriations			8,663,851
Add Appropriation "Reserve for Uncollected Taxes"	A-3		360,000
Amount for Support of Municipal Budget Appropriations	A-2	$	9,023,851
ANALYSIS OF NON-BUDGET REVENUE			
Insurance Refunds		$	31,640
Sewer Charges			1,241
Sale of Recyclables			10,610
Street Openings			5,400
Swim Club Lease			4,233
Refunds/Reimbursements			20,459
Administration Fee			2,450
Motor Vehicle Fees			6,078
Miscellaneous			3,425
Winter Storm			19,344
FEMA - Hurricane Sandy			35,330
	A-2, A-4	$	140,210

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	$ 90,000	$ 90,000	$ 89,113	$ 887	
Other Expenses	25,000	30,000	27,603	2,397	
Township Committee					
Salaries and Wages	30,500	31,500	30,663	837	
Other Expenses	3,500	5,000	3,227	1,773	
Municipal Clerk					
Salaries and Wages	128,000	128,000	127,091	909	
Other Expenses	25,000	31,500	29,224	2,276	
Financial Administration					
Salaries and Wages	40,000	40,000	38,788	1,212	
Other Expenses	35,000	40,000	37,310	2,690	
Audit Services					
Other Expenses	30,000	30,000	30,000	-	
Computerized Data Processing				-	
Other Expenses	15,000	15,000	11,655	3,345	
Revenue Administration					
Salaries and Wages	73,000	73,000	69,991	3,009	
Other Expenses	5,000	12,500	5,687	6,813	
Tax Assessment Administration					
Salaries and Wages	18,000	18,000	17,047	953	
Other Expenses	70,000	43,000	37,137	5,863	
Legal Services					
Salaries and Wages	85,000	85,000	83,943	1,057	
Other Expenses	10,000	10,000	5,250	4,750	
Engineering Services					
Other Expenses	7,500	7,500	6,142	1,358	
LAND AND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	5,000	5,000	4,505	495	
Other Expenses	3,000	4,000	2,930	1,070	
Zoning Board of Adjustment					
Salaries and Wages	5,000	5,000	2,860	2,140	
Other Expenses	3,000	3,000	2,400	600	
INSURANCE					
Liability Insurance	110,739	255,097	255,097	-	
Workman's Compensation Insurance	192,565	-		-	
Employee Group Insurance	1,538,300	1,575,300	1,479,305	95,995	
Unemployment Insurance	10,000	10,000	255	9,745	
Other Insurance Premiums	40,000	40,000	23,034	16,966	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,750,000	2,665,207	2,571,972	93,235	
Other Expenses	90,000	90,000	83,958	6,042	
Police Dispatch					
Salaries and Wages	197,000	220,000	219,775	225	
School Crossing Guards					
Salaries and Wages	80,000	80,000	78,850	1,150	
Office of Emergency Management					
Salaries and Wages	6,500	10,500	7,872	2,628	
Other Expenses	7,500	11,000	7,519	3,481	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Aid to Volunteer Fire Companies					
Other Expenses	$ 73,000	$ 73,000	$ 69,898	$ 3,102	
Emergency Medical Services (EMS)					
Salaries and Wages	100,000	100,000	83,192	16,808	
Other Expenses	86,023	66,023	49,009	17,014	
Fire Department					
Salaries and Wages	63,000	63,000	45,763	17,237	
Other Expenses	89,019	89,019	81,591	7,428	
Municipal Prosecutor's Office					
Other Expenses	13,500	13,500	13,000	500	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	460,000	475,500	469,807	5,693	
Other Expenses	145,000	145,000	111,947	33,053	
Recycling					
Salaries and Wages	8,000	8,000	6,310	1,690	
Other Expenses	131,800	131,800	112,533	19,267	
Solid Waste Collection					
Other Expenses	123,600	123,600	113,300	10,300	
Buildings and Grounds					
Other Expenses	125,000	125,000	115,316	9,684	
Vehicle Maintenance					
Other Expenses	115,000	105,000	89,626	15,374	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	5,500	6,500	5,497	1,003	
PARK AND RECREATION FUNCTIONS					
Recreational Services and Programs					
Salaries and Wages	35,000	35,000	9,072	25,928	
Other Expenses	50,000	50,000	37,502	12,498	
EDUCATION FUNCTIONS					
Municipal Library					
Salaries and Wages	135,000	135,000	113,637	21,363	
Other Expenses	180,969	180,969	59,917	121,052	
OTHER COMMON OPERATING FUNCTIONS					
Celebrations of Public Events					
Other Expenses	12,000	12,000	8,570	3,430	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	128,000	157,000	155,209	1,791	
Telephone	51,200	51,200	44,821	6,379	
Water	34,000	34,000	27,062	6,938	
Gas (Natural or Propane)	21,800	10,800	2,628	8,172	
Gasoline	165,000	170,000	169,910	90	
Accumulated Leave Compensation	25,000	25,000	-	25,000	
LANDFILL/SOLID WASTE DISPOSAL FEES					
Dump Fees	150,000	150,000	118,513	31,487	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS" (Cont'd)					
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	$ 120,000	$ 132,000	$ 131,997	$ 3	
Other Expenses	30,000	30,000	17,606	12,394	
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
Uniform Construction Code Enforcement Functions					
Salaries and Wages	112,000	112,000	105,382	6,618	
Other Expenses	7,500	7,500	3,003	4,497	
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal				-	
Other Expenses - BCUA Operations and Maintenance	546,116	546,116	546,116	-	
Other Expenses - BCUA Debt Service	211,255	211,255	211,255	-	-
Total Operations Within "CAPS"	9,282,386	9,238,886	8,519,192	719,694	-
Detail:					
Salaries & Wages	4,571,500	4,543,207	4,313,127	230,080	-
Other Expenses (Including Contingent)	4,710,886	4,695,679	4,206,065	489,614	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Public Employees Retirement System	111,972	119,472	116,823	2,649	
Police and Firemans Retirement System	584,197	584,197	584,197	-	
Social Security System (O.A.S.I.)	175,000	175,000	161,982	13,018	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	871,169	878,669	863,002	15,667	-
Total General Appropriations for Municipal Purposes Within "CAPS"	10,153,555	10,117,555	9,382,194	735,361	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Length of Service Awards Program					
Other Expenses	40,000	40,000	-	40,000	-
Total Other Operations Excluded from "CAPS"	40,000	40,000	-	40,000	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Paramus BORO - Emergency "911"	2,845	2,845	2,845	-	
County of Bergen - Health Services	34,269	34,269	34,269	-	-
Total Interlocal Municipal Service Agreements	37,114	37,114	37,114	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
NJ Recycling Tonnage Grant	$ 9,689	$ 9,689	$ 9,689	-	
NJ Clean Communities Program	11,725	11,725	11,725	-	
NJ Body Armor Replacement Program	2,104	2,104	2,104	-	
NJ Municipal Alliance on Alcoholism & Drug Abuse - State	9,876	9,876	9,876	-	
NJ Municipal Alliance on Alcoholism & Drug Abuse - Local	2,469	2,469	2,469	-	
BC Prosecutor	18,570	18,570	18,570	-	-
Total Public and Private Programs Offset by Revenues	54,433	54,433	54,433	-	-
Total Operations Excluded from "CAPS"	131,547	131,547	91,547	$ 40,000	-
Detail:					
Other Expenses (Including Contingent)	131,547	131,547	91,547	40,000	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	75,000	75,000	75,000	-	-
				-	-
Total Capital Improvements - Excluded from "CAPS"	75,000	75,000	75,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Bond Principal	875,000	875,000	875,000		
Bond Interest	166,150	166,150	166,150		
Payment of Notes	81,000	117,000	117,000		
Note Interest (BANs)	60,168	60,168	60,168	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,182,318	1,218,318	1,218,318	-	-
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Contribution to Local School District	97,183	97,183	97,183	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,486,048	1,522,048	1,482,048	40,000	-
Subtotal General Appropriations	11,639,603	11,639,603	10,864,242	775,361	-
Reserve for Uncollected Taxes	360,000	360,000	360,000	-	-
Total General Appropriations	$ 11,999,603	$ 11,999,603	$ 11,224,242	$ 775,361	$ -
Reference	A-2		A-1	A,A-1	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

