

This is a Preliminary Official Statement "deemed final", complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Notes described herein, the Township will deliver a final Official Statement within seven (7) business days following such sale.

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 24, 2018**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**NOT RATED**

*In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, assuming continuing compliance by the Township of River Vale (the "Township") with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended ("Code"), for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences arising with respect to the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**\$9,375,000 BOND ANTICIPATION NOTES  
Consisting of  
\$7,858,669 GENERAL IMPROVEMENT BOND ANTICIPATION NOTES  
And  
\$1,516,331 GOLF COURSE UTILITY BOND ANTICIPATION NOTES  
OF THE  
TOWNSHIP OF RIVER VALE  
IN THE COUNTY OF BERGEN, NEW JERSEY  
(BANK-QUALIFIED)**

Dated: Date of Delivery

Due: August 9, 2019

The \$9,375,000 aggregate principal amount of Bond Anticipation Notes (the "Notes"), consisting of \$7,858,669 General Improvement Bond Anticipation Notes and \$1,516,331 Golf Course Utility Bond Anticipation Notes are general obligations of the Township of River Vale, in the County of Bergen, New Jersey (the "Township"), and are secured by a pledge of the full faith and credit of the Township for payment of the principal thereof and interest thereon. The Notes are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the Township without limitation as to rate or amount.

The Notes shall be issued in the form of one certificate in the aggregate principal amount of the Notes of each series and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry from only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Notes will be payable at maturity on August 9, 2019. Principal and interest on the Notes will be paid to DTC by the Township. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

<b>INTEREST</b>		<b>YIELD</b>
<b><u>RATE</u></b>		<b><u>      </u></b>
_____ %		_____ %

*The Notes are offered when, as and if issued and delivered to the Purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, and certain other conditions described herein. It is expected that the Notes will be available for delivery to DTC on or about August 9, 2018.*

**BID PROPOSALS WILL BE ACCEPTED UNTIL 11:00 AM ON TUESDAY, JULY 31, 2018:  
BY THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC,  
BY FAX (FAX NO. 201-664-1788)  
OR  
BY E-MAIL (CFO@RIVERVALENJ.ORG)  
FOR MORE DETAILS REFER  
TO THE NOTICE OF SALE**

**TOWNSHIP OF RIVER VALE  
BERGEN COUNTY, NEW JERSEY**

**MAYOR**

Glen Jasionowski

**TOWNSHIP COUNCIL**

Mark Bromberg, Council President  
Paul J. Criscuolo, Council Vice-President  
Ari Ben-Yishay  
John Donovan  
Denise Sieg

**TOWNSHIP CLERK**

Karen Campanelli

**BUSINESS ADMINISTRATOR/CHIEF FINANCIAL OFFICER**

Gennaro Rotella

**TOWNSHIP ATTORNEY**

Silvana D. Raso, Esq.  
Englewood Cliffs, New Jersey

**TOWNSHIP AUDITOR**

Lerch, Vinci & Higgins, LLP  
Fair Lawn, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**BOND COUNSEL**

DeCotiis, FitzPatrick, Cole & Giblin, LLP  
Teaneck, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been obtained from the Township, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of the Township. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, ordinances, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Township or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, has not participated in the preparation of the financial statements or statistical information contained in this official statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWNSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
The Notes	1
Book-Entry Only	2
Authorization and Purpose	4
Security and Source of Payment	5
No Default	5
Certain Statutory Provisions For The Protection of General Obligation Debt	5
Municipal Budget	6
Tax Matters	9
Litigation	10
The Federal Bankruptcy Act	11
Approval of Legal Proceedings	11
Continuing Disclosure	11
Municipal Advisor	12
Underwriting	13
Preparation of Official Statement	13
Additional Information	13
Miscellaneous	13
Certain Information on the Township of River Vale	Appendix A
Independent Auditors' Report and Financial Statements	Appendix B
Proposed Form of Bond Counsel Opinion	Appendix C

**OFFICIAL STATEMENT**  
**OF THE**  
**TOWNSHIP OF RIVER VALE**  
**IN THE COUNTY OF BERGEN, NEW JERSEY**

**\$9,375,000 BOND ANTICIPATION NOTES**  
Consisting of  
**\$7,858,669 GENERAL IMPROVEMENT BOND ANTICIPATION NOTES**  
and  
**\$1,516,331 GOLF COURSE UTILITY BOND ANTICIPATION NOTES**

**INTRODUCTION**

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Township of River Vale (the "Township"), in the County of Bergen (the "County"), State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance by the Township of its \$9,375,000 Bond Anticipation Notes consisting of \$7,858,669 General Improvement Bond Anticipation Notes (the "General Notes") and \$1,516,331 Golf Course Utility Bond Anticipation Notes (the "Golf Course Notes" and together with the General Notes, the "Notes"), dated the date of delivery thereof.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

**THE NOTES**

**General Description**

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on August 9, 2019. The Notes shall bear interest at the rate set forth on the cover hereof, which interest is payable on August 9, 2019. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Notes.

**Prior Redemption**

The Notes are not subject to redemption prior to their stated maturity.

## BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each series of the Notes, in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Township as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates will be printed and delivered.

The Township may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

**NEITHER THE TOWNSHIP NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.**

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.**

**Discontinuation of Book-Entry Only System**

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Township shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Notes is discontinued upon receipt of the Note certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the note certificates so provided.

**AUTHORIZATION AND PURPOSE OF THE NOTES**

The Notes have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and the various bond ordinances of the Township, as set forth below. The bond ordinances were published in full or by summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township.

The Notes are being issued to (i) currently refund \$7,090,341 aggregate principal amount of the Township’s outstanding Bond Anticipation Notes maturing August 10, 2018; (ii) provide \$2,284,659 of additional monies for the projects described below; and (iii) pay costs and expenses incidental to the issuance of the delivery of the Notes.

<u>Ord #</u>	<u>Description</u>	<u>Amount</u>
<b><u>General Notes</u></b>		
239-2010	Acquisition of Property - Mesker Site	\$ 3,631,810
301-2015	Various Capital Improvements	1,398,988
311-2016	Various Capital Improvements	898,794
323-2017	Various Capital Improvements	898,975
338-2018	Various Capital Improvements	1,030,102
	<i>Total General Notes</i>	<u>7,858,669</u>
<b><u>Golf Course Notes</u></b>		
302-2015	Various Golf Course Improvements	262,331
339-2018	Various Golf Course Improvements	1,254,000
	<i>Total Golf Course Notes</i>	<u>1,516,331</u>
	<b>Total Notes</b>	<b><u>\$ 9,375,000</u></b>



## SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Notes are direct obligations of the Township and, to the extent that other monies are not available, the Township is required by law to levy ad valorem taxes upon all the real property taxable within the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

### NO DEFAULT

The Township has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Township's indebtedness past due.

### CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

#### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the Township are general full faith and credit obligations.

#### **The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Township Clerk and is available for review during business hours.

#### **Debt Limits**

The authorized bonded indebtedness of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

### **Exceptions to Debt Limits-Extensions of Credit**

The debt limit of the Township may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the Township must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the Township to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain bonds and notes, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

### **Short-Term Financing**

The Township may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Township, may be issued for a period not exceeding one year. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally, beginning in the third year, the amount of outstanding notes that may be renewed is decreased by not less than the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

### **School Debt Subject to Voter Approval**

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

## **MUNICIPAL BUDGET**

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Township is required to have a balanced budget in which debt service is included in full for each fiscal year.

### **The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)**

The foundation of the New Jersey local finance system is the annual cash basis budget. The Township must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Township revenues are real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

### **Real Estate Taxes**

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

The provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Levy Required to Balance Budget

$$\text{Prior Year's Percentage of Current Tax Collections (or lesser \%)} = \frac{\text{Total Taxes to be Levied}}{\text{Tax Collections (or lesser \% )}}$$

### **Miscellaneous Revenues**

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

### **Limitations on Municipal Appropriations and Tax Levy**

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "cost-of-living adjustment". The cost-of-living adjustment is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the cost-of-living adjustment subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the cost-of-living adjustment is 2.5% or less.

Additionally, P.L 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes.

### **Deferral of Current Expense**

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations and contractually required severance liabilities, which may be amortized over five years.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval by the governing body.

### **Fiscal Year**

The Township's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. The Township did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

### **Budget Process**

Primary responsibility for the Township's budget process lies with the Township Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

## TAX MATTERS

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Internal Revenue Code of 1986, as amended (“Code”). Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, to be delivered at the time of original issuance of the Notes, assuming continuing compliance by the Township with certain covenants described herein, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Notes.

Notwithstanding Bond Counsel’s opinion that interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporation’s adjusted current earnings over the alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The alternative minimum tax on corporations has been repealed for taxable years beginning after December 31, 2017.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Notes in order to assure that the interest on the Notes will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Notes be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Township has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Notes will be and will remain excluded from gross income for federal income tax purposes. The Township will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Notes, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Township. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Notes, and Bond Counsel has assumed compliance by the Township with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes.

*Bank Qualification.* The Notes will be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

*Branch Profits Tax.* Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Notes received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

*S Corporation Tax.* Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt obligations, such as the Notes, held by an S corporation would be included in the calculation of excess net passive income.

*Other Federal Tax Consequences.* Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Notes should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

*Possible Government Action.* Legislation affecting municipal obligations is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Notes involving either the Notes or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

## LITIGATION

To the knowledge of the Township Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers of the Township to their respective offices.

Additionally, there is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain law suits, none of a kind unusual for a Township of its size, and none of which, in the opinion of the Township Attorney, would adversely impair the Township's ability to pay its noteholders. All of the Township's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number. The Township would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets or fund balance. Such resolution would not in any way endanger the Township's ability to pay its noteholders.

## **THE FEDERAL BANKRUPTCY ACT**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, sale, issuance and delivery of the Notes are subject to the approval of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Township by its Counsel, Silvana D. Raso, Esq., Englewood Cliffs, New Jersey.

## **CONTINUING DISCLOSURE**

The Township has covenanted to provide certain secondary market disclosure in compliance with Securities and Exchange Commission Rule 15c2-12, as amended and interpreted from time to time (the "Rule"). Specifically, the Township will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Markets Access System (EMMA"), notice of any of the following events with respect to the Notes:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes.
7. Modifications to rights of holders of the Notes, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Notes, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Township.
13. The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Township has filed its required disclosure, in accordance with the Rule, in a timely manner under previous filing requirements. The Township has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

#### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the Notes ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.



## **UNDERWRITING**

The Notes have been purchased by \_\_\_\_\_ at a purchase price of \$\_\_\_\_\_.

## **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Notes, by certificate signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

All other information has been obtained from sources which Lerch, Vinci & Higgins, LLP, considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

DeCotiis, FitzPatrick, Cole & Giblin, LLP, Teaneck, New Jersey has not participated in the preparation of the financial or statistical information contained in this official statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Gennaro Rotella, Chief Financial Officer, Township of River Vale, 406 Rivervale Road, River Vale, New Jersey, 07675, telephone 201-664-2346 extension 1007.

## **MISCELLANEOUS**

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Township, the County of Bergen, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the Township by the Chief Financial Officer.

TOWNSHIP OF RIVER VALE

By

\_\_\_\_\_  
Gennaro Rotella  
Chief Financial Officer

Dated: \_\_\_\_\_, 2018

**APPENDIX A**  
**CERTAIN INFORMATION OF THE**  
**TOWNSHIP OF RIVER VALE**

## **GENERAL INFORMATION**

### **Size and Geographical Location**

The Township of River Vale (the "Township") is a medium sized residential community located in the north central part of Bergen County, New Jersey and is situated 10 miles west of New York City.

The Township is approximately 4.31 square miles in area and borders the Boroughs of Emerson, Harrington Park, Hillsdale, Montvale, Old Tappan, Park Ridge and Westwood.

### **Governmental Structure**

The Township is managed under the policies of the Mayor and Township Council which are elected by the people for three-year terms. The terms of the governing body are staggered so that in one election year the Mayor and two Councilmen are elected; in the second year, three Councilmen are elected; and in the third year, no members of the governing body are elected. Elections are conducted on a partisan basis, with the political parties nominating candidates in the primary election, and the voters electing candidates in the general election from amongst the persons nominated in the primary election.

The Mayor is the presiding officer of the Township Council and is Chief Executive of the community. The Township Council serves as the governing body of the Township and has the power to organize and regulate the internal affairs of the Township. The Mayor and Township Council appoint the Township Administrator and all other Township employees, as well as appointees to Boards, Commissions and Committees.

### **Transportation**

Transportation to New York City is provided by N.J. Transit train which is easily accessible in neighboring municipalities. In addition, bus lines provide excellent service throughout the metropolitan area including New York City.

The Township residents have quick and easy access to all parts of New Jersey and New York via Route 17, Route 4, Garden State Parkway, Palisades Parkway, New Jersey Turnpike and Interstate 80.

### **Public Safety**

The police department is a full-time police department headquartered less than a mile from the municipal complex and is furnished with modern police equipment. The vehicle fleet is comprised of marked and unmarked automobiles and the Police Chief's vehicle. The department has an outstanding record for law enforcement and has one of the lowest crime rates in the area. In addition to law enforcement the Police Department is actively involved in several school programs and community crime prevention programs including the nationally recognized D.A.R.E. drug education program.

The Township is served by a volunteer fire department equipped with modern fire apparatus which is purchased and owned by the Township including pumpers, a ladder truck, a rescue truck, the Chief's vehicle and a fire prevention vehicle. The Township makes an annual appropriation in its budget for the operating expenses of the fire department.

## Sanitation

The Township provides recycling pick-up for all homes through its Department of Public Works. Residents contract privately with a private contractor for garbage collection services.

The Township of River Vale is mainly sewerred and is a member of the Bergen County Utilities Authority. For this service the Township pays an annual service charge based on the metered flow of sewerage. This service charge is part of the general property tax levy.

## Recreation

The Township has a year round community recreation program. It is administered by a full time staff and a Recreation Director.

Located in the Township are athletic fields, tennis courts, municipal parks and playgrounds maintained by Borough employees.

## Golf Course

The Township acquired an improved 18 hole golf course and country club commonly known as the River Vale Country Club, and an adjacent property consisting of approximately 5 acres commonly known as the “Mesker” site. These properties were in foreclosure and the Township had been in negotiations with the senior secured lenders of the properties as well as the properties’ owners. While these negotiations were taking place and in order to effectuate the transaction, the Township filed a verified complaint in the Superior Court of New Jersey Law Division – Bergen County (the “Court”) for condemnation of these properties. The Court ordered a Consent Judgment in favor of the Township and the parties entered into an associated Settlement Agreement which was filed with the Court.

The “Mesker” site is zoned for multi-family town house development. The Township will operate the Golf Course as a public utility and expects the revenues generated to be sufficient to cover operating expenses.

## Free Public Library

The Township's Free Public Library is a full service library for the residents of the Township. A children's reading and activity room is in use constantly. The library has a total of approximately 50,000 books, CD's, videos, DVD's and downloadable books on tape. It hosts more than 400 library and community sponsored events a year. Through the Bergen County Cooperative Library System, the residents of the Township have access to the collections of other libraries within the County.

## Population

Population trends for the Township, County and the State of New Jersey since 1980 are shown below:

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>
Township of River Vale	9,489	9,410	9,449	9,659	10,273
County of Bergen	845,385	825,380	884,118	905,116	948,406
State of New Jersey	7,364,823	7,730,188	8,414,350	8,791,894	9,005,644

Source: U.S. Census Bureau, 2015 Estimate.

## Income as of 2016

	<b>Median Household Income</b>	<b>Median Family Income</b>	<b>Per Capita Income</b>
Township of River Vale	\$134,250	\$159,179	\$57,661
County of Bergen	88,487	107,465	44,978
State of New Jersey	73,702	90,757	37,538

Source: U.S. Census Bureau, 2012-2016 American Community Survey - 5 Year Estimates

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Labor Force, Employment and Unemployment

For the years 2013 to 2017, the New Jersey Department of Labor reported the following annual average employment information for the Township of River Vale, the County of Bergen and the State of New Jersey:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<u>Township of River Vale</u>				
2017	4,833	4,665	168	3.5%
2016	4,794	4,611	183	3.8%
2015	4,816	4,622	194	4.0%
2014	4,720	4,519	201	4.3%
2013	4,666	4,304	362	7.8%
<u>County of Bergen</u>				
2017	483,324	464,527	18,797	3.9%
2016	484,167	463,988	20,179	4.2%
2015	485,316	463,223	22,093	4.6%
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
<u>State of New Jersey</u>				
2017	4,518,800	4,309,700	209,100	4.6%
2016	4,524,300	4,299,900	224,400	5.0%
2015	4,530,500	4,267,900	262,600	5.8%
2014	4,518,700	4,218,400	300,300	6.6%
2013	4,537,800	4,166,000	371,800	8.2%

Source: State of NJ Data Center.

**BUDGET INFORMATION**  
**Current Fund**  
**(As Adopted)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Anticipated Revenues					
Fund Balance	\$ 1,050,000	\$ 850,000	\$ 880,000	\$ 780,000	\$ 780,000
Miscellaneous Revenues	3,808,911	3,428,134	3,336,485	3,417,219	3,657,741
Receipts from Delinquent Taxes	350,000	325,000	300,000	225,000	225,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>11,602,498</u>	<u>11,476,275</u>	<u>11,171,542</u>	<u>10,700,461</u>	<u>10,128,863</u>
	<u>\$ 16,811,409</u>	<u>\$ 16,079,409</u>	<u>\$ 15,688,027</u>	<u>\$ 15,122,680</u>	<u>\$ 14,791,604</u>
Appropriations					
Salaries and Wages	\$ 5,878,999	\$ 5,799,704	\$ 5,594,472	\$ 5,562,688	\$ 5,299,922
Other Expenses	6,746,165	6,470,882	6,258,604	6,171,101	6,169,675
Deferred Charges and Statutory Expenditures	1,549,795	1,531,473	1,555,101	1,262,107	1,422,778
Capital Improvements	293,450	47,350	47,350	77,600	38,000
Municipal Debt Service	1,633,000	1,520,000	1,537,500	1,354,184	1,181,229
Reserve for Uncollected Taxes	<u>710,000</u>	<u>710,000</u>	<u>695,000</u>	<u>695,000</u>	<u>680,000</u>
	<u>\$ 16,811,409</u>	<u>\$ 16,079,409</u>	<u>\$ 15,688,027</u>	<u>\$ 15,122,680</u>	<u>\$ 14,791,604</u>

Source: Township of River Vale Adopted Municipal Budgets.

**FINANCIAL INFORMATION**

**Current Fund Balance and Amounts Utilized in Succeeding Year's Budget**

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$1,634,276	\$1,050,000
2016	1,305,212	850,000
2015	1,331,247	880,000
2014	1,212,539	780,000
2013	1,187,344	780,000

Source: Township of River Vale Annual Audit Reports.

**Current Tax Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2017	\$51,803,862	\$51,351,686	99.12%
2016	50,245,608	49,768,614	99.05%
2015	48,792,560	48,328,040	99.04%
2014	47,032,575	46,618,643	99.11%
2013	46,395,880	45,916,858	98.96%

Source: Township of River Vale Annual Audit Reports.

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2017	\$18,912	\$397,484	\$416,396	0.80%
2016	14,588	362,145	376,733	0.75%
2015	6,355	325,204	331,559	0.68%
2014	5,620	240,097	245,717	0.52%
2013	4,661	227,662	232,323	0.50%

Source: Township of River Vale Annual Audit Reports.

**Assessed Valuation of Property Owned by the Township Acquired for Taxes**

<u>Year</u>	<u>Amount</u>
2017	\$41,600
2016	41,600
2015	41,600
2014	41,600
2013	41,600

Source: Township of River Vale Annual Audit Reports.



## Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2017 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Edgewood Country Club	\$ 21,235,400
Gal-Ben Associates, LLC	7,672,000
Rivervale Collignon Village	7,266,400
United Water Co of NJ	6,850,600
688 Westwood Ave LLC	5,548,200
Florentine Inc.	5,187,100
Lindvale Gardens Ltd	4,875,400
SCH Riverval, LLC	2,514,600
MWD River Vale One, LLC	2,326,400
Levich Management, LLC	2,157,200
	<u>\$ 65,633,300</u>

Source: Tax Assessor.

## Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Total</u>
2018	\$ 14,378,600	\$ 1,981,135,500	\$ 71,521,600	\$ 13,034,700	\$ 2,080,070,400
2017	15,467,100	1,974,720,200	71,521,600	13,034,700	2,074,743,600
2016	15,375,500	1,974,406,900	70,235,800	13,034,700	2,073,052,900
2015	17,521,400	1,964,593,300	71,228,200	13,034,700	2,066,377,600
2014	22,643,800	1,953,627,700	71,333,700	13,034,700	2,060,639,900

Source: Tax Duplicate.

## Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2018	\$ 2,080,070,400	\$ 1,342,127	\$ 2,081,412,527	100.44%	\$ 2,074,763,194
2017	2,074,743,600	1,333,316	2,076,076,916	101.29%	2,052,142,618
2016	2,073,052,900	1,344,095	2,074,396,995	103.17%	2,013,198,179
2015	2,066,377,600	1,351,396	2,067,728,996	105.83%	1,956,461,720
2014	2,060,639,900	1,330,849	2,061,970,749	106.46%	1,939,589,744

Source: Tax Duplicate and Abstract of Ratables and 2018 Equalization Table of Bergen County

**Components of Real Estate Tax Rate  
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>
2017	\$2.488	\$0.562	\$1.065	\$0.612	\$0.249
2016	2.417	0.548	1.049	0.581	0.239
2015	2.348	0.527	1.034	0.560	0.227
2014	2.272	0.500	1.018	0.534	0.220
2013	2.229	0.500	0.990	0.520	0.219

Source: Tax Collector

**Apportionment of Tax Levy  
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>
2017	\$ 51,803,862	\$ 11,837,529	\$ 22,096,260	\$ 12,700,587	\$ 5,169,486
2016	50,245,608	11,476,483	21,748,324	12,067,861	4,952,940
2015	48,792,560	11,147,388	21,384,889	11,564,510	4,695,773
2014	47,032,575	10,505,869	21,000,498	11,002,982	4,523,226
2013	46,395,880	10,536,573	20,543,331	10,787,475	4,528,501

Source: Tax Collector

## DEBT INFORMATION

### Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

### Debt Incurring Capacity As of December 31, 2017

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 2,038,397,310
3 1/2% Borrowing Margin	71,343,906
Net Debt Issued, Outstanding and Authorized	18,519,710
Remaining Municipal Borrowing Capacity	52,824,196
Regional School	
3% Borrowing Margin	61,151,919
Debt, Issued, Outstanding and Authorized	4,631,637
Remaining School Borrowing Capacity	56,520,282
Local School	
3% Borrowing Margin	61,151,919
Debt, Issued, Outstanding and Authorized	2,715,948
Remaining School Borrowing Capacity	58,435,971

### Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u> <u>Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2017	\$ 39,774,492	\$ 18,519,710	0.91%
2016	41,110,190	18,688,871	0.94%
2015	42,928,992	23,591,664	1.20%
2014	43,515,328	18,527,653	0.95%
2013	44,624,385	23,577,327	1.18%

Source: Township of River Vale Audit Reports.