	Reference	Appropriated Budget After Modification	Expended Paid or Charged
Budget as Adopted	A-3	$ 11,999,603	
Cash Disbursements	A-4		$ 10,733,131
Encumbrances Payable	A-16		76,678
Reserve for Appropriated Grants	A-27		54,433
Reserve for Uncollected Taxes	A-2		360,000
			$ 11,224,242

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	Reference	2017	2016
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	$ 18,494	$ 16,766
OTHER TRUST FUND			
Cash	B-1	1,322,265	1,355,109
Other Accounts Receivable	B-5	-	487
		1,322,265	1,355,596
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	572,637	494,687
Contributions Receivable		19,650	19,050
		592,287	513,737
Total Assets		$ 1,933,046	$ 1,886,099
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-2	$ 11,025	
Reserve for Animal Control Expenditures	B-3	7,469	$ 16,766
		18,494	16,766
OTHER TRUST FUND			
Due to Current Fund	B-6	48,635	2,200
Miscellaneous Reserves and Escrow Deposits	B-7	840,688	817,343
Reserve for COAH	B-8	420,923	499,857
Reserve for Self Insurance	B-9	11,659	36,196
Payroll Deductions Payable	B-10	360	-
		1,322,265	1,355,596
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	592,287	513,737
		592,287	513,737
Total Liabilities, Reserves and Fund Balance		$ 1,933,046	$ 1,886,099

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

	Reference	2017	2016
ASSETS			
Cash	C-2, C-3	$ 2,329,180	$ 2,174,429
Grants Receivable	C-4	49,000	54,320
Due from Current Fund	C-5	240,000	
Deferred Charges to Future Taxation			
Funded	C-6	5,950,000	6,825,000
Unfunded	C-7	5,698,844	5,099,000
Total Assets		$ 14,267,024	$ 14,152,749
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	$ 5,950,000	$ 6,825,000
Bond Anticipation Notes	C-9	5,887,000	5,099,000
Contracts Payable	C-11	757,529	633,473
Improvement Authorizations			
Funded	C-10	22,418	28,923
Unfunded	C-10	1,132,717	1,317,993
Capital Improvement Fund	C-12	34,149	5,149
Reserve for Improvements/Acquisitions	C-13	240,000	
Fund Balance	C-1	243,211	243,211
Total Liabilities, Reserves and Fund Balance		$ 14,267,024	$ 14,152,749

There were no bonds and notes authorized but not issued on December 31, 2017 and 2016, respectively (Exhibit C-14).

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Reference	2017	2016
Balance, January 1	C	$ 243,211	$ 253,891
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-1	-	10,680
Balance, December 31	C	$ 243,211	$ 243,211

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT D

TOWNSHIP OF ROCHELLE PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Land and Land Improvements	$ 2,064,910	$ 2,036,110
Buildings & Building Improvements	4,664,623	4,664,623
Equipment	1,722,651	1,668,485
Vehicles	2,890,463	2,758,067
	$ 11,342,647	$ 11,127,285
FUND BALANCE		
Investment in General Fixed Assets	$ 11,342,647	$ 11,127,285

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Rochelle Park (the "Township") was incorporated in 1871 and operates under a five member Board of Commissioners form of government. The Mayor is selected by the committee members. As the policy making body of the Township, the Township Committee has the power as it deems necessary to promote and maintain the health, safety, welfare and comfort of the Township. A Township Administrator is appointed by the Township Committee and is responsible for the implementation of the policies of the Committee members, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township. The Township's infrastructure is not reported in the account group.

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

The Township of Rochelle Park follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs 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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

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

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

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

Compensated Absences and Terminal Leave - Expenditures relating to obligations for unused vested accumulated vacation and vested terminal 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. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Township has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Township has not received notices or report of losses (i.e. IBNR). Additionally, the Township has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Rochelle Park has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of $1,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the Committee did not increase the original budget. However, the governing body did approve several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds and cash in banks as cash.

A. Cash Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or $200 million for all deposits not covered by the FDIC or NCUSIF.

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to $250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Township's deposits were $8,785,791 and $8,179,591 and bank and brokerage firm balances of the Township's deposits amounted to $8,888,322 and $8,263,972, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

	Bank Balance	
Depository Account	2017	2016
Insured	$ 8,888,322	$ 8,263,972

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the Township's bank balances were not exposed to custodial credit risk.

B. Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2017 and 2016, the Township had the following investments:

	Fair Value (LOSAP - Unaudited	
	2017	2016
Investment:		
Lincoln Financial LOSAP Investment Fund	$ 572,637	$ 494,687

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2017 and 2016, $572,637 and $494,687 of the Township's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP- Unaudited) 2017	2016
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not inthe Borough's name	$ 572,637	$ 494,687

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Township's investment in Lincoln Financial Group was rated Baa1 and Baa1 by Moody's Investor Services, respectively.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township's investments are in Lincoln Financial Group. These investments are 100% of the Township's total investments.

The fair value of the above-listed investment was based on quoted market prices. .

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Current		
Property Taxes	$301,916	$196,179

In 2017 and 2016, the Township collected $196,929 and $360,384 from delinquent taxes, which represented 100% and 100%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	2017		2016	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 59,660	$ 240,000	$ 2,200	
Trust Fund:				
Animal Control		11,025		
Other Trust		48,635		$ 2,200
General Capital Fund	240,000	-	-	-
Total	$ 299,660	$ 299,660	$ 2,200	$ 2,200

The above balances are the result of revenues earned in one fund which are due to another Fund.

The Township expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2017 and 2016 are as follows:

	2017	2016
	Local District School	Local District School
Balance of Tax	$4,950,782	$4,861,649
Deferred Liability	4,812,222	4,812,222
Taxes Payable	$ 138,560	$ 49,427

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2017		2016	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 3,112,897	$ 1,000,000	$ 2,817,982	$ 500,000
Non-Cash Surplus	157,791	-	139,221	-
	$ 3,270,688	$ 1,000,000	$ 2,957,203	$ 500,000

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance December 31, 2016	Increases	Decreases	Balance, December 31, 2017
2017				
Land and Land Improvements	$ 2,036,110	$ 28,800		$ 2,064,910
Buildings and Building Improvements	4,664,623			4,664,623
Equipment	1,668,485	156,166	$ 102,000	1,722,651
Vehicles	2,758,067	132,396	-	2,890,463
	$ 11,127,285	$ 317,362	$ 102,000	$ 11,342,647

	Balance December 31, 2015	Increases	Decreases	Balance, December 31, 2016
2016				
Land and Land Improvements	$ 2,036,110			$ 2,036,110
Buildings and Building Improvements	4,657,423	$ 7,200		4,664,623
Equipment	1,379,681	288,804		1,668,485
Vehicles	2,733,009	25,058	$ -	2,758,067
	$ 10,806,223	$ 321,062	$ -	$ 11,127,285

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	2017	2016
Issued		
General		
Bonds and Notes	$ 11,837,000	$ 11,924,000
Less Funds Temporarily Held to Pay Bonds and Notes	(188,156)	-
Net Bonds and Notes Issued	$ 11,648,844	$ 11,924,000

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.232% and 1.258% at December 31, 2017 and 2016, respectively.

	Gross Debt	Deductions	Net Debt
2017			
General Debt	$ 11,837,000	$ 188,156	$ 11,648,844
School Debt	5,988,000	5,988,000	-
Total	$ 17,825,000	$ 6,176,156	$ 11,648,844

	Gross Debt	Deductions	Net Debt
2016			
General Debt	$ 11,924,000		$ 11,924,000
School Debt	6,383,000	$ 6,383,000	-
Total	$ 18,307,000	$ 6,383,000	$ 11,924,000

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	2017	2016
3-1/2% of Equalized Valuation Basis (Municipal)	$ 945,476,434	$ 948,199,351
Less: Net Debt	11,648,844	11,924,000
Remaining Borrowing Power	$ 933,827,590	$ 936,275,351

A. Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	2017	2016
$5,560,000, 2001 Bonds, due in an annual installments of $400,000 through July 15, 2018, interest at 4.625%	$ 400,000	$ 800,000
$8,025,000, 2012 Bonds, due in annual installments of $500,000 to $700,000 through February 15, 2026, interest at 2.000% to 2.375%	5,550,000	6,025,000
Total	$ 5,950,000	$ 6,825,000