**Statement of Indebtedness  
As of December 31, 2017**

**GENERAL PURPOSES**

Bonds Issued and Outstanding	\$ 11,272,000	
Bond Anticipation Notes	6,958,300	
Loans	294,477	
Bonds and Notes Authorized But Not Issued	20,430	
		\$ 18,545,207

**REGIONAL SCHOOL**

Bonds Issued and Outstanding		4,631,637
------------------------------	--	-----------

**LOCAL SCHOOL**

Bonds Issued and Outstanding		2,715,948
------------------------------	--	-----------

**GOLF COURSE UTILITY**

Debt Issued, Outstanding and Authorized		13,881,700
---	--	------------

TOTAL GROSS DEBT		39,774,492
------------------	--	------------

**STATUTORY DEDUCTIONS**

Municipal Purpose	25,497	
Regional School	4,631,637	
Local School	2,715,948	
Self Liquidating	13,881,700	
		21,254,782

TOTAL NET DEBT		\$ 18,519,710
----------------	--	---------------

**OVERLAPPING DEBT**

County of Bergen (Note 1)	\$ 15,078,593	
Bergen Utilities Authority - Water Pollution (Note 2)	1,947,519	

TOTAL OVERLAPPING DEBT		\$ 17,026,112
------------------------	--	---------------

**GROSS DEBT**

Per Capita (2017 - 10,273)		\$ 3,872
Percent of Net Valuation Taxable (2018 - \$2,081,412,527)		1.91%
Percent of Estimated True Value of Real Property (2018 - \$2,074,763,194)		1.92%

**NET MUNICIPAL DEBT**

Per Capita (2017 - 10,273)		\$ 1,803
Percent of Net Valuation Taxable (2018 - \$2,081,412,527)		0.89%
Percent of Estimated True Value of Real Property (2018 - \$2,074,763,194)		0.89%

**OVERALL DEBT (Net and Overlapping Debt)**

Per Capita (2017 - 10,273)		\$ 3,460
Percent of Net Valuation Taxable (2018 - \$2,081,412,527)		1.71%
Percent of Estimated True Value of Real Property (2018 - \$2,074,763,194)		1.71%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2017 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Source: Township of River Vale 2017 Annual Audit.

**APPENDIX B**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS**



# 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  
ADWOA BOACHIE, CPA

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Township Council  
Township of River Vale  
River Vale, 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 River Vale, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and 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 of 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.

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 River Vale 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 above, 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 River Vale as of December 31, 2017 and 2016, or changes in financial position, or, where applicable, cash flows for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 18 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 years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Township's Trust Funds, and represent 40 percent and 39 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2017 and 2016.

***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 River Vale as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the years 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 Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2018 on our consideration of the Township of River Vale’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 River Vale’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 River Vale’s internal control over financial reporting and compliance.

By/s/

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

Fair Lawn, New Jersey  
April 26, 2018



**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 11,499,447	\$ 4,852,851
Grants Receivable	133,594	93,092
Due from State of New Jersey - Senior Citizens and Veterans Deductions	<u>36,880</u>	<u>36,880</u>
	<u>11,669,921</u>	<u>4,982,823</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes	397,484	362,145
Tax Title Liens	18,912	14,588
Property Acquired for Taxes	41,600	41,600
Revenue Accounts Receivable	7,488	4,214
Interfunds Receivable:		
Due from Other Trust Fund		4,887
Due from Animal Control Trust Fund	897	2,464
Due from General Capital Fund	3,766	2,786
Due from Golf Course Utility Operating Fund		123,641
Due from Public Assistance Fund	<u>75</u>	<u>27</u>
	<u>470,222</u>	<u>556,352</u>
Total Assets	<u>\$ 12,140,143</u>	<u>\$ 5,539,175</u>

**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Liabilities:		
Appropriation Reserves	\$ 478,304	\$ 795,188
Encumbrances Payable	416,159	146,168
Accounts Payable		3,585
Prepaid Taxes	6,251,262	281,108
Tax Overpayments	16,398	
Fees Payable	6,440	8,191
Regional High School Tax Payable	2,443,158	2,126,795
Due to Other Trust Fund	44,623	
Due to Municipal Open Space Preservation Trust Fund	986	445
Due to Length of Service Award Program Fund	44,392	41,925
Reserve for Tax Appeals	100,000	
Miscellaneous Reserves	31,815	38,991
Reserve for Federal and State Grants- Appropriated	174,003	214,626
Reserve for Federal and State Grants- Unappropriated	<u>28,105</u>	<u>20,589</u>
	<u>10,035,645</u>	<u>3,677,611</u>
Reserve for Receivables	470,222	556,352
Fund Balance	<u>1,634,276</u>	<u>1,305,212</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,140,143</u>	<u>\$ 5,539,175</u>

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

	<u>2017</u>	<u>2016</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>		
Fund Balance Anticipated	\$ 850,000	\$ 880,000
Miscellaneous Revenue Anticipated	3,726,360	3,500,001
Receipts from Delinquent Taxes	365,107	321,804
Receipts from Current Taxes	51,251,686	49,768,614
Non-Budget Revenue	328,308	140,379
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	298,973	178,822
Interfunds Liquidated	133,805	9,986
Statutory Excess - Animal Control Trust Fund	844	2,418
Cancellation of Accounts Payable	76	24,621
	<u>56,955,159</u>	<u>54,826,645</u>
<b>Total Income</b>		
<b>EXPENDITURES</b>		
Budget and Emergency Appropriations:		
Operations		
Salaries and Wages	5,942,749	5,648,272
Other Expenses	6,520,553	6,241,550
Deferred Charges and Statutory		
Expenditures- Municipal	1,537,428	1,431,610
Capital Improvements	47,350	47,350
Municipal Debt Service	1,519,063	1,460,146
Local District School Taxes	22,096,260	21,748,324
Regional High School Tax	12,700,587	12,067,861
County Taxes Payable	5,154,387	4,942,317
Due to County for Added and Omitted Taxes	15,099	10,623
Municipal Open Space Tax	208,148	207,885
Refunds of Prior Year Revenue/Taxes	26,751	30,806
Senior Citizens and Veterans Deduction Disallowed - Prior Year	2,982	2,131
Interfunds Advanced	4,738	133,805
	<u>55,776,095</u>	<u>53,972,680</u>
<b>Total Expenditures</b>		
Excess in Revenue	1,179,064	853,965
Fund Balance, January 1	<u>1,305,212</u>	<u>1,331,247</u>
	2,484,276	2,185,212
Decreased by:		
Utilized as Anticipated Revenue	<u>850,000</u>	<u>880,000</u>
Fund Balance, December 31	<u>\$ 1,634,276</u>	<u>\$ 1,305,212</u>

**TOWNSHIP OF RIVER VALE  
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>		<u>2016</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
FUND BALANCE ANTICIPATED	\$ 850,000	\$ 850,000	\$ 880,000	880,000
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	11,000	11,500	11,000	\$ 11,700
Other	20,000	16,895	18,000	22,201
Fees and Permits	70,000	86,293	58,000	80,937
Fines and Costs				
Municipal Court	60,000	55,407	66,000	60,806
Interest and Costs on Taxes	75,000	103,756	60,000	85,327
Interest on Investments and Deposits	20,000	34,799	18,000	23,855
Cable Television Franchise Fees	159,500	160,909	159,500	159,597
Energy Receipts Tax	749,670	749,670	749,670	749,670
Watershed Moratorium Offset Aid	23,359	23,359	23,359	23,359
Uniform Construction Code Fees	250,000	238,002	200,000	288,548
Interlocal Services Act				
Borough of Old Tappan - Dispatching and 911 Services	126,742	126,742	123,110	123,100
Borough of Montvale - DPW	1,538,031	1,538,040	1,507,875	1,507,874
Borough of Teterboro - Tax Collector	7,500	7,500	7,500	7,500
Municipal Court Services - Borough of Harrington Park	19,250	16,154		
State and Federal Revenues Offset with Appropriations				
Body Armor Replacement Fund	2,024	2,024	2,100	2,100
Municipal Recycling Assistance Program	12,047	12,047	10,859	10,859
Drunk Driving Enforcement Fund	2,500	2,500	2,112	2,112
Community Policing Program	10,275	10,275	6,900	6,900
Clean Communities	19,956	19,956	23,490	23,490
Municipal Alliance on Alcoholism and Drug Abuse			9,876	9,876
Community Development - Senior Citizen Program			3,530	3,530
Alcohol Education and Rehabilitation	236	236		
NJ DOT Road Program	165,627	165,627		
Bergen County Prosecutor - Forfeited Funds	8,000	8,000		
Distracted Driving	5,088	5,088		
Other Special Items of Revenue				
Uniform Fire Safety Act	14,500	16,845	15,000	14,581
Rental of Township Owned Property	199,000	257,236	215,000	199,579
Reimbursement for Utilization of Township Property	7,500	7,500	7,500	7,500
General Capital Fund Balance	50,000	50,000	75,000	75,000
	<u>3,626,805</u>	<u>3,726,360</u>	<u>3,373,381</u>	<u>3,500,001</u>
RECEIPTS FROM DELINQUENT TAXES	<u>325,000</u>	<u>365,107</u>	<u>300,000</u>	<u>321,804</u>
<b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>				
Local Tax for Municipal Purposes	10,793,611	11,104,541	10,503,463	10,818,525
Minimum Library Tax	<u>682,664</u>	<u>682,664</u>	<u>668,079</u>	<u>668,079</u>
Total Amount to be Raised for Support of Municipal Budget	<u>11,476,275</u>	<u>11,787,205</u>	<u>11,171,542</u>	<u>11,486,604</u>
Total General Revenues	<u>\$ 16,278,080</u>	<u>16,728,672</u>	<u>15,724,923</u>	<u>\$ 16,188,409</u>