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Calendar	General Bonds		
Year	Principal	Interest	Total
2018	$ 900,000	$ 138,250	$ 1,038,250
2019	525,000	109,750	634,750
2020	550,000	99,250	649,250
2021	575,000	88,250	663,250
2022	600,000	76,750	676,750
2023-2026	2,800,000	163,625	2,963,625
Total	$ 5,950,000	$ 675,875	$ 6,625,875

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

2017	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
General Capital Fund Bonds Payable	$ 6,825,000	-	$ 875,000	$ 5,950,000	$ 900,000
General Capital Fund Long-Term Liabilities	$ 6,825,000	$ -	$ 875,000	$ 5,950,000	$ 900,000

2016	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016	Due Within One Year
General Capital Fund Bonds Payable	$ 7,675,000	-	$ 850,000	$ 6,825,000	$ 875,000
General Capital Fund Long-Term Liabilities	$ 7,675,000	$ -	$ 850,000	$ 6,825,000	$ 875,000

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

Bond Anticipation Notes

Purpose	Rate (%)	Maturity Date	Balance, December 31, 2016	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2017
2017						
General Capital Fund						
Various Public Improvements	1.52%	12/14/2018	$ 4,228,000	$ 5,022,000	$ 4,228,000	$ 5,022,000
Improvement of Roads	1.52%	12/14/2018	387,000	387,000	387,000	387,000
Improvements to Carlock Field and Playground	1.52%	12/14/2018	474,000	469,000	474,000	469,000
ADA Improvements to Municipal Building	1.52%	12/14/2018	10,000	9,000	10,000	9,000
Total General Capital Fund			$ 5,099,000	$ 5,887,000	$ 5,099,000	$ 5,887,000

Purpose	Rate (%)	Maturity Date	Balance, December 31, 2015	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2016
2016						
General Capital Fund						
Various Public Improvements	1.18%	12/15/2017	$ 2,959,000	$ 4,228,000	$ 2,959,000	$ 4,228,000
Improvement of Roads	1.18%	12/15/2017	167,000	387,000	167,000	387,000
Improvements to Carlock Field and Playground	1.18%	12/15/2017	474,000	474,000	474,000	474,000
ADA Improvements to Municipal Building	1.18%	12/15/2017	10,000	10,000	10,000	10,000
			$ 3,610,000	$ 5,099,000	$ 3,610,000	$ 5,099,000

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and to redeem such unused vacation time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

In addition, members of the Township police department are eligible to receive six (6) months of terminal leave as a retirement benefit. During the six (6) months of terminal leave retiring officers receive full pay and benefits. Retirement is defined as that retirement which is recognized by the New Jersey Police and Fireman's Retirement System.

The estimated cost of such unpaid vacation and salary related payments as well as terminal leave has not been determined as of December 31, 2017 and 2016.

As of December 31, 2017 and 2016, the Township has reserved in the Other Trust Fund $99,000 and $99,000, respectively to fund compensated absences and terminal leave in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Township's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
2017					
Net Pension Liability - PERS	$ 3,726,104		$ 651,016	$ 3,075,088	
Net Pension Liability - PFRS	13,687,111	-	2,589,553	11,097,558	-
Total Other Long-Term Liabilities	$ 17,413,215	$ -	$ 3,240,569	$ 14,172,646	$ -

	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016	Due Within One Year
2016					
Net Pension Liability - PERS	$ 3,171,168	$ 676,388	$ 121,452	$ 3,726,104	
Net Pension Liability - PFRS	12,423,204	1,870,169	606,262	13,687,111	-
Total Other Long-Term Liabilities	$ 15,594,372	$ 2,546,557	$ 727,714	$ 17,413,215	$ -

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least $5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of $142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and $23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and $17.2 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee's annual compensation for 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for CPFPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	PFRS	PERS
2017	$ 584,197	$ 111,972
2016	606,262	121,452
2015	598,860	123,847

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

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Township reported a liability of $3,075,088 and $3,726,104 respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Township's proportionate share was .01321 percent, which was an increase of .00063 percent from its proportionate share measured as of June 30, 2016 of .01258 percent.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Township's pension expense to be $152,638 and $256,695, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of $111,972 and $121,452, respectively. At December 31, 2017 and 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 72,408		$ 69,294	
Changes of Assumptions	619,524	$ 617,253	771,850	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,939		142,080	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	112,135	312,402	-	$ 411,446
Total	$ 825,006	$ 929,655	$ 983,224	$ 411,446

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2018	$ 5,181
2019	5,181
2020	5,181
2021	(70,772)
2022	(49,420)
	$ (104,649)

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PERS	2017	2016
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

	2017		2016	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
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%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

Year	Measurement Date	Discount Rate
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
2017			
Township's Proportionate Share of the PERS Net Pension Liability	$ 3,814,855	$ 3,075,088	$ 2,458,770

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
2016			
Township's Proportionate Share of the PERS Net Pension Liability	$ 4,565,906	$ 3,726,104	$ 3,032,775

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the Township reported a liability of $11,097,558 and $13,687,111, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Township's proportionate share was .07188 percent, which was an increase of .00023 percent from its proportionate share measured as of June 30, 2016 of .07165 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Township pension expense to be $940,674 and $1,392,307, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of $584,197 and $606,262, respectively. At December 31, 2017 and 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 71,994	$ 65,133		$ 89,721
Changes of Assumptions	1,368,453	1,817,456	$ 1,895,777	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	211,767		959,028	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	210,411	471,176	264,644	626,830
Total	$ 1,862,625	$ 2,353,765	$ 3,119,449	$ 716,551

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,		Total
2018	$	29,113
2019		29,113
2020		29,113
2021		(343,059)
2022		(235,420)
	$	(491,140)

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS	2017	2016
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

	2017		2016	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
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%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

Year	Measurement Date	Discount Rate
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the Township's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55 % respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
2017			
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 14,621,947	$ 11,097,558	$ 8,201,872

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
2016			
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 17,648,526	$ 13,687,111	$ 10,456,815

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 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 Township by the State 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 nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is $1,243,020 and $1,149,378, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is $152,049 and $146,803, respectively, which is more than the actual contributions the State made on behalf of the Township of $62,156 and $44,041, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Township. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 580 state and local participating employers and contributing entities for Fiscal Year 2017.

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

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a $85.4 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of $25.5 billion for state active and retired members, $16.1billion for local active and retired members and $43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed $1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed $184.6 million for 10,994 eligible retired members for Fiscal Year 2017. This benefit covers the Police and Firemen's Retirement System.

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed $52.1 ~~$48.3~~ million in Fiscal Year 2017 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Township's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017 and 2016 were $482,683 and $491,589, respectively, which equaled the required contributions for each year

NOTE 13 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Rochelle Park is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

The Township has established a prescription drug benefit plan for employees and their eligible dependents. The Township and its retirees contribute to fund the entire cost of the plan. Claims are paid directly by the plan. Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2017 and 2016 were no provided by the claims administrator. As of December 31, 2017 and 2016 the Township has available in the Other Trust Fund $11,659 and $39,196, respectively, for the payment of unpaid self-insurance prescription drug claims.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Township of Rochelle Park Length of Service Award Program (the Plan) was created by a Township ordinance adopted on July 23, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Rochelle Park approved the adoption of the Plan at the general election held on November 6, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

If an active member meets the year of active service requirement, a LOSAP 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 issues the permitted maximum increase annually.

The Township of Rochelle Park has contributed $19,650 and $19,050 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Township'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 and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

NOTE 17 SUBSEQUENT EVENTS

Serial Bonds

On October 24, 2018, the Township adopted a resolution for the issuance of $5,595,000 General Improvement Bonds for the purpose of funding various capital improvements of the Township. As of the date of this report, the Township has not issued nor awarded the sale of said bonds.