This Page Intentionally Left Blank

**2017 STATEMENT OF EXPENDITURES  
CURRENT FUND**

**TOWNSHIP OF RIVER VALE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Department of Administration					
Salaries and Wages	\$ 96,283	\$ 96,283	\$ 94,170	\$ 2,113	
Other Expenses	89,400	89,400	86,553	2,847	
Mayor and Council					
Salaries and Wages	32,000	32,000	32,000		
Other Expenses	1,100	1,100	887	213	
Township Clerk					
Salaries and Wages	83,499	83,499	82,999	500	
Other Expenses	33,420	33,420	29,690	3,730	
Financial Administration					
Salaries and Wages	244,917	244,917	244,232	685	
Other Expenses	9,380	9,380	8,410	970	
Audit Services					
Other Expenses	34,750	34,750	3,000	31,750	
Revenue Administration					
Salaries and Wages	56,315	56,315	54,395	1,920	
Other Expenses	4,025	4,025	3,868	157	
Tax Assessment Administration					
Salaries and Wages	22,205	22,205	22,164	41	
Other Expenses	6,300	2,800	1,972	828	
Advisory Committees					
Other Expenses	200	200		200	
Department of Law					
Salaries and Wages	3,100	3,100	3,100		
Other Expenses	125,000	135,000	134,356	644	
Department of Engineering					
Other Expenses	64,500	64,500	62,890	1,610	
LAND USE ADMINISTRATION					
Municipal Land Use Law (N.J.S.A. 40:55-1):					
Planning Board					
Salaries and Wages	11,395	11,395	11,380	15	
Other Expenses	14,200	14,200	11,095	3,105	
Zoning Board of Adjustment					
Salaries and Wages	2,200	2,200	642	1,558	
Other Expenses	3,330	1,530	1,452	78	
INSURANCE					
Unemployment Compensation Insurance	18,000	18,000	18,000		
Joint Insurance Fund	182,000	182,000	177,725	4,275	
Other Insurance Premiums	28,050	28,050	24,591	3,459	
Worker Compensation Insurance	199,500	199,500	184,979	14,521	
Group Insurance Plan for Employees	1,480,000	1,430,000	1,414,515	15,485	
Health Benefit Waiver	15,000	15,000	15,000		
Eyeglass - Dental Reimbursement	22,565	22,565	18,716	3,849	

**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Department of Police					
Salaries and Wages	\$ 3,270,666	\$ 3,454,166	\$ 3,437,359	\$ 16,807	
Other Expenses	155,034	130,034	123,454	6,580	
Office of Emergency Management					
Salaries and Wages	8,000	8,000	7,500	500	
Other Expenses	2,436	2,436	356	2,080	
Contribution to Volunteer Ambulance Corps.	42,000	42,000	42,000		
Fire Department					
Stipends	35,665	35,665	35,665		
Miscellaneous Other Expenses	69,125	69,125	66,906	2,219	
Fire Prevention Bureau					
Salaries and Wages	15,045	15,045	15,045		
Other Expenses	195,000	195,000	193,695	1,305	
Municipal Prosecutor					
Salaries and Wages	9,690	9,690	9,646	44	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	860,500	854,545	823,190	31,355	
Other Expenses	71,500	71,500	44,293	27,207	
Snow and Ice Removal					
Salaries and Wages	79,300	54,300	52,451	1,849	
Other Expenses	174,750	99,750	65,476	34,274	
Recycling and Garbage Removal					
Other Expenses	323,027	304,327	207,893	96,434	
Director's Office					
Salaries and Wages	141,362	141,362	140,667	695	
Other Expenses	15,575	15,575	13,276	2,299	
Buildings and Grounds					
Salaries and Wages					
Miscellaneous Other Expenses	174,578	199,578	195,474	4,104	
Vehicle Maintenance					
Salaries and Wages	65,400	65,400	63,468	1,932	
Other Expenses	48,600	58,600	57,035	1,565	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	12,750	12,750	12,245	505	
Other Expenses	10,350	10,350	10,350		
Social Services					
Salaries and Wages	7,000	7,000	7,000		
Other Expenses	500	500		500	



**TOWNSHIP OF RIVER VALE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>PARK AND RECREATION FUNCTIONS</b>					
Department of Athletics					
Salaries and Wages	\$ 7,000	\$ 7,000	\$ 7,000		
Other Expenses	20,350	20,350	15,479	\$ 4,871	
Department of Social and Cultural Affairs					
Salaries and Wages	8,000	8,000	8,000		
Other Expenses	19,000	19,000	14,081	4,919	
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Accumulated Leave Compensation					
Salaries and Wages	1	1			1
Municipal Court					
Salaries and Wages	80,401	70,901	69,075	1,826	
Other Expenses	9,485	9,485	6,239	3,246	
Public Defender					
Other Expenses	4,000	4,000	1,050	2,950	
OSHA					
	2,800	2,800	697	2,103	
Community Services Act					
	17,700	17,700		17,700	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Utilities					
Street Lighting	65,000	55,000	42,812	12,188	
Telephone	62,000	62,000	52,107	9,893	
Other (Electric, Gas, Water)	172,500	162,500	134,592	27,908	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>					
State Uniform Construction					
Construction Code Officials					
Salaries and Wages	176,533	176,533	169,835	6,698	
Other Expenses	16,100	16,100	13,637	2,463	-
	<u>9,331,357</u>	<u>9,325,402</u>	<u>8,901,829</u>	<u>423,573</u>	<u>-</u>
Total Operations Within "CAPS"					
Detail					
Salaries and Wages	5,293,562	5,436,607	5,367,563	69,044	-
Other Expenses	4,037,795	3,888,795	3,534,266	354,529	-

**TOWNSHIP OF RIVER VALE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 Appropriations		2017 Expended		Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
Deferred Charges:					
Anticipate Golf Course Utility Deficit	\$ 140,000	\$ 140,000	\$ 140,000		
Overexpenditure of Ordinance Appropriation	25,905	25,905	25,905		
Statutory Expenditures:					
Public Employees Retirement System	304,078	304,078	303,345	\$ 733	
Police and Fireman's Retirement System	674,990	674,990	674,971	19	
Defined Contribution Retirement Program	1,500	1,710	1,710		
Contribution to Social Security (O.A.S.I.)	<u>385,000</u>	<u>390,745</u>	<u>390,744</u>	<u>1</u>	<u>-</u>
 Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	 <u>1,531,473</u>	 <u>1,537,428</u>	 <u>1,536,675</u>	 <u>753</u>	 <u>-</u>
 Total General Appropriations for Municipal Purposes Within "CAPS"	 <u>10,862,830</u>	 <u>10,862,830</u>	 <u>10,438,504</u>	 <u>424,326</u>	 <u>-</u>
 <b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Other Operations - Excluded from "CAPS"					
Flow and Other Charges					
Bergen County Utilities Authority					
Operating	600,867	600,867	600,867		
Debt Service	232,433	232,433	232,429	4	
Borough of Montvale	3,000	3,000	3,000		
Maintenance of Free Public Library	682,664	682,664	682,664		
Length of Service Award Program	<u>46,500</u>	<u>46,500</u>	<u>44,392</u>	<u>2,108</u>	<u>-</u>
 Total Other Operations - Excluded from "CAPS"	 <u>1,565,464</u>	 <u>1,565,464</u>	 <u>1,563,352</u>	 <u>2,112</u>	 <u>-</u>
 Interlocal Municipal Service Agreements					
Borough of Old Tappan - Dispatching Police					
Salaries and Wages	126,742	126,742	125,572	\$ 1,170	
Borough of Paramus - 911 Services Police					
Salaries and Wages	8,200	8,200	7,945	255	
Borough of Teterboro - Tax Collection Salaries and Wages					
	5,000	5,000	4,554	446	
Borough of Old Tappan - Gasoline Gasoline					
	101,700	101,700	90,135	11,565	
Borough of Montvale - DPW Public Works Functions					
Salaries and Wages	366,200	366,200	366,200		
Other Expenses	683,122	683,122	675,822	7,300	
Borough of Harrington Park Other Expenses					
	5,000	5,000	2,806	2,194	
County of Bergen Dog Warden Services					
	13,500	13,500	13,426	74	
Health Services	<u>34,750</u>	<u>34,750</u>	<u>34,655</u>	<u>95</u>	<u>-</u>
 Total Interlocal Municipal Service Agreements	 <u>1,344,214</u>	 <u>1,344,214</u>	 <u>1,321,115</u>	 <u>23,099</u>	 <u>-</u>

**TOWNSHIP OF RIVER VALE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAP"					
(Continued)					
Public and Private Programs Offset by Revenues					
Clean Communities Act Grant		\$ 19,956	\$ 9,746	\$ 10,210	
Body Armor Replacement Fund	\$ 2,024	2,024		2,024	
Drunk Driving Enforcement Fund	2,500	2,500	2,039	461	
Municipal Recycling Assistance Program	12,047	12,047	11,780	267	
Distracted Driving 2017		5,088		5,088	
Bergen County Prosecutors Forfeited Fund		8,000	8,000		
Municipal Alliance on Alcoholism and Drug Abuse State Share					
Local Match	2,469	2,469		2,469	
Community Policing Program	10,275	10,275	8,908	1,367	
Alcohol Education and Rehabilitation	236	236		236	
NJ Dot Road Improvement Grant	-	165,627	158,982	6,645	-
	<u>29,551</u>	<u>228,222</u>	<u>199,455</u>	<u>28,767</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>29,551</u>	<u>228,222</u>	<u>199,455</u>	<u>28,767</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>2,939,229</u>	<u>3,137,900</u>	<u>3,083,922</u>	<u>53,978</u>	<u>-</u>
Detail:					
Salaries and Wages	506,142	506,142	504,271	1,871	-
Other Expenses	2,433,087	2,631,758	2,579,651	52,107	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	47,350	47,350	47,350	-	-
Total Capital Improvements-Excluded from "CAPS"	<u>47,350</u>	<u>47,350</u>	<u>47,350</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	920,000	920,000	920,000		
Payment of Bond Anticipation Notes & Capital Notes	69,000	69,000	69,000		
Interest on Bonds	376,000	376,000	375,880		\$ 120
Interest on Bond Anticipation Notes	92,000	92,000	92,000		
Green Acres Loan Principal and Interest	63,000	63,000	62,183	-	817
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,520,000</u>	<u>1,520,000</u>	<u>1,519,063</u>	<u>-</u>	<u>937</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$ 4,506,579</u>	<u>\$ 4,705,250</u>	<u>\$ 4,650,335</u>	<u>\$ 53,978</u>	<u>\$ 937</u>
Subtotal General Appropriations	15,369,409	15,568,080	15,088,839	478,304	937
RESERVE FOR UNCOLLECTED TAXES	<u>710,000</u>	<u>710,000</u>	<u>710,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 16,079,409</u>	<u>\$ 16,278,080</u>	<u>15,798,839</u>	<u>\$ 478,304</u>	<u>\$ 937</u>
Budget as Adopted		\$ 16,079,409			
Added by N.J.S. 40A:4-87		<u>198,671</u>			
		<u>\$ 16,278,080</u>			

**2016 STATEMENT OF EXPENDITURES  
CURRENT FUND**

**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
Department of Administration					
Salaries and Wages	\$ 90,325	\$ 90,325	\$ 84,939	\$ 5,386	
Other Expenses	84,150	98,150	89,775	8,375	
Mayor and Council					
Salaries and Wages	32,000	32,000	32,000		
Other Expenses	1,100	1,100	709	391	
Township Clerk					
Salaries and Wages	74,868	74,868	73,868	1,000	
Other Expenses	23,420	23,420	19,622	3,798	
Financial Administration					
Salaries and Wages	202,384	211,384	210,974	410	
Other Expenses	9,380	9,380	9,081	299	
Audit Services					
Other Expenses	34,100	34,100	3,000	31,100	
Revenue Administration					
Salaries and Wages	53,750	55,250	54,396	854	
Other Expenses	3,625	3,625	3,623	2	
Tax Assessment Administration					
Salaries and Wages	21,769	21,769	20,609	1,160	
Other Expenses	6,250	4,250	2,531	1,719	
Advisory Committees					
Other Expenses	200	200		200	
Department of Law					
Salaries and Wages	3,100	3,100	3,100		
Other Expenses	110,000	120,000	117,529	2,471	
Regional School District Litigation	10,000	5,000		5,000	
Department of Engineering					
Other Expenses	47,500	47,500	44,435	3,065	
LAND USE ADMINISTRATION					
Municipal Land Use Law (N.J.S.A. 40:55-1):					
Planning Board					
Salaries and Wages	9,850	9,850	9,767	83	
Other Expenses	19,200	19,200	17,901	1,299	
Zoning Board of Adjustment					
Salaries and Wages	2,200	2,200	2,200		
Other Expenses	3,330	3,330	1,720	1,610	
INSURANCE					
Unemployment Compensation Insurance	18,000	18,000	18,000		
Joint Insurance Fund	170,750	170,750	170,750		
Other Insurance Premiums	27,500	27,500	22,400	5,100	
Worker Compensation Insurance	195,500	195,500	195,500		
Group Insurance Plan for Employees	1,470,000	1,450,000	1,431,179	18,821	
Health Benefit Waiver	20,000	20,000	14,167	5,833	
Eyeglass - Dental Reimbursement	22,225	22,225	17,003	5,222	