Debt Authorized

On June 27, 2018 the Township adopted a bond ordinance authorizing the issuance $799,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF CURRENT CASH

Balance, December 31, 2016		$ 4,631,904
Increased by Receipts:		
Taxes Receivable	$ 22,423,467	
Miscellaneous Revenue Not Anticipated	140,210	
Revenue Accounts Receivable	2,250,857	
Grants Receivable	7,172	
Prepaid Taxes	545,001	
State of NJ Senior Citizens' and Veterans' Deductions	55,000	
Fees Payable	12,279	
Miscellaneous Reserves	5,860	
Receipts from Other Trust Fund	2,200	
Reserve for Grants - Unappropropriated	23,245	
		25,465,291
		30,097,195
Decreased by Disbursements:		
2017 Budget Appropriations	10,733,131	
2016 Appropriation Reserves	221,016	
Encumbrances Payable	158,205	
Refund of Prior Year Revenue	183,689	
Tax Overpayments	686	
Local District School Tax	11,313,729	
County Tax	2,301,138	
Fees Payable	8,218	
Miscellaneous Reserves	38,124	
Appropriated Grant Reserves	24,790	
		24,982,726
Balance, December 31, 2017		$ 5,114,469

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF CHANGE FUNDS

Balance, December 31, 2016	$ 480
Balance, December 31, 2017	$ 480

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2016	Accrued in 2017	Cash Receipts	Cancelled	Balance, December 31, 2017
NJ DEP - De-Snagging & Dredging	$ 66,500				$ 66,500
BC Prosecutor Confiscated Funds	72,721	$ 18,570			91,291
Municipal Alliance on Alcohol and Drug Abuse	-	9,876	$ 7,172	$ 2,704	-
	$ 139,221	$ 28,446	$ 7,172	$ 2,704	$ 157,791

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2016	2017 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Cash Receipts 2016	Cash Receipts 2017	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Balance, December 31, 2017
2016	$ 196,179		$ 750		$ 196,929			
2017	-	$ 22,673,184	-	$ 78,028	22,226,538	$ 55,250	$ 11,452	$ 301,916
	$ 196,179	$ 22,673,184	$ 750	$ 78,028	$ 22,423,467	$ 55,250	$ 11,452	$ 301,916

Analysis of 2017 Property Tax Levy

Tax Yield			
General Purpose Tax		$ 22,657,702	
Added Taxes (54:4-63.1 et seq.)		15,482	
			$ 22,673,184
Tax Levy			
Local District School Tax		$ 11,402,862	
County Taxes			
County Taxes	$ 2,197,764		
County Open Space Preservation	93,771		
Due County for Added Taxes (54:63.1 et seq.)	1,568		
		2,293,103	
Local Tax for Municipal Purposes	8,959,130		
Add Additional Tax Levied	18,089		
		8,977,219	
			$ 22,673,184

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2016	Accrued in 2017	Collected	Balance, December 31, 2017
Licenses				
Alcoholic Beverages		$ 16,353	$ 16,353	
Other		22,840	22,840	
Fees and Permits				
Fees and Permits		35,048	35,048	
Municipal Court				
Fines and Costs	$ 11,570	190,193	190,252	$ 11,511
Interest and Costs on Taxes		37,725	37,725	
Interest on Deposits		40,593	40,593	
Energy Receipts Taxes		622,474	622,474	
Consolidated Municipal Property Tax Relief Aid		76,043	76,043	
Uniform Construction Code Fees	5,968	239,214	233,232	11,950
Uniform Fire Safety Act - State		12,993	12,993	
Uniform Fire Safety Act - Local		48,635	48,635	
Cable T.V. Franchise Fee - Cablevision		49,513	49,513	
Cable T.V. Franchise Fee - Verizon		36,158	36,158	
Hotel Fees		105,692	105,692	
Westfield Corporation		150,820	150,820	
Cell Tower Lease - AT&T/Cingular		30,000	30,000	
Cell Tower Lease - Sprint/Nextel		64,971	64,971	
Cell Tower Lease - Metro PCS Wireless		31,630	31,630	
Real Property Rental - 151 W. Passaic Street		177,433	177,433	
Third Party Billing - Ambulance Fees		159,783	159,783	
Sale of Gasoline - Maywood Borough		58,281	58,281	
Sale of Gasoline - Saddle Brook Twp.		72,409	72,409	
Sale of Gasoline - Saddle Brook BOE	-	26,614	26,614	-
	$ 17,538	$ 2,305,415	$ 2,299,492	$ 23,461

Cash Receipts	$ 2,250,857
Due from Other Trust	48,635
	$ 2,299,492

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, December 31, 2016	Transfers	Encumbrances Payable Canceled	Balance After Modification	Total Paid or Charged	Balance Lapsed
Salaries and Wages:						
General Administration	$ 634			$ 634		$ 634
Township Committee	135			135		135
Municipal Clerk	2,117			2,117		2,117
Financial Administration	1,115			1,115		1,115
Revenue Administration	1,180			1,180		1,180
Tax Assessment Administration	930			930		930
Legal Services	203			203		203
Planning Board	583			583		583
Zoning Board of Adjustment	2,198			2,198		2,198
Police	138,887		$ 572	139,459		139,459
School Crossing Guards	2,850			2,850		2,850
Office of Emergency Management	3,500			3,500		3,500
Fire Department	19,540		436	19,976		19,976
Streets and Roads	6,414			6,414		6,414
Recycling	454			454		454
Public Health	114			114		114
Recreation	24,265			24,265		24,265
Municipal Library Court	964			964		964
Uniform Construction Code	256			256		256
Municipal Court	4,120	-	4,629	8,749	-	8,749
	210,459	-	5,637	216,096	-	216,096
Other Expenses:						
General Administration	514	$ 6,500	198	7,212		7,212
Township Committee	401			401		401
Municipal Clerk	2,925		5,317	8,242		8,242
Financial Administration	5,825	11,000		16,825	$ 2,407	14,418
Computerized Data Processing	2,356	4,000		6,356	5,725	631
Audit Services			1,500	1,500		1,500
Revenue Administration	1,506			1,506		1,506
Tax Assessment Administration	1,500		137	1,637		1,637
Legal Services	1,340			1,340	200	1,140
Engineering Services	274	4,500		4,774	4,047	727
Planning Board	659			659	175	484
Zoning Board of Adjustment	239		425	664		664
Insurance						
Liability Insurance	2,364	90,000		92,364	88,611	3,753
Workers Compensation	24,681			24,681		24,681
Other Insurance Premiums	9,151			9,151		9,151
Employee Group Health Insurance	321,105	(126,000)		195,105	52,950	142,155
Unemployment Compensation	1,039			1,039	78	961
Police	5,139			5,139	476	4,663
Office of Emergency Management	376		3	379		379
Emergency Management Services	13,354		10,008	23,362		23,362
Fire	6,406	1,500		7,906	1,468	6,438
Municipal Prosecutor	3,250			3,250	3,250	-

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, December 31, 2016	Transfers	Encumbrances Payable Canceled	Balance After Modification	Total Paid or Charged	Balance Lapsed
Other Expenses (Continued)						
Streets and Roads	$ 12,934		$ 11,701	$ 24,635		$ 24,635
Recycling	5,940			5,940	$ 2,035	3,905
Building & Grounds	20,167		4,366	24,533		24,533
Vehicle Maintenance	7,822		23,173	30,995		30,995
Public Health Services	10,000			10,000	10,000	-
Recreation	19,895			19,895	879	19,016
Library	145,705			145,705	1,985	143,720
Celebration of Public Event	6,485			6,485	515	5,970
Electricity	32,210			32,210	16,719	15,491
Telephone	9	$ 5,000		5,009	877	4,132
Water	4,184		953	5,137		5,137
Gas (natural or propane)	25,000			25,000		25,000
Gasoline	72	3,500		3,572	1,376	2,196
Dump Fees	3,701		1,839	5,540		5,540
Uniform Construction Code	467			467		467
Municipal Court	13,418			13,418	8,193	5,225
Social Security System	21,558			21,558		21,558
LOSAP	40,000			40,000	19,050	20,950
Borough of Paramus - Emergency 911	2,845			2,845		2,845
Acquisition of Ambulance	240,000	-	-	240,000	240,000	-
	1,016,816	-	59,620	1,076,436	461,016	615,420
	$ 1,227,275	$ -	$ 65,257	$ 1,292,532	$ 461,016	$ 831,516

Cash Disbursements	$ 221,016
Transferred to General Capital Fund Reserve for Improvements/Acquisition	240,000
	$ 461,016

EXHIBIT A-10

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2016		$ 223,462
Increased by:		
Charges to 2017		
Budget Appropriations	$ 76,678	
Grants Appropriations	1,858	
		78,536
		301,998
Decreased by:		
Cash Disbursements	158,205	
Restored to 2016 Appropriation Reserves	65,257	
		223,462
Balance, December 31, 2017		$ 78,536

EXHIBIT A-11

STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Increased by:		
Senior Citizens' Deductions Per Tax Billings	$ 12,000	
Veterans' Deductions Per Tax Billings	43,250	
		$ 55,250
		55,250
Decreased by:		
Cash Received from State of New Jersey	55,000	
Senior Citizens and Veterans' Deductions Disallowed by Tax Collector - 2016	750	
		55,750
Balance, December 31, 2017 - Due To		$ 500

EXHIBIT A-12

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2016	$ 686
Decreased by:	
Cash Disbursements	$ 686

EXHIBIT A-13

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF PREPAID TAXES

Balance, December 31, 2016	$ 78,028
Increased by:	
Cash Receipts - 2018 Taxes	545,001
	623,029
Decreased by:	
Application to 2017 Taxes	78,028
Balance, December 31, 2017	$ 545,001

EXHIBIT A-14

STATEMENT OF FEES PAYABLE

	Balance, December 31, 2016	Cash Receipts	Cash Disbursement	Balance, December 31, 2017
State DCA Training Fees	$ 712	$ 11,629	$ 7,468	$ 4,873
Marriage License Fees	250	650	750	150
	$ 962	$ 12,279	$ 8,218	$ 5,023

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2016			$ 8,035
Increased by:			
County Tax - General	$ 2,197,764		
County Open Space Preservation	93,771		
		$ 2,291,535	
County Tax for Added Taxes		1,568	
			2,293,103
			2,301,138
Decreased by:			
Cash Disbursements			$ 2,301,138

EXHIBIT A-16

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2016		
School Tax Payable	$ 49,427	
School Tax Deferred	4,812,222	
		$ 4,861,649
Increased by:		
Levy Calendar 2017		11,402,862
		16,264,511
Decreased by:		
Payments		11,313,729
Balance, December 31, 2017		
School Tax Payable	138,560	
School Tax Deferred	4,812,222	
		$ 4,950,782

2017 Liability for Local District School Tax

Tax Paid	$ 11,313,729
Add: Tax Payable at December 31, 2017	138,560
	11,452,289
Less: Tax Payable at December 31, 2016	49,427
Amount Charged to Operations	$ 11,402,862

EXHIBIT A-17

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2016	Increased by Cash Receipts	Decreased by Cash Disbursements	Balance, December 31, 2017
Public Defender Fees	$ 1,504		$ 1,504	
Reserve for Petty Cash	903			$ 903
Reserve for State Library Aid	6,266			6,266
Reserve for Outside Lien Holders	30,760	$ 5,860	36,620	-
	$ 39,433	$ 5,860	$ 38,124	$ 7,169

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance, December 31, 2016	Transferred from 2017 Appropriations	Paid or Charged	Cancelled	Balance, December 31, 2017
DEA Funds	$ 1,617				$ 1,617
Recycling Tonnage Grant	15,827	$ 9,689	$ 13,933		11,583
Drunk Driving Enforcement Grant	31				31
Clean Communities Grant	19,904	11,725			31,629
Body Armor Replacement Program	2,186	2,104	3,976		314
NJ DEP - De Snagging & Dredging	39,052				39,052
BC Prosecutor Confiscated Funds	72,721	18,570			91,291
BCUA Municipal Recycling Assistance Program	13,141				13,141
Municipal Alliance on Alcohol and Drug Abuse		9,876	6,881	$ 2,704	291
Municipal Alliance on Alcohol and Drug Abuse - Local	-	2,469	1,858	-	611
	$ 164,479	$ 54,433	$ 26,648	$ 2,704	$ 189,560

Cash Disbursements	$ 24,790
Encumbrances Payable	1,858
	$ 26,648

STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance, December 31, 2016	Cash Receipts	Anticipated as Budget Revenue	Balance, December 31, 2017
Recycling Tonnage	$ 9,689	$ 11,177	$ 9,689	$ 11,177
Clean Communities Grant	11,725	9,961	11,725	9,961
Body Armor Fund	2,104	2,107	2,104	2,107
	$ 23,518	$ 23,245	$ 23,518	$ 23,245

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF TRUST CASH

	Animal Control		Other Trust	
Balance, December 31, 2016		$ 16,766		$ 1,355,109
Increased by:				
Dog License Fees	$ 2,954			
Late Fees	112			
Fees Due to State Dept. of Health	516			
Interest Earned	29		$ 2,539	
Other Accounts Receivable			487	
Cash Receipts for Current Fund			48,635	
Miscellaneous Reserves/Escrow Deposits			453,785	
Budget Appropriation - Self Insurance			290,030	
Payroll Deductions/Deposits	-		4,738,595	
		3,611		5,534,071
		20,377		6,889,180
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.1	1,367			
Due to State Dept. of Health	516			
Payments to Current Fund			2,200	
Miscellaneous Reserves/Escrow Disbursements			430,440	
COAH Disbursements			81,049	
Self Insurance Disbursements			314,679	
Payroll Disbursements	-		4,738,547	
		1,883		5,566,915
Balance, December 31, 2017		$ 18,494		$ 1,322,265

EXHIBIT B-2

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Increased by:	
Statutory Excess in Reserve for Dog Fund Expenditures	$ 11,025
Balance, December 31, 2017	$ 11,025

EXHIBIT B-3

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2016		$ 16,766
Increased by:		
Dog License Fees Collected	$ 2,954	
Late Fees Collected	112	
Interest Earned on Deposits	29	
		3,095
		19,861
Decreased by:		
Expenditures Under R.S. 4:19-15.1	1,367	
Statutory Excess Due to Current Fund	11,025	
		12,392
Balance, December 31, 2017		$ 7,469

EXHIBIT B-4

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DUE TO STATE DEPARTMENT OF HEALTH
ANIMAL CONTROL FUND

Increased by:	
State Fees Collected	$ 516
Decreased by:	
Payments to State	$ 516

EXHIBIT B-5

STATEMENT OF OTHER ACCOUNTS RECEIVABLE
OTHER TRUST FUND

Balance, December 31, 2016	$ 487
Decreased by:	
Cash Receipts	$ 487

EXHIBIT B-6

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2016	$ 2,200
Increased by:	
Receipts for Current Fund - Fire Prevention Fees	48,635
	50,835
Decreased by:	
Payments to Current Fund	2,200
Balance, December 31, 2017	$ 48,635

EXHIBIT B-7

STATEMENT OF MISCELLANEOUS RESERVES AND ESCROW DEPOSITS
OTHER TRUST FUND

Balance, December 31, 2016	$ 817,343
Increased by:	
Cash Receipts	453,785
	1,271,128
Decreased by:	
Cash Disbursements	430,440
Balance, December 31, 2017	$ 840,688

EXHIBIT B-8

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF RESERVE FOR COAH
OTHER TRUST FUND

Balance, December 31, 2016		$ 499,857
Increased by:		
Interest Earned on Deposits		2,115
		501,972
Decreased by:		
Cash Disbursements		81,049
Balance, December 31, 2017		$ 420,923

EXHIBIT B-9

STATEMENT OF RESERVE FOR SELF INSURANCE
OTHER TRUST FUND

Balance, December 31, 2016		$ 36,196
Increased by:		
Cash Receipts - Budget Appropriation	$ 290,030	
Interest Earned on Deposits	112	
		290,142
		326,338
Decreased by:		
Cash Disbursements		314,679
Balance, December 31, 2017		$ 11,659

EXHIBIT B-10

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Increased by:		
Payroll Deductions/Deposits	$ 4,738,595	
Interest Earned on Deposits	312	
		$ 4,738,907
Decreased by:		
Payroll Disbursements		4,738,547
Balance, December 31, 2017		$ 360

GENERAL CAPITAL FUND

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF GENERAL CAPITAL CASH

Balance, December 31, 2016		$ 2,174,429
Increased by Receipts:		
Grant Proceeds		
Grants Receivable	$ 54,320	
Deferred Charges Unfunded	188,156	
Bond Anticipation Note Proceeds	5,887,000	
2017 Budget Appropriation		
Capital Improvement Fund	75,000	
		6,204,476
		8,378,905
Decreased by Disbursements:		
Improvement Authorizations	1,064,921	
Contracts Payable	2,804	
Bond Anticipation Notes Payable	4,982,000	
		6,049,725
Balance, December 31, 2017		$ 2,329,180