**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Department of Police					
Salaries and Wages	\$ 3,158,325	\$ 3,168,625	\$ 3,159,152	\$ 9,473	
Other Expenses	144,011	144,011	121,940	22,071	
Office of Emergency Management					
Salaries and Wages	8,000	8,000	7,500	500	
Contribution to Volunteer Ambulance Corps.	42,000	42,000	42,000		
Fire Department					
Stipends	35,665	35,665	35,665		
Miscellaneous Other Expenses	65,200	65,200	59,748	5,452	
Fire Prevention Bureau					
Salaries and Wages	14,750	14,750	14,750		
Other Expenses	193,500	193,500	193,445	55	
Municipal Prosecutor					
Salaries and Wages	9,500	9,500	9,456	44	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	854,500	854,500	785,513	68,987	
Other Expenses	71,900	66,900	3,484	63,416	
Snow and Ice Removal					
Salaries and Wages	79,300	64,300	38,209	26,091	
Other Expenses	174,750	98,800		98,800	
Recycling and Garbage Removal					
Other Expenses	266,041	266,041	225,605	40,436	
Director's Office					
Salaries and Wages	138,027	138,027	137,416	611	
Other Expenses	15,342	15,342	13,240	2,102	
Buildings and Grounds					
Miscellaneous Other Expenses	117,663	137,663	120,730	16,933	
Vehicle Maintenance					
Salaries and Wages	59,400	59,400	55,171	4,229	
Other Expenses	43,100	53,100	42,879	10,221	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	12,500	12,500	12,340	160	
Other Expenses	10,350	10,350	10,092	258	
Social Services					
Salaries and Wages	7,000	7,000	7,000		

**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>PARK AND RECREATION FUNCTIONS</b>					
Department of Athletics					
Salaries and Wages	\$ 7,000	\$ 7,000	\$ 7,000		
Other Expenses	20,336	20,336	15,690	\$ 4,646	
Department of Social and Cultural Affairs					
Salaries and Wages	8,000	8,000	5,500	2,500	
Other Expenses	19,000	19,000	18,736	264	
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Accumulated Leave Compensation					
Salaries and Wages	1	50,001		50,001	
Municipal Court					
Salaries and Wages	78,063	76,063	71,853	4,210	
Other Expenses	8,685	8,685	7,391	1,294	
Public Defender					
Other Expenses	4,200	4,200		4,200	
OSHA	2,800	2,800	830	1,970	
Community Services Act	17,700	17,700		17,700	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Utilities					
Street Lighting	65,000	65,000	45,935	19,065	
Telephone	62,000	62,000	52,218	9,782	
Other (Electric, Gas, Water)	172,500	172,500	148,189	24,311	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>					
State Uniform Construction Construction Code Officials					
Salaries and Wages	167,000	167,000	162,303	4,697	
Other Expenses	8,800	8,800	7,937	863	-
	<u>8,928,385</u>	<u>8,928,235</u>	<u>8,309,695</u>	<u>618,540</u>	<u>\$ -</u>
Total Operations Within "CAPS"					
Detail					
Salaries and Wages	5,091,612	5,145,412	4,965,016	180,396	-
Other Expenses	<u>3,836,773</u>	<u>3,782,823</u>	<u>3,344,679</u>	<u>438,144</u>	<u>-</u>

**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>					
Deferred Charges:					
Anticipate Golf Course Utility Deficit	\$ 240,000	240,000	\$ 116,359		\$ 123,641
Statutory Expenditures:					
Public Employees Retirement System	270,137	270,137	270,137		
Police and Fireman's Retirement System	659,214	659,214	659,214		
Defined Contribution Retirement Program	750	900	876	\$ 24	
Contribution to Social Security (O.A.S.I.)	385,000	385,000	374,169	10,831	-
	<u>1,555,101</u>	<u>1,555,251</u>	<u>1,420,755</u>	<u>10,855</u>	<u>123,641</u>
<b>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>	<u>1,555,101</u>	<u>1,555,251</u>	<u>1,420,755</u>	<u>10,855</u>	<u>123,641</u>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<u>10,483,486</u>	<u>10,483,486</u>	<u>9,730,450</u>	<u>629,395</u>	<u>\$ 123,641</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Other Operations - Excluded from "CAPS"					
Flow and Other Charges					
Bergen County Utilities Authority					
Operating	580,461	580,461	574,080	6,381	
Debt Service	234,539	234,539	234,539		
Borough of Montvale	3,000	3,000	3,000		
Maintenance of Free Public Library	668,079	668,079	668,079		
Length of Service Award Program	48,500	48,500	41,925	6,575	-
	<u>1,534,579</u>	<u>1,534,579</u>	<u>1,521,623</u>	<u>12,956</u>	<u>-</u>
<b>Total Other Operations - Excluded from "CAPS"</b>	<u>1,534,579</u>	<u>1,534,579</u>	<u>1,521,623</u>	<u>12,956</u>	<u>-</u>
<b>Interlocal Municipal Service Agreements</b>					
Borough of Old Tappan - Dispatching Police					
Salaries and Wages	123,110	123,110	123,110		
Borough of Paramus - 911 Services Police					
Salaries and Wages	8,550	8,550	7,945	605	
Borough of Teterboro - Tax Collection					
Salaries and Wages	5,000	5,000	4,947	53	
Borough of Old Tappan - Gasoline					
Gasoline	130,000	130,000	70,876	59,124	
Borough of Montvale - DPW Public Works Functions					
Salaries and Wages	366,200	366,200	366,200		
Other Expenses	683,122	683,122	621,779	61,343	
County of Bergen					
Dog Warden Services	13,040	13,040	13,040		
Health Services	36,650	36,650	36,636	14	-
	<u>1,365,672</u>	<u>1,365,672</u>	<u>1,244,533</u>	<u>121,139</u>	<u>-</u>
<b>Total Interlocal Municipal Service Agreements</b>	<u>1,365,672</u>	<u>1,365,672</u>	<u>1,244,533</u>	<u>121,139</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAP"					
(Continued)					
Public and Private Programs Offset by Revenues					
Clean Communities Act Grant		\$ 23,490	\$ 5,572	\$ 17,918	
Body Armor Replacement Fund	\$ 2,100	2,100	1,760	340	
Drunk Driving Enforcement Fund	2,112	2,112		2,112	
Municipal Recycling Assistance Program	10,859	10,859	10,790	69	
Municipal Alliance on Alcoholism and Drug Abuse					
State Share		9,876	1,725	8,151	
Local Match	2,469	2,469	1,304	1,165	
Community Policing Program	6,900	6,900	6,487	413	
Community Development Block Grant	-	3,530	2,000	1,530	-
	<u>24,440</u>	<u>61,336</u>	<u>29,638</u>	<u>31,698</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
	<u>2,924,691</u>	<u>2,961,587</u>	<u>2,795,794</u>	<u>165,793</u>	<u>-</u>
Detail:					
Salaries and Wages	502,860	502,860	502,202	658	-
Other Expenses	2,421,831	2,458,727	2,293,592	165,135	-
	<u>2,924,691</u>	<u>2,961,587</u>	<u>2,795,794</u>	<u>165,793</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	47,350	47,350	47,350	-	-
	<u>47,350</u>	<u>47,350</u>	<u>47,350</u>	<u>-</u>	<u>-</u>
Total Capital Improvements-Excluded from "CAPS"					
	<u>47,350</u>	<u>47,350</u>	<u>47,350</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	910,000	910,000	910,000		
Payment of Bond Anticipation Notes & Capital Notes	69,000	69,000	69,000		
Interest on Bonds	430,500	430,500	353,279		\$ 77,221
Interest on Bond Anticipation Notes	65,800	65,800	65,684		116
Green Acres Loan Principal and Interest	62,200	62,200	62,183	-	17
	<u>1,537,500</u>	<u>1,537,500</u>	<u>1,460,146</u>	<u>-</u>	<u>77,354</u>
Total Municipal Debt Service - Excluded from "CAPS"					
	<u>1,537,500</u>	<u>1,537,500</u>	<u>1,460,146</u>	<u>-</u>	<u>77,354</u>

**TOWNSHIP OF RIVER VALE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 4,509,541	\$ 4,546,437	\$ 4,303,290	\$ 165,793	\$ 77,354
Subtotal General Appropriations	14,993,027	15,029,923	14,033,740	795,188	200,995
RESERVE FOR UNCOLLECTED TAXES	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 15,688,027</u>	<u>\$ 15,724,923</u>	<u>14,728,740</u>	<u>\$ 795,188</u>	<u>\$ 200,995</u>
Budget as Adopted		\$ 15,688,027			
Added by N.J.S. 40A:4-87		<u>36,896</u>			
		<u>\$ 15,724,923</u>			

**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>ANIMAL CONTROL FUND</b>		
Cash	\$ 9,064	\$ 10,978
<b>OTHER TRUST FUND</b>		
Cash	1,331,404	1,346,272
Due from Current Fund	44,623	
Due from Golf Course Utility Capital Fund	3,799	3,799
Due from Public Assistance Trust Fund	<u>275</u>	<u>275</u>
	<u>1,380,101</u>	<u>1,350,346</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>		
Cash	<u>68,656</u>	<u>51,312</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>		
Investments	1,090,911	922,874
Due from Current Fund	<u>44,392</u>	<u>41,925</u>
	<u>1,135,303</u>	<u>964,799</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>		
Cash	266,230	70,549
Due from Current Fund	<u>986</u>	<u>445</u>
	<u>267,216</u>	<u>70,994</u>
Total Assets	<u>\$ 2,860,340</u>	<u>\$ 2,448,429</u>

**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
<b>ANIMAL CONTROL FUND</b>		
Due to Current Fund	\$ 897	\$ 2,464
Due to State of New Jersey	1	5
Reserve for Animal Control Trust Expenditures	<u>8,166</u>	<u>8,509</u>
	<u>9,064</u>	<u>10,978</u>
<b>OTHER TRUST FUND</b>		
Reserves for		
Miscellaneous Deposits	1,302,910	1,281,091
Payroll Deductions	77,191	64,368
Due to Current Fund	<u>-</u>	<u>4,887</u>
	<u>1,380,101</u>	<u>1,350,346</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>		
Due to State of New Jersey	2,418	
Reserve for Unemployment Insurance Claims	<u>66,238</u>	<u>51,312</u>
	<u>68,656</u>	<u>51,312</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>		
Reserve for LOSAP	<u>1,135,303</u>	<u>964,799</u>
	<u>1,135,303</u>	<u>964,799</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>		
Due to Golf Course Utility Operating Fund	100,000	
Reserve for Open Space Preservation	<u>167,216</u>	<u>70,994</u>
	<u>267,216</u>	<u>70,994</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,860,340</u>	<u>\$ 2,448,429</u>

**TOWNSHIP OF RIVER VALE  
STATEMENT OF REVENUES - REGULATORY BASIS -  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>		<u>2016</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Amount to be Raised by Taxation	\$ 207,607	\$ 208,148	\$ 207,440	\$ 207,855
Interest Income	<u>-</u>	<u>374</u>	<u>-</u>	<u>106</u>
	<u>\$ 207,607</u>	<u>\$ 208,522</u>	<u>\$ 207,440</u>	<u>\$ 207,961</u>

EXHIBIT B-2

**STATEMENT OF EXPENDITURES - REGULATORY BASIS -  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>		<u>Reserved</u>
	<u>Budget</u>	<u>Paid or Charged</u>	
Other Expenses	\$ 107,607	\$ 12,300	\$ 95,307
Debt Service			
Payment of Bond Principal	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 207,607</u>	<u>\$ 112,300</u>	<u>\$ 95,307</u>

**STATEMENT OF EXPENDITURES - REGULATORY BASIS -  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>		<u>Reserved</u>
	<u>Budget</u>	<u>Paid or Charged</u>	
Other Expenses	\$ -	\$ 5,250	\$ (5,250)
Debt Service			
Payment of Bond Principal	207,000	207,000	
Reserve for Future Use	<u>440</u>	<u>-</u>	<u>440</u>
	<u>\$ 207,440</u>	<u>\$ 212,250</u>	<u>\$ (4,810)</u>

**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 1,028,277	\$ 734,878
Deferred Charges to Future Taxation		
Funded	11,566,477	12,541,937
Unfunded	6,976,440	6,170,141
Amount to be Raised - Overexpenditure of Appropriation		25,905
Due from Golf Course Utility Operating Fund	<u>4,000</u>	<u>-</u>
 Total Assets	 <u>\$ 19,575,194</u>	 <u>\$ 19,472,861</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Serial Bonds Payable	\$ 11,272,000	\$ 12,192,000
Green Acres Loan Payable	294,477	349,937
Bond Anticipation Notes	6,958,300	6,128,300
Improvement Authorizations		
Funded		24,449
Unfunded	448,906	271,040
Encumbrances Payable	357,654	340,340
Capital Improvement Fund	6,209	6,190
Reserve for Future Capital Improvements	35,110	35,110
Reserve for Payment of Debt	23,207	23,207
Due to Current Fund	3,766	2,786
Due to Golf Course Utility Capital Fund	2,786	
Fund Balance	<u>172,779</u>	<u>99,502</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 19,575,194</u>	 <u>\$ 19,472,861</u>

There were \$20,430 and \$41,841 in bonds and notes authorized but not issued at December 31, 2017 and 2016, respectively.

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

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 99,502	\$ 128,968
Increased by:		
Premium on Issuance of Bonds and Notes	62,178	45,534
Refund of Unexpended Costs of Issuance	26,487	
Cancellation of Funded Improvement Authorizations	<u>34,612</u>	<u>-</u>
	<u>123,277</u>	<u>45,534</u>
	<u>222,779</u>	<u>174,502</u>
Decreased by:		
Anticipated as Current Fund Budgeted Revenue	<u>50,000</u>	<u>75,000</u>
Balance, December 31	<u>\$ 172,779</u>	<u>\$ 99,502</u>

**TOWNSHIP OF RIVER VALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GOLF COURSE UTILITY FUND**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Operating Fund</b>		
Cash	\$ 466,980	\$ 552,000
Due from Municipal Open Space Trust Fund	100,000	
Due from Golf Course Utility Capital Fund	51,009	36,463
Deferred Charges		
Operating Deficit	88,413	
Overexpenditure of Appropriations	<u>-</u>	<u>189,248</u>
 Total Operating Fund	 <u>706,402</u>	 <u>777,711</u>
<b>Capital Fund</b>		
Cash	3,115,437	3,610,346
Due from General Capital Fund	2,786	
Fixed Capital	13,962,000	13,750,000
Fixed Capital Authorized and Uncompleted	1,443,300	1,655,300
Deferred Charges	<u>60,494</u>	<u>-</u>
 Total Capital Fund	 <u>18,584,017</u>	 <u>19,015,646</u>
 Total Assets	 <u>\$ 19,290,419</u>	 <u>\$ 19,793,357</u>



**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GOLF COURSE UTILITY FUND  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Operating Fund		
Appropriation Reserves	\$ 31,480	
Encumbrances Payable	8,808	\$ 44,318
Due to Current Fund		123,641
Due to General Capital Fund	4,000	
Sales Tax Payable	18	324
Accrued Interest on Bonds and Notes	132,454	86,719
Reserve for Prepaid Membership Fees	<u>286,575</u>	<u>279,642</u>
	463,335	534,644
Fund Balance	<u>243,067</u>	<u>243,067</u>
Total Operating Fund	<u>706,402</u>	<u>777,711</u>
Capital Fund		
Serial Bonds Payable	13,610,000	14,030,000
Bond Anticipation Note Payable	271,700	271,700
Improvement Authorizations		
Funded	3,500	8,629
Unfunded	18,905	20,445
Contracts Payable	63,109	2,615
Due to Other Trust Fund	3,799	3,799
Due to Golf Course Utility Operating Fund	51,009	36,463
Capital Improvement Fund	960	960
Reserve for Amortization	1,498,260	1,078,260
Deferred Reserve for Amortization	25,340	25,340
Reserve for Payment of Debt	3,020,604	3,520,604
Fund Balance	<u>16,831</u>	<u>16,831</u>
Total Capital Fund	<u>18,584,017</u>	<u>19,015,646</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 19,290,419</u>	<u>\$ 19,793,357</u>

There were no bonds and notes authorized but not issued at December 31, 2017 or 2016

**TOWNSHIP OF RIVER VALE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - GOLF COURSE UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized		
Golf Fees	\$ 2,180,157	\$ 2,293,208
Reserve for Prepaid Membership Fees	279,642	303,611
Golf Course Utility Capital Fund Surplus		36,000
Reserve for Payment of Debt	500,000	200,000
Miscellaneous Revenue Not Anticipated	22,154	1,798
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	<u>161</u>	<u>57</u>
	<u>2,982,114</u>	<u>2,834,674</u>
Expenditures		
Budget Appropriations		
Operating	2,223,894	2,218,879
Deferred Charges	189,248	236,402
Debt Service	796,917	685,000
Refund of Prior Year Revenue	<u>468</u>	<u>-</u>
	<u>3,210,527</u>	<u>3,140,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(228,413)	(305,607)
Adjustment to Income Before Fund Balance		
Realized from Current Fund for Anticipated Deficit	140,000	116,359
Expenditures Included Above Which by Statute are Required to be Raised in Succeeding Year's Budget	<u>-</u>	<u>189,248</u>
Operating Deficit	<u>88,413</u>	<u>-</u>
Fund Balance, January 1	\$ <u>243,067</u>	\$ <u>243,067</u>
Fund Balance, December 31	\$ <u>243,067</u>	\$ <u>243,067</u>

**TOWNSHIP OF RIVER VALE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GOLF COURSE UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 16,831	\$ 52,831
Decreased by:		
Anticipated as Golf Course Utility Operating Fund Budgeted Revenue	-	36,000
Balance, December 31	\$ 16,831	\$ 16,831

**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS**  
**GOLF COURSE UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>		<u>2016</u>	
	<u>Budget</u>	<u>Realized</u>	<u>Budget</u>	<u>Realized</u>
Golf Fees	\$ 2,293,000	\$ 2,180,157	\$ 2,197,000	\$ 2,293,208
Reserve for Prepaid Membership Fees	279,642	279,642	278,033	303,611
Golf Course Utility Fund Surplus			36,000	36,000
Reserve for Payment of Debt - Bergen County Open Space	500,000	500,000	200,000	200,000
Deficit (General Budget)	140,000	140,000	240,000	116,359
	\$ 3,212,642	\$ 3,099,799	\$ 2,951,033	\$ 2,949,178

**TOWNSHIP OF RIVER VALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**GOLF COURSE UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriation</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating					
Other Expenses	\$ 2,223,894	\$ 2,223,894	\$ 2,192,414	\$ 31,480	
Debt Service					
Payment of Bond Principal	320,000	320,000	320,000		
Interest on Bonds	475,000	475,000	472,417		\$ 2,583
Interest on Notes	4,500	4,500	4,500		
Deferred Charges					
Overexpenditure of Appropriations	<u>189,248</u>	<u>189,248</u>	<u>189,248</u>	-	-
	<u>\$ 3,212,642</u>	<u>\$ 3,212,642</u>	<u>\$ 3,178,579</u>	<u>\$ 31,480</u>	<u>\$ 2,583</u>

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**GOLF COURSE UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriation</u>		<u>Expended</u>		<u>Overexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating					
Other Expenses	\$ 2,029,631	\$ 2,029,631	\$ 2,218,879		\$ 189,248
Debt Service					
Payment of Bond Principal	203,000	203,000	203,000		
Interest on Bonds	479,000	480,574	480,574		
Interest on Notes	3,000	1,426	1,426		
Deferred Charges					
Overexpenditure of Appropriations	186,208	186,208	186,208		
Operating Deficit	<u>50,194</u>	<u>50,194</u>	<u>50,194</u>	-	-
	<u>\$ 2,951,033</u>	<u>\$ 2,951,033</u>	<u>\$ 3,140,281</u>	<u>\$ -</u>	<u>\$ 189,248</u>

**TOWNSHIP OF RIVER VALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	E-1	\$ 17,061	\$ 15,677
Total Assets		<u>\$ 17,061</u>	<u>\$ 15,677</u>
<b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	E-3	\$ 75	\$ 27
Due to Other Trust Fund	B-14	275	\$ 275
Reserve for Expenditures	E-2	<u>16,711</u>	<u>15,375</u>
		<u>\$ 17,061</u>	<u>\$ 15,677</u>

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

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Land	\$ 15,727,514	\$ 15,727,514
Buildings	4,572,579	4,557,079
Machinery and Equipment	2,382,640	2,342,158
Vehicles	<u>5,280,628</u>	<u>5,296,073</u>
 Total Assets	 <u>\$ 27,963,361</u>	 <u>\$ 27,922,824</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 27,963,361</u>	<u>\$ 27,922,824</u>

This Page Intentionally Left Blank

**NOTES TO FINANCIAL STATEMENTS**



**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of River Vale (the "Township") was incorporated in 1906 and operates under the Faulkner Act, an elected Mayor and Council plan B form of government. The Mayor is elected to a four-year term and the five council members are elected at-large to four-year staggered terms. The Mayor is the Chief Executive Officer of the Township. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances. A Township Administrator is appointed and is responsible for the implementation of the policies of the Mayor and Council, 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, golf course operations 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 River Vale 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.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

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.

Open Space Preservation Trust Fund - This fund is used to account for the resources, which have accumulated from a dedicated tax, to be used for the preservation of open space, recreation and farmland property.

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.

Golf Course Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's golf course facility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the golf course utility is accounted for in the capital section of the fund.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

*Public Assistance Fund* - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes. During 2008, the Township transferred administration of its State of New Jersey public assistance program to the County of Bergen. The fund is currently maintained to account for private donations.

*General Fixed Assets Account Group* - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the golf course utility fund. 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.

**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 River Vale 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.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 June 30, 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 11<sup>th</sup> 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.

**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).

**Utility Revenues/Receivables** - Utility charges are levied based upon a schedule of fees approved by Township ordinance. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's golf course utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**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.