EXHIBIT C-3

TOWNSHIP OF ROCHELLE PARK
ANALYSIS OF GENERAL CAPITAL CASH

		Balance, December 31, 2017
Fund Balance		$ 243,211
Capital Improvement Fund		34,149
Grants Receivable		(49,000)
Contracts Payable		757,529
Excess Note Proceeds		188,156
Improvement Authorizations:		
Ord. No.	Improvement Description	
1028-11	Resurface High Street	10,326
1049-12	Various Public Improvements	406
1054-12	Reconstruct/Improve Carlock Field	14,665
1061-13	Various Public Improvements	222,549
1071-14	Various Public Improvements	11,100
1075-14	Various Public Improvements	31,961
1082-15	Various Public Improvements	12,092
1083-15	Various Public Improvements	29,892
1098-16	Various Public Improvements	228,431
1100-16	Various Public Improvements	115,397
1108-17	Various Public Improvements	478,316
		$ 2,329,180

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF GRANTS RECEIVABLE

Ord. No.	Grantor Agency	Balance, December 31, 2016	Grants Awarded	Cash Receipts	Balance, December 31, 2017	Balance Pledged to Improvement Authorization
1098-16	Bergen County Open Space	$ 54,320		$ 54,320		
1108-17	Bergen County Open Space	-	$ 49,000	-	$ 49,000	$ 49,000
		$ 54,320	$ 49,000	$ 54,320	$ 49,000	$ 49,000

EXHIBIT C-5

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DUE FROM CURRENT FUND

Increased by:	
2016 Budget Appropriation - Acquisition of Ambulance	$ 240,000
Balance, December 31, 2017	$ 240,000

EXHIBIT C-6

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2016	$ 6,825,000
Decreased by:	
2017 Budget Appropriations	
Serial Bonds	875,000
Balance, December 31, 2017	$ 5,950,000

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance December 31, 2016	2017 Authori-zations	Notes Paid By Budget Appropriation	Grants Proceeds	Balance December 31, 2017	Analysis of Balance Financed by Bond Anticipation Notes
1049-12	Various Public Improvements	$ 851,000		$ 39,000		$ 812,000	$ 812,000
1054-12	Reconstruct/Improve Carlock Field	355,000				355,000	355,000
1061-13	Various Public Improvements	791,000		42,000		749,000	749,000
1071-14	Various Public Improvements	666,000		30,000		636,000	636,000
1075-14	Improvements to Carlock Field Playground	119,000		5,000		114,000	114,000
1080-14	ADA Improvements to Municipal Building	10,000		1,000		9,000	9,000
1083-15	Various Public Improvements	570,000				570,000	570,000
1089-15	Improvements to Lincoln Avenue	167,000			$ 111,597	55,403	55,403
1098-16	Various Public Improvements	1,350,000				1,350,000	1,350,000
1100-16	Improvement of Chestnut Street	220,000			76,559	143,441	143,441
1108-17	Various Public Improvements	-	$ 905,000	-	-	905,000	905,000
		$ 5,099,000	$ 905,000	$ 117,000	$ 188,156	$ 5,698,844	$ 5,698,844

Bond Anticipation Notes		$ 5,887,000
Less: Excess Note Proceeds		
Ordinance 1089-15	$ 111,597	
Ordinance 1100-16	76,559	
		188,156
		$ 5,698,844

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF GENERAL SERIAL BONDS

Issue	Date of Issue	Original Issue	Maturity of Bonds Outstanding December 31, 2017 Date	Maturity of Bonds Outstanding December 31, 2017 Amount	Interest Rate	Balance, December 31, 2016	Decreased	Balance, December 31, 2017
2001 General Improvement Bonds	7/15/2001	$ 5,560,000	2018	$ 400,000	4.625 %	$ 800,000	$ 400,000	$ 400,000
2012 General Improvement Bonds	2/15/2012	8,025,000	2018	500,000	2.000			
			2019	525,000	2.000			
			2020	550,000	2.000			
			2021	575,000	2.000			
			2022	600,000	2.000			
			2023	700,000	2.250			
			2024	700,000	2.250			
			2025	700,000	2.375			
			2026	700,000	2.375	6,025,000	475,000	5,550,000
						$ 6,825,000	$ 875,000	$ 5,950,000
					Paid by Budget Appropriation		$ 875,000	

EXHIBIT C-9

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2016	Increased	Decreased	Balance, December 31, 2017
1049-12	Various Public Improvements	2/15/2013	12/15/2016	12/15/2017	1.18 %	$ 851,000		$ 851,000	
			12/15/2017	12/14/2018	1.52		$ 812,000		$ 812,000
1061-13	Various Public Improvements	2/14/2014	12/15/2016	12/15/2017	1.18	791,000		791,000	
			12/15/2017	12/14/2018	1.52		749,000		749,000
1071-14	Various Public Improvements	2/13/2015	12/15/2016	12/15/2017	1.18	666,000		666,000	
			12/15/2017	12/14/2018	1.52		636,000		636,000
1075-14	Improvements to Carlock Field Playground	2/13/2015	12/15/2016	12/15/2017	1.18	119,000		119,000	
			12/15/2017	12/14/2018	1.52		114,000		114,000
1080-14	ADA Improvements to Municipal Building	2/13/2015	12/15/2016	12/15/2017	1.18	10,000		10,000	
			12/15/2017	12/14/2018	1.52		9,000		9,000
1054-12	Reconstruct/Improve Carlock Field	12/15/2015	12/15/2016	12/15/2017	1.18	355,000		355,000	
			12/15/2017	12/14/2018	1.52		355,000		355,000
1083-15	Various Public Improvements	12/15/2015	12/15/2016	12/15/2017	1.18	570,000		570,000	
			12/15/2017	12/14/2018	1.52		570,000		570,000
1089-15	Improvement of Lincoln Avenue	12/15/2015	12/15/2016	12/15/2017	1.18	167,000		167,000	
			12/15/2017	12/14/2018	1.52		167,000		167,000
1098-16	Various Public Improvements	12/15/2016	12/15/2016	12/15/2017	1.18	1,350,000		1,350,000	
			12/15/2017	12/14/2018	1.52		1,350,000		1,350,000
1100-16	Improvement of Chestnut Street	12/15/2016	12/15/2016	12/15/2017	1.18	220,000		220,000	
			12/15/2017	12/14/2018	1.52		220,000		220,000
1108-17	Various Public Improvements and Acquisitions	12/15/2017	12/15/2017	12/14/2018	1.52	-	905,000	-	905,000
						$ 5,099,000	$ 5,887,000	$ 5,099,000	$ 5,887,000
				Issued for Cash			$ 905,000		
				Renewals			4,982,000	$ 4,982,000	
				Paid by Budget Appropriation			-	117,000	
							$ 5,887,000	$ 5,099,000	

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2016 Funded	Balance December 31, 2016 Unfunded	2017 Authorizations Deferred Charges Unfunded	2017 Authorizations Capital Improvement Fund	2017 Authorizations Grants Receivable	Contracts Payable Cancelled	Paid or Charged	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded
1028-11	Resurface High Street	2/16/2011	$ 150,000	$ 10,326							$ 10,326	
1037-11	Various Public Improvements	6/21/2011	1,450,000	6,505						$ 6,505		
1049-12	Various Public Improvements	3/23/2012	1,000,000		$ 2,945					2,539		$ 406
1054-12	Reconstruct/Improve Carlock Field	10/17/2012	750,000		14,946					281		14,665
1061-13	Various Public Improvements	5/15/2013	875,000		259,776					37,227		222,549
1071-14	Various Public Improvements	7/16/2014	700,000		70,478					59,378		11,100
1075-14	Impvts. to Carlock Field Playground	8/20/2014	220,000		18,242				$ 13,719			31,961
1082-15	Acquisition of Real Property	5/20/2015	625,000	12,092							12,092	
1083-15	Various Public Improvements	5/20/2015	600,000		142,744					112,852		29,892
1089-15	Improvement of Lincoln Avenue	7/15/2015	167,000		153,494					153,494		
1098-16	Various Public Improvements	4/20/2016	1,500,000		435,814					207,383		228,431
1100-16	Improvement of Chestnut Street	5/18/2016	220,000		219,554					104,157		115,397
1108-17	Various Public Improvements	5/17/2017	1,000,000	-	-	$ 905,000	$ 46,000	$ 49,000	-	521,684	-	478,316
				$ 28,923	$ 1,317,993	$ 905,000	$ 46,000	$ 49,000	$ 13,719	$ 1,205,500	$ 22,418	$ 1,132,717

Cash Disbursements	$ 929,798
Contracts Payable	275,702
	$ 1,205,500

EXHIBIT C-11

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2016		$ 633,473
Increased by:		
Charges to Improvement Authorizations		140,579
		774,052
Decreased by:		
Cash Disbursements	$ 2,804	
Cancelled Contracts Restored to Improvement Authorizations	13,719	
		16,523
Balance, December 31, 2017		$ 757,529

EXHIBIT C-12

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	$ 5,149
Increased by:	
2017 Budget Appropriation	75,000
	80,149
Decreased by:	
Appropriated to Finance Improvement Authorization	46,000
Balance, December 31, 2017	$ 34,149

EXHIBIT C-13

STATEMENT OF RESERVE FOR IMPROVEMENTS/ACQUISITIONS

Increased by:	
2016 Budget Appropriation - Acquisition of Ambulance	$ 240,000
Balance, December 31, 2017	$ 240,000

TOWNSHIP OF ROCHELLE PARK
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

No.	Improvement Description	2017 Authorizations	Notes Issued
1108-17	Various Public Improvements and Acquisitions	$ 905,000	$ 905,000
		$ 905,000	$ 905,000

TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Rochelle Park
Rochelle Park, New Jersey

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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Rochelle Park as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the 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, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Rochelle Park'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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Rochelle Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Rochelle Park'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 Township'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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Rochelle Park'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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying schedule of findings and responses as item 2017-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Township of Rochelle Park in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Township of Rochelle Park's Responses to Finding

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

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 Township of Rochelle Park's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Rochelle Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Andrew D. Parente
Registered Municipal Accountant
RMA Number CR00529

Fair Lawn, New Jersey
October 30, 2018

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Grant Program	State Account Number	Federal CFDA Number	Grant Period	2017 Grant Receipts	Grant Award Amount	Balance, January 1, 2017	Revenue	Expended	Balance, December 31 2017	(Memo) Cumulative Expenditures
U.S. Department of Homeland Security										
DEA Funds	N/A	N/A	2010			$ 1,617			$ 1,617	
Public Assistance Grants (Passed Thru State										
Department of Law and Public Safety)										
FEMA Reimbursement-Hurricane Sandy	066-1200-100-A92/B07	97.036	2017	$ 35,330	$ 35,330		$ 35,330	$ 35,330		$ 35,330
FEMA Reimbursement-Winter Storm	066-1200-100-B80	97.036	2017	19,344	19,344	-	19,344	19,344	-	19,344
						$ 1,617	$ 54,674	$ 54,674	$ 1,617	

Note: The Federal Award Programs were not subject to a single audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

State Grant Program	Grant Number	Grant Year	Grant Award Amount	2017 Grant Receipts	Balance, January 1, 2017	Revenue	Expended	Cancelled	Balance, December 31, 2017	(Memo) Cumulative Expenditures
Drunk Driving Enforcement Fund	1110-448-031020-22	2013	$ 8,554		$ 31				$ 31	$ 8,523
Body Armor Fund	066-1020-718-001	2015	2,187		2		$ 2		-	2,187
		2016	2,184		2,184		2,184		-	2,184
		2017	2,104			$ 2,104	1,790		314	1,790
Clean Communities Grant	042-4900-765-004	2014	8,997		1,210				1,210	7,787
		2015	8,438		8,438				8,438	-
		2016	10,256		10,256				10,256	-
		2017	11,725			11,725			11,725	-
NJ Department of Environmental Protection De-Snagging and Dredging	N/A	2014	86,500		39,052				39,052	47,448
Municipal Alliance Program	N/A	2017	9,876	$ 7,172		9,876	6,881	$ (2,704)	291	6,881
Recycling Tonnage Grant	042-4910-100-224	2015	8,184		7,434		7,434		-	8,184
		2016	8,393		8,393		6,499		1,894	6,499
		2017	9,689		-	9,689	-	-	9,689	-
					$ 77,000	$ 33,394	$ 24,790	$ (2,704)	$ 82,900	

Note: The State Financial Assistance Programs were not subject to a single audit in accordance with New Jersey OMB 15-08

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

TOWNSHIP OF ROCHELLE PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Rochelle Park. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	Federal	State	Total
Current Fund	$ 54,674	$ 33,394	$ 88,068
Total Financial Awards	$ 54,674	$ 33,394	$ 88,068

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Township has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	Modified - Unaudited LOSAP Fund	
Internal control over financial reporting:		
1) Material weakness(es) identified	____ yes	X no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	X yes	____ none
Noncompliance material to the financial statements noted?	X yes	____ no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Finding 2017-001

Our audit of the encumbrance accounting system revealed the following:

- Purchase orders were not approved and encumbered prior to the ordering of goods or services by the various departments of the Township.
- Purchase orders were not approved and encumbered for original contract amounts awarded for projects in the General Capital Fund.

Criteria or Specific Requirement

Technical Accounting Directive No. 85-1 – Encumbrance Accounting.

Condition

Purchase orders are not approved, ensuring sufficient available appropriation prior to the ordering of goods or services. In addition, contract awards for various Township projects are not initially encumbered and recorded as a liability in the General Capital Fund for the total amount of the contract.

Context

- 26 instances noted (sample of 40) in which the invoice date preceded the purchase order date.
- 4^{th} quarter 2016 general liability insurance bill in the amount of approximately $88,000 was not encumbered.
- Approximately $105,000 of unencumbered contract balances in the General Capital Fund.
- Purchase orders are not prepared for purchases from the Animal Control and Prescription Benefit accounts.

Effect

Unrecorded liabilities may exist for purchases and contract awards that have not been encumbered through the approval of a purchase order.

Course

See Condition.

Recommendation

Internal control procedures be reviewed to ensure purchase orders are approved and encumbered prior to the ordering of goods or services and for original contract amounts awarded for various Township projects.

View of Responsible Officials

Management has reviewed this recommendation and has indicated that corrective action will be implemented.

TOWNSHIP OF ROCHELLE PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE.

CURRENT YEAR STATE AWARDS

NOT APPLICABLE.

TOWNSHIP OF ROCHELLE PARK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards.*

STATUS OF PRIOR YEAR FINDINGS

There were none.

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TOWNSHIP OF ROCHELLE PARK

BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

	Year 2017 Amount	Year 2017 Percent	Year 2016 Amount	Year 2016 Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 500,000	1.89% %	$ 484,432	1.82% %
Miscellaneous - From Other Than Local Property Tax Levies	2,491,666	9.44%	2,928,804	11.01%
Collection of Delinquent Taxes and Tax Title Liens	196,929	0.75%	360,384	1.35%
Collection of Current Tax Levy	22,359,816	84.72%	22,400,369	84.17%
Other Credits	844,741	3.20%	440,000	1.65%
Total Income	26,393,152	100.00% %	26,613,989	100.00% %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	11,542,420	45.12%	11,949,105	45.78% %
School Purposes	97,183	0.39%	98,000	0.38%
County Taxes	2,293,103	8.96%	2,261,363	8.66%
Local and Regional School Taxes	11,402,862	44.58%	11,334,339	43.42%
Other Expenditures	244,099	0.95%	458,489	1.76%
Total Expenditures	25,579,667	100.00% %	26,101,296	100.00% %
Excess in Revenue	813,485		512,693	
Fund Balance, January 1	2,957,203		2,928,942	
	3,770,688		3,441,635	
Less Utilization as Anticipated Revenue	500,000		484,432	
Fund Balance, December 31	$ 3,270,688		$ 2,957,203	

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate Information

	2017	2016	2015
Tax Rate	$2.398	$2.370	$2.367
Apportionment of Tax Rate			
Municipal	.948	.953	.955
County	.233	.233	.234
County – Open Space	.010	.003	.003
Local District School	1.207	1.181	1.175
Assessed Valuation			
2017	$944,858,300		
2016		$959,414,200	
2015			$950,574,700

Comparison of Tax Levies and Collection

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

Year	Tax Levy	Cash Collections	Percentage of Collection
2017	$ 22,673,184	$ 22,359,816	98.62%
2016	22,592,591	22,400,369	99.15%
2015	22,692,387	22,334,532	98.42%

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes in relation to the tax levies of the last three years.