**Property Acquired for Taxes** - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

**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.

**Operating Deficits** – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

**TOWNSHIP OF RIVER VALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of River Vale has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 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.

Fixed Assets purchased after December 31, 2008 are stated as cost. Donated fixed assets are recorded at acquisition value at the date of donation.

Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement 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.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

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

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

**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.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 (except Open Space)  
Capital Funds  
Public Assistance 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 Township Council increased the original Current Fund budget by \$198,671 and \$36,896. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2017 and 2016.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**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.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 \$17,802,556 and \$11,244,863 and bank and brokerage firm balances of the Township's deposits amounted to \$16,926,488 and \$11,491,810, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	<u>\$ 16,926,488</u>	<u>\$ 11,491,810</u>

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:

	<u>Fair Value</u>
<u>2017</u>	
Investment:	
Length of Service Award Program (LOSAP) (Unaudited)	<u>\$ 1,090,911</u>
<u>2016</u>	
Investment:	
Length of Service Award Program (LOSAP) (Unaudited)	<u>\$ 922,874</u>



**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, \$1,090,911 and \$922,874 of the Township’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	2017	2016
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name (unaudited)	\$ 1,090,911	\$ 922,874

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.

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 the Lincoln Financial LOSAP account. 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. Interest earned in the Utility Capital Fund is assigned to the Utility Operating 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
<u>Current</u>		
Property Taxes	\$ 397,484	\$ 362,145
Tax Title Liens	18,912	14,588
	\$ 416,396	\$ 376,733

In 2017 and 2016, the Township collected \$365,107 and \$321,804 from delinquent taxes, which represented 97% and 97%, respectively of the prior year delinquent taxes receivable balance.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2017</u>		<u>2016</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 4,738	\$ 90,001	\$ 133,805	\$ 42,370
Trust Funds				
Animal Control		897		2,464
Other Trust	48,697		4,074	4,887
Open Space Preservation	986	100,000	445	
LOSAP	44,392		41,925	
General Capital Fund	4,000	6,552		2,786
Golf Course Utility				
Operating	151,009	4,000	36,463	123,641
Capital	2,786	54,808		40,262
Public Assistance Fund	-	350	-	302
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 256,608</u>	<u>\$ 256,608</u>	<u>\$ 216,712</u>	<u>\$ 216,712</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund due to another.

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2017</u>			
Golf Course Utility			
Operating Fund			
Operating Deficit	\$ 88,413	\$ 88,413	
Capital Fund			
Expenditure Without Appropriation	60,494		\$ 60,494
<u>2016</u>			
Golf Course Utility			
Overexpenditure of Appropriations	\$ 189,248	\$ 189,248	

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 7 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, 2016 and 2015 are as follows:

	<u>2017</u> Regional <u>High School</u>	<u>2016</u> Regional <u>High School</u>
Balance of Tax	\$6,350,294	\$6,033,931
Deferred Liability	<u>(3,907,136)</u>	<u>(3,907,136)</u>
Taxes Payable	<u>\$2,443,158</u>	<u>\$2,126,795</u>

**NOTE 8 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are 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:

	Fund Balance December 31, <u>2017</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2016</u>	Utilized in Subsequent <u>Year's Budget</u>
<b>Current Fund</b>				
Cash Surplus	\$ 1,463,802	\$ 1,050,000	\$ 1,175,240	\$ 850,000
Non-Cash Surplus	<u>170,474</u>	<u>-</u>	<u>129,972</u>	<u>-</u>
	<u>\$ 1,634,276</u>	<u>\$ 1,050,000</u>	<u>\$ 1,305,212</u>	<u>\$ 850,000</u>
<b>Golf Course Utility Operating Fund</b>				
Cash Surplus	\$ 154,654	\$ 40,000	\$ 53,819	-
Non-Cash Surplus	<u>88,413</u>	<u>-</u>	<u>189,248</u>	<u>-</u>
	<u>\$ 243,067</u>	<u>\$ 40,000</u>	<u>\$ 243,067</u>	<u>\$ -</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9 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, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 15,727,514			\$ 15,727,514
Buildings and Building Improvements	4,557,079	\$ 15,500		4,572,579
Vehicles	5,296,073	75,157	\$ 90,602	5,280,628
Machinery and Equipment	<u>2,342,158</u>	<u>40,482</u>	<u>-</u>	<u>2,382,640</u>
	<u>\$ 27,922,824</u>	<u>\$ 131,139</u>	<u>\$ 90,602</u>	<u>\$ 27,963,361</u>
	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 15,727,514			\$ 15,727,514
Buildings and Building Improvements	4,557,079			4,557,079
Vehicles	5,131,317	\$ 164,756		5,296,073
Machinery and Equipment	<u>2,315,071</u>	<u>27,087</u>	<u>-</u>	<u>2,342,158</u>
	<u>\$ 27,730,981</u>	<u>\$ 191,843</u>	<u>\$ -</u>	<u>\$ 27,922,824</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9 FIXED ASSETS (Continued)**

**B. Golf Course Utility Fund Fixed Assets**

The following is a summary of changes in the golf course utility fund fixed assets for the years ended December 31, 2017 and 2016.

<u><b>Golf Course Utility Fund</b></u>	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
<u><b>2017</b></u>				
Fixed Capital				
Acquisition of Golf Course and Facilities	\$ 13,750,000			\$ 13,750,000
Improvements to Golf Course and Facilities	<u>          -</u>	<u>\$ 212,000</u>	<u>          -</u>	<u>          212,000</u>
	<u>\$ 13,750,000</u>	<u>\$ 212,000</u>	<u>\$ -</u>	<u>\$ 13,962,000</u>
	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>
<u><b>2016</b></u>				
Fixed Capital				
Acquisition of Golf Course and Facilities	<u>\$ 13,750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,750,000</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 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 both general capital and golf course utility 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:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Notes and Loans	\$ 18,524,777	\$ 18,670,237
Golf Course Utility		
Bonds and Notes	13,881,700	14,301,700
Less Funds Temporarily Held to Pay Bonds and Notes	<u>(3,046,101)</u>	<u>(3,543,811)</u>
Net Debt Issued	29,360,376	29,428,126
Authorized But Not Issued		
General		
Bonds and Notes	20,430	41,841
Golf Course Utility		
Bonds and Notes	<u>-</u>	<u>-</u>
	<u>20,430</u>	<u>41,841</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 29,380,806</u>	<u>\$ 29,469,967</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**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 0.909% and 0.935% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 18,545,207	\$ 25,497	\$ 18,519,710
School Debt	7,347,585	7,347,585	
Utility Debt	<u>13,881,700</u>	<u>13,881,700</u>	<u>-</u>
Total	<u>\$ 39,774,492</u>	<u>\$ 21,254,782</u>	<u>\$ 18,519,710</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 18,712,078	\$ 23,207	\$ 18,688,871
School Debt	8,096,412	8,096,412	
Utility Debt	<u>14,301,700</u>	<u>14,301,700</u>	<u>-</u>
Total	<u>\$ 41,110,190</u>	<u>\$ 22,421,319</u>	<u>\$ 18,688,871</u>

**Statutory Borrowing Power**

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

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 71,343,906	\$ 69,961,032
Net Debt	<u>(18,519,710)</u>	<u>(18,688,871)</u>
Remaining Borrowing Power	<u>\$ 52,824,196</u>	<u>\$ 51,272,161</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**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:

	<u>2017</u>	<u>2016</u>
\$6,042,000, 2007 Bonds, due in an annual installment of \$410,000 on June 15, 2017, interest at 4.25%. These bonds were refunded in 2016.		\$ 410,000
\$4,965,000, 2011 Bonds, due in annual installments of \$325,000 to \$340,000 through August 15, 2027, interest at 2.00% to 3.25%	\$ 3,340,000	3,665,000
\$4,792,000, 2015 Bonds, due in annual installments of \$210,000 to \$357,000 through August 1, 2031, interest at 3.00% to 3.125%	4,432,000	4,612,000
\$3,505,000, 2016 Refunding Bonds, due in annual installments of \$365,000 to \$415,000 through June 15, 2026, interest at 2.00% to 4.00%	<u>3,500,000</u>	<u>3,505,000</u>
	<u>\$ 11,272,000</u>	<u>\$ 12,192,000</u>

**General Intergovernmental Loans Payable**

The Township has entered into a loan agreement with the State of New Jersey Green Acres Program for the financing relating to the acquisition of Open Space. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$1,000,000, 2002 Loan, due in semi-annual installments of \$28,147 to \$30,784 through September 13, 2022, interest at 2.0%	<u>\$ 294,477</u>	<u>\$ 349,937</u>



**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Utility Bonds**

The Township pledges revenue from operations to pay debt service on utility bonds issued. The golf course utility bonds outstanding at December 31 are as follows:

**Golf Course Utility**

	<u>2017</u>	<u>2016</u>
\$9,600,000, 2014 Bonds, due in annual installments of \$280,000 to \$510,000 through October 1, 2039, interest at 2.0% - 3.25%	\$ 8,815,000	\$ 9,085,000
\$5,095,000, 2015 Bonds, due in annual installments of \$150,000 to \$300,000 through August 1, 2042, interest at 3.0% - 3.75%	<u>4,795,000</u>	<u>4,945,000</u>
	<u>\$ 13,610,000</u>	<u>\$ 14,030,000</u>

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

Calendar <u>Year</u>	<u>General Bonds</u>		<u>Intergovernmental Loans</u>		<u>Utility Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 950,000	\$ 351,069	\$ 56,575	\$ 5,608	\$ 430,000	\$ 416,608	\$ 2,209,860
2019	970,000	328,044	57,713	4,471	440,000	405,808	2,206,036
2020	995,000	299,456	58,873	3,311	450,000	394,782	2,201,422
2021	1,030,000	267,231	60,054	2,129	460,000	383,532	2,202,946
2022	1,065,000	232,332	61,262	922	470,000	371,670	
2023-2027	4,880,000	640,284			2,510,000	1,648,850	9,679,134
2028-2032	1,382,000	106,274			2,955,000	1,247,524	5,690,798
2033-2037					3,445,000	765,220	4,210,220
2038-2042	-	-	-	-	<u>2,450,000</u>	<u>210,452</u>	<u>2,660,452</u>
Total	<u>\$ 11,272,000</u>	<u>\$ 2,224,690</u>	<u>\$ 294,477</u>	<u>\$ 16,441</u>	<u>\$ 13,610,000</u>	<u>\$ 5,844,446</u>	<u>\$ 31,060,868</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 MUNICIPAL 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:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Bonds Payable	\$ 12,192,000		\$ 920,000	\$ 11,272,000	\$ 950,000
Intergovernmental Loans Payable	<u>349,937</u>	<u>-</u>	<u>55,460</u>	<u>294,477</u>	<u>56,575</u>
General Capital Fund Long-Term Liabilities	<u>\$ 12,541,937</u>	<u>\$ -</u>	<u>\$ 975,460</u>	<u>\$ 11,566,477</u>	<u>\$ 1,006,575</u>
Golf Course Utility Capital Fund					
Bonds Payable	<u>\$ 14,030,000</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ 13,610,000</u>	<u>\$ 430,000</u>
Golf Course Utility Capital Fund Long-Term Liabilities	<u>\$ 14,030,000</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ 13,610,000</u>	<u>\$ 430,000</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	\$ 13,324,000	\$ 3,505,000	\$ 4,637,000	\$ 12,192,000	\$ 920,000
Intergovernmental Loans Payable	<u>404,304</u>	<u>-</u>	<u>54,367</u>	<u>349,937</u>	<u>55,460</u>
General Capital Fund Long-Term Liabilities	<u>\$ 13,728,304</u>	<u>\$ 3,505,000</u>	<u>\$ 4,691,367</u>	<u>\$ 12,541,937</u>	<u>\$ 975,460</u>
Golf Course Utility Capital Fund					
Bonds Payable	<u>\$ 14,440,000</u>	<u>-</u>	<u>\$ 410,000</u>	<u>\$ 14,030,000</u>	<u>\$ 420,000</u>
Golf Course Utility Capital Fund Long-Term Liabilities	<u>\$ 14,440,000</u>	<u>-</u>	<u>\$ 410,000</u>	<u>\$ 14,030,000</u>	<u>\$ 420,000</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 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**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2016</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>						
<b><u>General Capital Fund</u></b>						
Acquisition of Property	2.00%	8/10/2018	\$ 3,772,000	\$ 3,703,000	\$ 3,772,000	\$ 3,703,000
Various Capital Improvements	2.00%	8/10/2018	<u>2,356,300</u>	<u>3,255,300</u>	<u>2,356,300</u>	<u>3,255,300</u>
Total General Capital Fund			<u>6,128,300</u>	<u>6,958,300</u>	<u>6,128,300</u>	<u>6,958,300</u>