December 31 Year	Amount of Delinquent Taxes	Percentage of Tax Levy
2017	$ 301,916	1.33%
2016	196,179	0.87%
2015	357,855	1.58%

Comparative Schedule of Fund Balances

	Year	Balance, December 31	Utilized In Budget of Succeeding Year
Current Fund	2017	$3,270,688	$1,000,000
	2016	2,957,203	500,000
	2015	2,928,942	484,432
	2014	3,464,190	549,354
	2013	3,365,358	544,143

TOWNSHIP OF ROCHELLE PARK
SUPPLEMENTARY DATA

OFFICIALS IN OFFICE AND SURETY BONDS

Name	Title	Amount of Bond
Frank Valenzuela	Chairperson of the Committee/Mayor	
William Hauser	Committee Member	
Michael Kazimir	Committee Member	
Joe Scarpa	Committee Member	
Michael Warren	Committee Member	
Robert Davidson	Administrator	
Elizabeth Kroll	Municipal Clerk	
Joan Herve	Municipal Deputy Clerk	
Roy Riggitano	Chief Financial Officer/Tax Collector	(a)
Carol Piazza	Assistant to CFO/Deputy Tax Collector	
James Tighe	Tax Assessor	
Robert Flannelly	Police Chief	
James Schmunk	DPW Superintendent/Recycling Coordinator	
Nick Melfi	Construction Code Official/Zoning Official	
Michael O'Connell	Plumbing Subcode Official	
Joseph Cariddi	Fire Subcode Official	
Michael Dalessio	Electric Subcode Inspector	
Jesse Damore	Housing Code Official	
Francis Leddy, Jr.	Judge	(a)
Lynda Lasini	Court Administrator	(a)
Joseph Rotolo	Township Attorney	
Boswell Engineering	Township Engineer	

(a) Public Employee Dishonesty Coverage was issued by the Municipal Excess Liability Joint Insurance Fund in the amount of $1,000,000 per loss covering the selected employees.

All surety Bonds were presented for examination and were properly executed.

TOWNSHIP OF ROCHELLE PARK
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Our general comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

Prior Year Findings Unresolved

Finance

Finding – Our audit of Other Trust Fund escrow deposits and miscellaneous reserve account balances revealed numerous excess and inactive accounts.

Recommendation – Escrow deposits and miscellaneous reserve account balances be reviewed and excess and inactive accounts be cleared of record.

Finding – Our audit revealed that local fire safety inspection fee revenues are being deposited into the Other Trust Fund account and not transferred to the Current Fund.

Recommendation – Local Fire Safety Inspection Fee revenues be transferred from the Other Trust Fund to the Current Fund.

Municipal Court

Finding – Our audit revealed checks issued from the General and Bail accounts required only one (1) authorized check signature.

Recommendation – Checks issued from the General and Bail accounts require at least two (2) authorized check signatures.

Township Departments

Finding – Our audit revealed Township fees and licenses were collected and deposited into bank accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health.

Recommendation – Individual department bank accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health be closed and Township fees and licenses be deposited into the Current account. In addition, a central cashier revenue collection system be implemented.

Current Year Findings

Finance

Finding – Our audit of Police Outside Duty Services revealed the following:

- A receivable trial balance by vendor is not maintained.
- The 20% administrative fee is not transferred as a revenue to the Current Fund.
- Payroll charges for Police Outside Duty are not transferred from the Other Trust Fund in exact amounts of the payroll services rendered.

GENERAL COMMENTS (Continued)

Current Year Findings (Continued)

Finance (Continued)

Recommendation – A formal trial balance be maintained for balances due from Police Outside Duty vendors and administrative fees collected be transferred as a revenue to the Current Fund. In addition, payroll charges be transferred to the payroll account in exact amounts of the payroll services rendered.

Finding – Our audit of the Township Affordable Housing reserve revealed that the annual financial report and spending plan were not updated with the State.

Recommendation – The Township's activity in the Affordable Housing reserve account be reported in the annual financial report and spending plan required to be filed with the State.

Purchasing

Finding – Our audit revealed that purchases and contracts through state contracts and county cooperative purchasing agreements in excess of the bid threshold were not approved by Township resolution.

Recommendation – Purchases and contracts awarded through state contracts and county cooperative purchasing agreements in excess of the bid threshold be approved by Township resolution.

Departments

Finding – Our audit of the various Township departments revealed the following:

- Cash receipt journals are not maintained.
- Pre-numbered receipt tickets are not issued for fee and permit revenues collected.
- Monthly reports are not prepared and submitted to the Finance Office.

Recommendation – Internal controls be reviewed and implemented to establish a standardized revenue collection system for the various departments within the Township.

Finding – Our audit revealed the following with regard to accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health:

- Accounts were not reconciled by independent personnel.
- Only one (1) authorized signature is required from checks issued form the accounts.

Recommendation – Bank accounts that continue to be maintained by the Township Clerk, Uniform Construction Code and Board of Health be reconciled on a monthly basis by independent personnel and checks issued require at least two (2) authorized check signatures.

GENERAL COMMENTS (Continued)

Current Year Findings (Continued)

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the 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 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 threshold permitted by the State of New Jersey is $17,500 unless the Township has a qualified purchasing agent. If the Township's purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (c.40A:11-9), the Township may establish a bid threshold up to $40,000. The Township approved the bid threshold to be $40,000. The Chief Financial Officer was appointed as the qualified purchasing agent.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

The minutes indicate that bids were requested by public advertising for the following items:

Improvements to Lincoln Avenue.
Municipal Complex Ramp and Railing Repairs
Rehab of Sanitary Sewer Interceptors

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

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

Collection of Interest of Delinquent Taxes, Assessments and Water Charges

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

The Governing Body on January 7, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes and water accounts:

> "BE IT RESOLVED, by the Township Council of the Township of Rochelle Park that the Tax Collector is hereby authorized and directed to charge interest on delinquent taxes and assessments accounts as follows:

First 10 Days of Tax Payments No Penalty	
Thereafter, from the Due Date of Tax Payments for the 1st $1,500	8%
Thereafter, the Balance in Excess of $1,500	18%

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

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

There were no tax sales required in 2017 and 2016.

APPRECIATION

We desire to express our appreciation to the Administrator, Township Clerk, Chief Financial Officer (CFO), Assistant to the CFO and the other Township staff who assisted us during the course of our audit.

Suggestions to Management

- Payroll service provider payments of employee payroll deductions be verified to ensure proper remittance to each respective agency.
- The Township prepare on an annual basis the estimated costs at year end of employee benefits related to unpaid vacation and terminal leave liabilities.

TOWNSHIP OF ROCHELLE PARK
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

Finance

It is recommended that:

1. Internal control procedures be reviewed to ensure purchase orders are approved and encumbered prior to the ordering of goods or services and for original contract amounts awarded for various Township projects.

* 2. Escrow deposits and miscellaneous reserve account balances be reviewed and excess and inactive accounts be cleared of record.

* 3. Local fire safety inspection fee revenue be transferred from the Other Trust Fund to the Current Fund.

4. A formal trial balance be maintained for balances due from Police Outside Duty vendors and administrative fees collected be transferred as a revenue to the Current Fund. In addition, payroll charges be transferred to the payroll account in exact amounts of the payroll services rendered.

5. The Township's activity in the Affordable Housing reserve account be reported in the annual financial report and spending plan required to be filed with the State.

Purchasing

It is recommended that purchases and contracts awarded through state contracts and county cooperative purchasing agreements in excess of the bid threshold be approved by Township resolution.

Municipal Court

* It is recommended that checks issued from the General and Bail accounts require at least two (2) authorized check signatures.

Various Township Departments

It is recommended that:

* 1. Individual department bank accounts maintained by the Township Clerk, Uniform Construction Code and Board of Health be closed and Township fees and licenses be deposited into the Current account. In addition, a central cashier revenue collection system be implemented.

2. Internal controls be reviewed and implemented to establish a standardized revenue collection system for the various departments within the Township.

3. Bank accounts that continue to be maintained by the Township Clerk, Uniform Construction Code and Board of Health be reconciled on a monthly basis by independent personnel and checks issued require at least two (2) authorized check signatures.

* * * * * * * *

TOWNSHIP OF ROCHELLE PARK
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all, except the recommendation denoted with an asterisk (*).

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

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Andrew D. Parente
Certified Public Accountant
RMA Number CR00529