**Golf Course Utility Capital Fund**

Various Golf Course Improvements	2.00	8/10/2018	\$ <u>271,700</u>	\$ <u>271,700</u>	<u>271,700</u>	\$ <u>271,700</u>
Total Golf Course Utility Capital Fund			<u>\$ 271,700</u>	<u>\$ 271,700</u>	<u>\$ 271,700</u>	<u>\$ 271,700</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2016</u>
----------------	-----------------	----------------------	---	---------------------------	-----------------------------	---

**2016**

**General Capital Fund**

Acquisition of Property	1.50%	8/11/2017	\$ 3,841,000	\$ 3,772,000	\$ 3,841,000	\$ 3,772,000
Various Capital Improvements	1.50%	8/11/2017	<u>1,458,088</u>	<u>2,356,300</u>	<u>1,458,088</u>	<u>2,356,300</u>
Total General Capital Fund			<u>5,299,088</u>	<u>6,128,300</u>	<u>5,299,088</u>	<u>6,128,300</u>

**Golf Course Utility Capital Fund**

Various Golf Course Improvements	1.50	8/11/2017	\$ <u>271,700</u>	\$ <u>271,700</u>	<u>271,700</u>	\$ <u>271,700</u>
Total Golf Course Utility Capital Fund			<u>\$ 271,700</u>	<u>\$ 271,700</u>	<u>\$ 271,700</u>	<u>\$ 271,700</u>

**TOWNSHIP OF RIVER VALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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. The amounts issued for the golf course utility activities are accounted for in the Golf Course Utility 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 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Township had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2017</u></b>		
2017 Road Improvement Program	\$304,602	2018
Poplar Road Improvement Project	149,632	2018
<b><u>2016</u></b>		
Environmental Site Remediation	\$245,080	2017
2016 Road Improvements	54,575	2017

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 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, personal and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,007,000 and \$1,022,000 at December 31, 2017 and 2016, respectively. These amounts which are considered material to the financial statements are not reported as an expenditure or liability. As of December 31, 2017 and 2016, the Township has reserved in the Other Trust Fund \$54,650 and \$2,020, respectively, to fund compensated absences 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 as either 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 change in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>2017</u></b>					
Compensated Absences	\$ 1,022,291	\$ 32,549	\$ 47,370	\$ 1,007,470	\$ 100,000
Net Pension Liability - PERS	10,087,209		2,521,949	7,565,260	
Net Pension Liability - PFRS	<u>15,814,294</u>	<u>-</u>	<u>2,854,072</u>	<u>12,960,222</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 26,923,794</u>	<u>\$ 32,549</u>	<u>\$ 5,423,391</u>	<u>\$ 21,532,952</u>	<u>\$ 100,000</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
Compensated Absences	\$ 995,568	\$ 130,771	\$ 104,048	\$ 1,022,291	\$ 100,000
Net Pension Liability - PERS	7,053,402	3,303,944	270,137	10,087,209	
Net Pension Liability - PFRS	<u>13,508,268</u>	<u>2,965,240</u>	<u>659,214</u>	<u>15,814,294</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 21,557,238</u>	<u>\$ 6,399,955</u>	<u>\$ 1,033,399</u>	<u>\$ 26,923,794</u>	<u>\$ 100,000</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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 June 30, 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 employers 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](http://www.state.nj.us/treasury/pensions).

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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.

**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](http://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 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.

**TOWNSHIP OF RIVER VALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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 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 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:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 674,971	\$ 303,345	\$ 1,710
2016	659,214	270,137	876
2015	641,609	234,336	347

**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 \$7,565,260 and \$10,087,209, 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 .03249 percent, which was a decrease of .00156 percent from its proportionate share measured as of June 30, 2016 of .03405 percent.



**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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 \$683,064 and \$1,159,301, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Township’s financial statements of \$303,345 and \$270,137, 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	\$ 178,136		\$ 187,593	
Changes of Assumptions	1,524,139	\$ 1,518,551	2,089,548	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	51,514		384,638	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	613,366	278,031	809,612	\$ -
Total	\$ 2,367,155	\$ 1,796,582	\$ 3,471,391	\$ -

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,	<u>Total</u>
2018	\$ 348,975
2019	348,974
2020	293,812
2021	(224,385)
2022	(196,803)
Thereafter	-
	\$ 570,573

**TOWNSHIP OF RIVER VALE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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:

<u>PERS</u>	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15%	1.65-4.15%
	Based on Age	Based on Age
Thereafter	2.65-5.15%	2.65-5.15%
	Based on Age	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.

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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:

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,385,218</u>	<u>\$ 7,565,260</u>	<u>\$ 6,049,009</u>
	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,360,697</u>	<u>\$ 10,087,209</u>	<u>\$ 8,210,247</u>

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.

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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](http://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 \$12,960,222 and \$15,814,294, 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 .08394 percent, which was an increase of .00116 percent from its proportionate share measured as of June 30, 2016 of .08278 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Township pension expense to be \$1,328,574 and \$1,813,522, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Township’s financial statements of \$674,971 and \$659,214, 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:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 84,078	\$ 76,066		\$ 103,665
Changes of Assumptions	1,598,140	2,122,505	\$ 2,190,410	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	247,311		1,108,076	
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	<u>596,933</u>	<u>149,255</u>	<u>631,739</u>	<u>208,248</u>
Total	<u>\$ 2,526,462</u>	<u>\$ 2,347,826</u>	<u>\$ 3,930,225</u>	<u>\$ 311,913</u>

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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 <u>December 31,</u>	<u>Total</u>
2018	\$ 383,904
2019	383,904
2020	164,003
2021	(509,603)
2022	(243,572)
Thereafter	<u>-</u>
	<u>\$ 178,636</u>

***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**

	<u>2017</u>	<u>2016</u>
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.

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	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:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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:

	<b>1% Decrease <u>(5.14%)</u></b>	<b>Current Discount Rate <u>(6.14%)</u></b>	<b>1% Increase <u>(7.14%)</u></b>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 17,076,160</u>	<u>\$ 12,960,222</u>	<u>\$ 9,578,511</u>
	<b>1% Decrease <u>(4.55%)</u></b>	<b>Current Discount Rate <u>(5.55%)</u></b>	<b>1% Increase <u>(6.55%)</u></b>
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 20,391,373</u>	<u>\$ 15,814,294</u>	<u>\$ 12,081,962</u>

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.



**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 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 \$1,451,654 and \$1,328,008, 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 \$177,570 and \$169,618, respectively, which is more than the actual contributions the State made on behalf of the Township of \$72,589 and \$50,885, 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](http://www.state.nj.us/treasury/pensions).

**NOTE 14 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.

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**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](http://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.

**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, \$16.1 billion 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.

**TOWNSHIP OF RIVER VALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**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 \$1.37 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.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System 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 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, 2016 and 2015 were \$499,223, \$437,255 and \$446,224, respectively, which equaled the required contributions for each year. In addition, the Township's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2017, 2016 and 2015 were \$34,023, \$30,106 and \$27,694, respectively.

**NOTE 15 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 River Vale is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) 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 BJIF and MEL coverage amounts are on file with the Township.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 15 RISK MANAGEMENT (Continued)**

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.

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.

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

<u>Year Ended</u> <u>December 31</u>	<u>Township</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 18,000	\$ 4,105	\$ 7,402	\$ 66,238
2016	18,000	6,733	16,039	51,312
2015	16,000	6,454	1,563	42,548

**NOTE 16 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, to be immaterial. As of December 31, 2017, the Township reserved \$100,000 in the Current Fund for tax appeals pending in the New Jersey tax court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 16 CONTINGENT LIABILITIES (Continued)**

**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 17 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 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Township of River Vale Length of Service Award Program (the Plan) was created by a Township ordinance adopted in 1999 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 River Vale approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Squad, 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.

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 River Vale has contributed \$1,233 for both 2017 and 2016, for each eligible volunteer member into the Plan. The total Township contributions were \$44,392 and \$41,925 for 2017 and 2016, respectively.

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 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.

**TOWNSHIP OF RIVER VALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

**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 19 SUBSEQUENT EVENT**

On April 9, 2018, the Township adopted a bond ordinance authorizing the issuance of \$1,030,102 in bonds or bond anticipation notes to fund various capital improvements. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

On April 23, 2018, the Township adopted a bond ordinance authorizing the issuance of \$1,254,000 in bonds or bond anticipation notes to fund improvements to the River Vale Country Club golf course. As of the date of this report, the Township has not issued nor awarded the sale of said bonds or notes.

**APPENDIX C**  
**PROPOSED FORM OF BOND COUNSEL OPINION**

*An opinion in substantially the following form  
will be delivered at Closing, assuming no  
material changes in facts or law*

\_\_\_\_\_, 2018

Township Council of the  
Township of River Vale in the  
County of Bergen, New Jersey

Re: Township of River Vale, in the County of Bergen, New Jersey  
\$9,375,000 Bond Anticipation Notes, Series 2018

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of River Vale, in the County of Bergen, New Jersey (the "Issuer"), of its \$9,375,000 aggregate principal amount of Bond Anticipation Notes, Series 2018, consisting of \$7,585,669 General Improvement Bond Anticipation Notes and \$1,516,331 Golf Course Utility Bond Anticipation Notes (collectively, the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated \_\_\_\_\_, 2018, mature on August 9, 2019, bear interest at a rate of \_\_\_% percent per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"), and bond ordinances of the Issuer numbered 239-2010, 301-2015, 302-2015, 311-2016, 323-2017, 338-2018 and 339-2018 (the "Ordinances"). The Notes are issued for the purpose of providing funds to finance and refinance the projects as described in the Ordinances (the "Projects"). The Projects are authorized by the Ordinances. The Issuer has designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a) copies of the Ordinances; (b) such matters of law, including inter alia, the Act and the Code; and (c) such other agreements, proceedings, certificates, records, approvals, resolutions, and documents as to various matters with respect to the issuance of the Notes as we have deemed



necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

2. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

We note, however, that notwithstanding our opinion that interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporation's adjusted current earnings over the alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The alternative minimum tax on corporations has been repealed for taxable years beginning after December 31, 2017.

4. Interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP