

BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019

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BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Bergenfield
Bergenfield, 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 Borough of Bergenfield, as of December 31, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2019, 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 from material misstatement.

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

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 Borough of Bergenfield on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2019 and 2018. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 30 percent and 28 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2019 and 2018.

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 Borough of Bergenfield as of December 31, 2019 and 2018, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2019 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

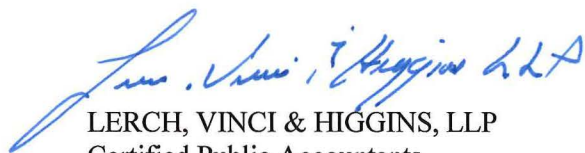
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Bergenfield as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary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

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

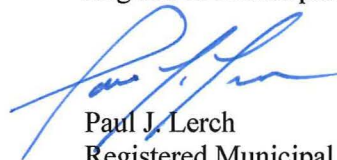
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2020 on our consideration of the Borough of Bergenfield'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 solely 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 Borough of Bergenfield'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 Borough of Bergenfield's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 9, 2020

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	A-4	\$14,585,853	\$14,342,985
Cash - Change Funds	A-5	3,850	3,850
Grants Receivable	A-29	<u>1,767,598</u>	<u>1,249,873</u>
		<u>16,357,301</u>	<u>15,596,708</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	1,141,766	949,789
Delinquent Property Taxes- Special Improvement District	A-26	10,760	9,800
Tax Title Liens	A-9	721,962	732,684
Property Acquired for Taxes (at Assessed Valuation)	A-10	28,173	28,173
Other Liens Receivable	A-17	2,500	2,500
Due from Animal Control Fund	B-4	6,938	7,102
Due from Other Trust Fund- FSA	B-9	2,500	2,500
Due from Other Trust Fund- Net Payroll	B-12	-	14,648
Due from General Capital Fund	C-11	8,281	
Due from Other Trust Fund-Escrow	B-5	<u>103</u>	<u>42</u>
		<u>1,922,983</u>	<u>1,747,238</u>
 Total Assets		 <u>\$18,280,284</u>	 <u>\$17,343,946</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Appropriation Reserves	A-3,A-12	3,357,669	\$ 1,916,115
Encumbrances Payable	A-13	1,719,059	1,223,152
Encumbrances Payable - Reserve for Grants	A-14	150,859	64,107
Accounts Payable	A-24	29,879	15,821
Reserve for Tax Appeals	A-15	1,520,643	1,634,418
Tax Overpayments	A-16	13,875	3,472
Tax Overpayments- Special Improvement District	A-28	-	1,818
Prepaid Taxes	A-20	548,954	401,077
Prepaid Taxes- Special Improvement District	A-27	623	12,652
Due from the State of New Jersey Senior and Veteran's Discounts	A-7	6,589	2,505
Due County for Added & Omitted Taxes	A-18	30,300	27,336
Reserve for:			
Master Plan	A-23	2,570	2,570
Appropriated Reserve for Grants	A-21	640,525	773,762
Unappropriated Reserve for Grants	A-22	28,969	
Due to Special Improvement District	A-25	10,433	11,452
Due to Other Trust Fund	B-8	300,000	200
		8,360,947	6,090,457
Reserve for Receivables and Other Assets	A	1,922,983	1,747,238
Fund Balance	A-1	7,996,354	9,506,251
 Total Liabilities, Reserves and Fund Balance		 <u>\$18,280,284</u>	 <u>\$17,343,946</u>

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 5,409,320	\$ 3,700,000
Miscellaneous Revenue Anticipated	A-2	5,240,515	5,050,032
Receipts from Delinquent Taxes	A-2	861,975	960,396
Receipts from Current Taxes	A-2	86,455,333	85,725,680
Non-Budget Revenue	A-2	752,936	427,298
Other Credits to Income			
Interfunds Returned	A	6,470	
Cancel Appropriated Reserve Balances	A-1	-	720
Cancel Accounts Payable	A-1	-	116,889
Statutory Excess - Animal Control	A-1, B-2	6,085	7,102
Unexpended Balances of Appropriation Reserves	A-12	<u>1,517,711</u>	<u>1,853,750</u>
		<u>100,250,345</u>	<u>97,841,867</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	13,915,444	13,895,150
Other Expenses	A-3	16,853,986	16,178,562
Deferred Charges and Statutory Expenditures - Municipal	A-3	3,804,706	3,800,993
Capital Improvements	A-3	2,090,487	938,908
Municipal Debt Service	A-3	2,675,338	2,748,384
County Taxes Payable	A-18	7,483,505	6,991,974
Local District School Taxes Payable	A-19	49,523,856	49,157,916
Other Debits to Income			
Refund Prior Year Revenue	A-4	521	10,677
Senior and Veteran's Discounts Disallowed Prior Year	A-7	3,079	4,232
Interfunds Advanced	A	-	77
Total Expenditures		<u>96,350,922</u>	<u>93,726,873</u>
Excess in Revenue		3,899,423	4,114,994
Statutory Excess to Fund Balance		3,899,423	4,114,994
Fund Balance, Beginning of Year	A-1	<u>9,506,251</u>	<u>9,091,257</u>
		13,405,674	13,206,251
Decreased by			
Utilization as Anticipated Revenue	A-1	<u>5,409,320</u>	<u>3,700,000</u>
Fund Balance, End of Year	A	<u>\$ 7,996,354</u>	<u>\$ 9,506,251</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 5,409,320	-	\$ 5,409,320	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	30,000		35,814	\$ 5,814
Other	A-2	8,000		7,569	(431)
Fees and Permits	A-2	55,000		65,802	10,802
Fines and Costs					
Municipal Court	A-11	330,000		258,971	(71,029)
Interest and Costs on Taxes	A-11	150,000		223,962	73,962
Interest on Investments and Deposits	A-2	100,000		291,994	191,994
PILOT Senior Citizen Complex	A-11	77,000		90,906	13,906
Site Rental - Cablevision	A-11	80,000		103,638	23,638
Franchise Fees - Cablevision	A-11	181,312		181,312	-
Franchise Fees - Verizon	A-11	136,892		136,892	-
Cell Tower Rental Fee	A-11	40,000		32,790	(7,210)
Recycling Program	A-11	20,000		11,772	(8,228)
Recreation Fees	A-11	20,000		30,734	10,734
Energy Receipts Tax	A-11	1,858,543		1,858,543	-
Consolidated Municipal Property Tax Relief Aid	A-11	123,114		123,114	-
Uniform Construction Code	A-11	500,000		857,202	357,202
Uniform Fire Safety Act	A-11	60,000		101,677	41,677
Interlocal - Bergenfield Board of Education	A-11	106,344	\$ 12,000	114,187	(4,157)
Recycling Tonnage Grant - Reserve	A-29	28,969		28,969	-
Drunk Driving Enforcement Fund	A-29		2,248	2,248	-
Alcohol Education	A-29		1,527	1,527	-
Municipal Alliance	A-29	15,279		15,279	-
Clean Communities- Reserve	A-29	-	44,651	44,651	-
BCUA Recycling Enhancement Grant	A-29		3,000	3,000	-
Drive Sober or Get Pulled Over	A-29		5,500	5,500	-
Pedestrian Safety Grant	A-29		15,000	15,000	-
Bulletproof Vest Partnership Grant	A-29		2,289	2,289	-
Body Armor	A-29	4,686		4,686	-
Bergen County Open Space- Memorial Field	A-29	31,338	78,500	109,838	-
Bergen County - CDBG Irving & Demott Ave	A-29	163,979		163,979	-
Bergen County- CDBG W. Clinton Ave	A-29		98,430	98,430	-
NJ Department of Transportation- W. Prospect Road	A-29	-	218,240	218,240	-
Total Miscellaneous Revenues	A-1	4,120,456	481,385	5,240,515	638,674
Receipts from Delinquent Taxes	A-1, A-8	750,000	-	861,975	111,975
Amount to be Raised by Taxes to Support Municipal Budget		29,415,504		30,283,614	868,110
Minimum Library Tax		1,014,358	-	1,014,358	-
Total Amount to be Raised by Taxes for Support Municipal Budget	A-2	30,429,862	-	31,297,972	868,110
Total General Revenues		\$ 40,709,638	\$ 481,385	\$ 42,809,782	\$ 1,618,759
Non-Budget Revenue	A-2,A-1			752,936	
				<u>\$ 32,050,908</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-1, A-8	\$ 86,455,333
Less: Allocated to School and County Taxes	A-18,A-19	<u>57,007,361</u>
Balance for Support of Municipal Budget Appropriations		29,447,972
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,850,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 31,297,972</u>
Licenses- Other		
Borough Clerk	A-11	\$ 6,565
Board of Health	A-11	<u>1,004</u>
	A-2	<u>\$ 7,569</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 38,532
Fire Department	A-11	25,187
Police Department	A-11	<u>2,083</u>
	A-2	<u>\$ 65,802</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-5	\$ 571
Due from General Capital Fund	C-11	8,281
Cash Receipts	A-11	<u>283,142</u>
	A-2	<u>\$ 291,994</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Reference

ANALYSIS OF NON-BUDGET REVENUES

Tennis Court Rental	\$ 18,000
Bergen County JIF Dividend	32,843
Police Alarms	17,225
Seasonal Field Fees/Park Rentals	1,540
Zoning	3,650
Memo Bills	5,387
Towing	3,150
Insurance Refund- Prior Year	10,394
Cost of Sale Taxes	3,885
Prior Year Police Outside Detail	128,002
Police Outside Duty Admin Fees	58,492
Dwelling Inspection	87,667
DMV Inspection Fees	3,900
Returned Check Fee	1,105
Transaction Fee- Tax Collection	15,708
BOE- Gas Reimbursement- Prior Year	19,053
Police Salary and Wages- Prior Year	3,295
Settlement Agreement- Hofmeister Plumbing and Cal's Excavating	60,000
Settlement- Landmark	40,174
Bergen County Jet Crash Settlement	3,215
TTL Forfeiture	191,698
Losap Fund Returned	4,990
Municipal Court Facility Usage	9,200
Miscellaneous	<u>30,363</u>
	A-1, A-4 \$ <u>752,936</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATIONS - WITHIN "CAPS"	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 236,000	\$ 236,000	\$ 233,126	\$ 2,874	
Other Expenses	173,650	173,650	140,246	33,404	
Grant Consultant	36,000	36,000	36,000	-	
Mayor & Council					
Salaries and Wages	56,000	56,000	40,900	15,100	
Other Expenses	1,000	1,000	300	700	
Municipal Clerk					
Salaries and Wages	226,000	230,500	227,352	3,148	
Other Expenses	74,350	74,350	56,053	18,297	
Financial Administration (Treasury)					
Salaries and Wages	249,400	237,700	217,843	19,857	
Other Expenses	46,600	49,600	47,910	1,690	
Audit Services					
Other Expenses	75,000	75,000	74,595	405	
Revenue Administration (Tax Collection)					
Salaries and Wages	116,000	116,000	113,134	2,866	
Other Expenses	34,100	34,100	30,377	3,723	
Tax Assessment Administration					
Salaries and Wages	30,100	25,100	13,486	11,614	
Other Expenses	28,125	33,125	26,899	6,226	
Legal Services (Legal Department)					
Other Expenses	300,000	785,000	713,004	71,996	
Engineering Services - Other Expenses	160,000	160,000	24,969	135,031	
Insurance					
Workers Compensation Insurance	598,500	598,500	576,102	22,398	
Liability Insurance	462,391	462,391	443,750	18,641	
Group Insurance Plan for Employees	5,894,483	5,894,483	4,546,021	1,348,462	
Health Benefit Waivers	20,000	26,000	22,161	3,839	
Planning Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	500	500	195	305	
Site Plan					
Salaries and Wages	1,250	1,250	600	650	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 2,400	\$ 2,600	\$ 2,569	\$ 31	
Other Expenses	10,250	10,250	7,390	2,860	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	7,667,300	7,467,300	6,985,041	482,259	
Other Expenses	195,900	195,900	169,554	26,346	
Other Expenses - Acquisition of Police Vehicles	45,000	45,000	44,700	300	
Office of Emergency Management					
Salaries and Wages	5,500	5,500	5,000	500	
Other Expenses	8,500	8,500	2,265	6,235	
First Aid Organization					
Other Expenses	86,500	86,500	86,124	376	
Fire Official					
Salaries and Wages	146,500	146,500	113,844	32,656	
Other Expenses	18,750	18,750	14,005	4,745	
Fire Department					
Salaries and Wages	725,000	725,000	675,367	49,633	
Other Expenses	203,700	203,700	194,222	9,478	
Fire Hydrant Service	250,000	250,000	231,640	18,360	
Municipal Prosecutors Office					
Other Expenses	30,000	30,000	30,000	-	
Municipal Court					
Salaries and Wages	150,200	150,200	144,309	5,891	
Other Expenses	16,300	16,300	10,154	6,146	
Public Defender (P.L. 1997, C. 256)					
Other Expenses	7,000	7,000	6,875	125	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,020,000	970,000	871,075	98,925	
Other Expenses	255,000	255,000	196,906	58,094	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 130,500	\$ 130,500	\$ 102,835	\$ 27,665	
Solid Waste Collection					
Salaries and Wages	2,304,900	2,160,900	2,072,901	87,999	
Other Expenses	324,500	324,500	277,407	47,093	
Vehicle Maintenance (Including Police)					
Other Expenses	148,000	148,000	140,052	7,948	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	200,700	222,700	215,662	7,038	
Other Expenses	157,558	157,558	146,671	10,887	
Environmental Committee					
Other Expenses	500	500	-	500	
Stima Free Initiative	3,000	3,000	1,251	1,749	
Welfare/Administration of Public Assistance					
Salaries and Wages	8,000	8,000	7,007	993	
Other Expenses	2,500	2,500	-	2,500	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	135,000	135,000	94,989	40,011	
Other Expenses	68,100	68,100	46,071	22,029	
Community Affairs - Senior Citizens					
Salaries and Wages	22,000	22,000	19,438	2,562	
Other Expenses	30,000	30,000	18,407	11,593	
Maintenance of Parks					
Salaries and Wages	548,000	423,000	326,186	96,814	
Other Expenses	87,000	87,000	80,968	6,032	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 47,000	\$ 47,000	\$ 46,881	\$ 119	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Building Inspector					
Salaries and Wages	431,500	431,500	388,254	43,246	
Other Expenses	25,000	25,000	20,323	4,677	
Construction Code Official					
Other Expenses	2,000	2,000	-	2,000	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	200	200		200	
Barrier-Free					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	400	400	-	400	
Shade Tree Board					
Salaries and Wages	1,250	1,250	1,000	250	
Other Expenses	550	550	173	377	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	240,000	240,000	224,033	15,967	
Street Lighting	245,000	245,000	228,478	16,522	
Telephone	105,000	105,000	101,155	3,845	
Water	90,000	100,000	85,233	14,767	
Gasoline	250,000	250,000	213,125	36,875	

**BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 945,000	\$ 945,000	\$ 795,365	\$ 149,635	-
Total Operations Within "CAPS"	26,220,157	26,220,157	23,033,528	3,186,629	-
Contingent	2,500	2,500	-	2,500	-
Total Operations Including Contingent Within "CAPS"	26,222,657	26,222,657	23,033,528	3,189,129	-
Detail:					
Salaries and Wages	14,306,750	13,803,750	12,794,844	1,008,906	
Other Expenses (Including Contingent)	11,915,907	12,418,907	10,238,684	2,180,223	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Prior Year Bills					
Other Expenses - F&G Mechanical	142	142	142	-	
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	40,000	40,000	27,015	12,985	
Social Security Syst. (O.A.S.I.)	620,000	620,000	571,448	48,552	
Police and Fireman's Retirement System	1,829,230	1,829,230	1,829,230	-	
Public Employees Retirement System	815,334	815,334	815,334	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	3,304,706	3,304,706	3,243,169	61,537	-
Total General Appropriations for Municipal Purposes Within "CAPS"	29,527,363	29,527,363	26,276,697	3,250,666	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,397,800	1,397,800	1,365,533	32,267	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal - BCUA					
Operation and Maintenance Costs	\$ 2,024,030	\$ 2,024,030	\$ 2,024,030		-
Debt Service Costs	673,130	673,130	673,130		
Sewerage Processing and Disposal - Tenafly	8,500	8,500	8,500		-
PUBLIC SAFETY					
Fire Department					
LOSAP - Other Expenses	65,000	65,000	-	\$ 65,000	
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	33,000	33,000	31,376	1,624	
DECLARED STATE OF EMERGENCY - SNOW REMOVAL	100,000	100,000	100,000		-
INTERLOCAL - BERGENFIELD BOARD OF EDUCATION - SLEO					
Salaries and Wages	106,344	111,694	103,582	8,112	
Other Expenses		6,650	6,650		-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance	15,279	15,279	15,279		
Municipal Alliance - Local Share	3,820	3,820	3,820		
Alcohol Education and Rehab Fund		1,527	1,527		
BCUA Recycling Enhancement Grant	-	3,000	3,000		
Body Armour Grant	4,686	4,686	4,686		
Pedestrian Safety Grant		15,000	15,000		
Drive Sober or Get Pulled Over		5,500	5,500		
Recycling Tonnage	28,969	28,969	28,969		
Bulletproof Vest Partnership - USDOJ		2,289	2,289		
Drunk Driving Enforcement Fund		2,248	2,248		
Clean Communities	-	44,651	44,651		-
Total Operations - Excluded from "CAPS"	<u>4,460,558</u>	<u>4,546,773</u>	<u>4,439,770</u>	<u>107,003</u>	<u>-</u>
Detail:					
Salaries and Wages	106,344	111,694	103,582	8,112	-
Other Expenses	<u>4,354,214</u>	<u>4,435,079</u>	<u>4,336,188</u>	<u>98,891</u>	<u>-</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000		
US Dept. of Housing - Irving Place & Demott	163,979	163,979	163,979		
US Dept. of Housing - W. Clinton Ave		98,430	98,430		
NJDOT - W. Prospect Ave	-	218,240	218,240		-
County of Bergen- Open Space- Memorial Field	31,338	109,838	109,838	-	-
Total Capital Improvement Excluded from "CAPS"	1,695,317	2,090,487	2,090,487	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	505,000	505,000	505,000		
Payment of Bond Anticipation Notes and Capital Notes	1,761,600	1,761,600	1,761,600		
Interest on Bonds	162,500	162,500	162,091		\$ 409
Interest on Notes	233,000	233,000	232,500		500
Loan Repayments for Principal and Interest	14,300	14,300	14,147	-	153
Total Municipal Debt Service Excluded from "CAPS"	2,676,400	2,676,400	2,675,338	-	1,062
Deferred Charges - Unfunded Ordinance #2527	500,000	500,000	500,000	-	-
Total Deferred Charges-Municipal Excluded from "CAPS"	500,000	500,000	500,000	-	-
Total General Appropriations Excluded from "CAPS"	9,332,275	9,813,660	9,705,595	\$ 107,003	1,062
Total General Appropriations	38,859,638	39,341,023	35,982,292	3,357,669	1,062
Reserve for Uncollected Taxes	1,850,000	1,850,000	1,850,000	-	-
Total General Appropriations	\$40,709,638	\$41,191,023	\$ 37,832,292	\$ 3,357,669	\$ 1,062
<u>Reference</u>	A-2	A-3	A-1	A, A-1	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Reference</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>
Budget as Adopted	A-3	\$ 40,709,638		
Added by N.J.S.A. 40A:4-87	A-3	<u>481,385</u>		
		<u>\$ 41,191,023</u>		
Cash Disbursed	A-4		\$ 33,545,777	
Reserve for Uncollected Taxes	A-2		1,850,000	
Encumbrances Payable	A-13		1,719,059	
Transfer of Grants to Appropriated Reserves	A-21		<u>717,456</u>	
			<u>\$ 37,832,292</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	\$ <u>290,924</u>	\$ <u>333,988</u>
		<u>290,924</u>	<u>333,988</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-1	<u>26,904</u>	<u>27,730</u>
		<u>26,904</u>	<u>27,730</u>
OTHER TRUST FUND			
Cash	B-1	3,411,515	3,259,086
Due From Current Fund - Other Trust	B-8	<u>300,000</u>	<u>200</u>
		<u>3,711,515</u>	<u>3,259,286</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	1,640,712	1,363,616
Contribution Receivable	B	<u>89,338</u>	<u>74,779</u>
		<u>1,730,050</u>	<u>1,438,395</u>
Total Assets		<u>\$ 5,759,393</u>	<u>\$ 5,059,399</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES AND RESERVES			
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Compensation Insurance	B-6	\$ 290,924	\$ 333,988
		<u>290,924</u>	<u>333,988</u>
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-4	6,938	7,102
Due to State of New Jersey	B-3	498	5
Reserve for Animal Control Expenditures	B-2	<u>19,468</u>	<u>20,623</u>
		<u>26,904</u>	<u>27,730</u>
OTHER TRUST FUND			
Due to Current Fund - Other Trust Flex Spending	B-9	2,500	2,500
Due to Current Fund - Escrow Trust	B-5	103	42
Due to Current Fund- Payroll	B-12	-	14,648
Reserve for:			
Payroll Deductions and Withholdings	B-10	117,352	117,334
Miscellaneous Deposits	B-7	<u>3,591,560</u>	<u>3,124,762</u>
		<u>3,711,515</u>	<u>3,259,286</u>
LENGTH OF SERVICE AWARD PROGRAM			
TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>1,730,050</u>	<u>1,438,395</u>
Total Liabilities and Reserves		<u>\$ 5,759,393</u>	<u>\$ 5,059,399</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	C-2, C-3	\$ 6,267,816	\$ 4,933,930
Deferred Charges to Future Taxation			
Funded	C-4	12,816,993	1,634,610
Unfunded	C-5	<u>13,465,000</u>	<u>24,861,600</u>
Total Assets		<u>\$ 32,549,809</u>	<u>\$ 31,430,140</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13	\$ 12,750,000	\$ 1,555,000
EDA Loan Payable	C-12	66,993	79,610
Bond Anticipation Notes Payable	C-7	-	9,300,000
Contracts Payable	C-9	2,805,903	3,106,071
Due to Current Fund	C-11	8,281	
Improvement Authorizations			
Funded	C-6	3,441,136	1,597,727
Unfunded	C-6	12,151,354	14,830,765
Reserve for Payment of Bonds	C-10	277,736	277,736
Capital Improvement Fund	C-8	612,988	347,988
Fund Balance	C-1	<u>435,418</u>	<u>335,243</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 32,549,809</u>	<u>\$ 31,430,140</u>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 of \$13,465,000 and \$15,561,600, respectively. (Exhibit C-14)

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Balance, January 1	C	\$ 335,243	\$ 265,961
Increased by:			
Cancellation of Improvement Authorization	C-1	-	46
Premium on Sale of Bonds	C-2	100,175	
Premium on Sale of Notes	C-1	<u>-</u>	<u>79,236</u>
		435,418	345,243
Decreased by:			
Appropriation to Finance Improvement Authorization	C-1	<u>-</u>	<u>10,000</u>
Balance, December 31	C	<u>\$ 435,418</u>	<u>\$ 335,243</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Bergenfield (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Borough 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 Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough 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 Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

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.

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 Borough 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 Borough as collateral.

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

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough'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 Borough'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, 2018 balances to conform to the December 31, 2019 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 Borough 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

The Borough of Bergenfield 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.

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 December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. 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 Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough'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.

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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.

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Bergenfield has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough 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.

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	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.

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 Borough 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2019 and 2018 the Borough Council increased the original budget by \$481,385 and \$420,294. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2019 and 2018.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough 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 Borough'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 Borough 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, the book value of the Borough's deposits were \$24,586,862 and \$22,901,569 and bank and brokerage firm balances of the Borough's deposits amounted to \$24,635,144 and \$22,890,806, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2019</u>	<u>2018</u>
Insured	<u>\$ 24,635,114</u>	<u>\$ 22,890,806</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 Borough does not have a formal policy for custodial credit risk. As of December 31, 2019 and 2018, the Borough’s bank balances were not exposed to custodial credit risk.

B. Investments

The Borough 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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2019 and 2018, the Borough had the following investments:

	<u>Fair Value</u>
<u>2019</u>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>1,640,712</u>
<u>2018</u>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>1,363,616</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2019 and 2018 \$1,640,712 and \$1,363,616 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2019</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,640,712</u>
<u>2018</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,363,616</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2019 and 2018, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services and A- by Standard and Poors.

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

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2019 and 2018 consisted of the following:

<u>Current Fund</u>	<u>2019</u>	<u>2018</u>
Property Taxes	\$ 1,141,766	\$ 949,789
Special Improvement District Taxes	10,760	9,800
Tax Title Liens	<u>721,962</u>	<u>732,684</u>
	<u>\$ 1,874,488</u>	<u>\$ 1,692,273</u>

In 2019 and 2018, the Borough collected \$861,975 and \$960,396 from delinquent taxes, which represented 91% and 73%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

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>2019</u>		<u>2018</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 17,822	\$ 300,000	\$ 24,292	\$ 200
General Capital Fund		8,281		
Animal Control Fund		6,938		7,102
Other Trust Fund- Escrow		103		42
Other Trust Fund-FSA		2,500		2,500
Other Trust Fund- Net Payroll		-		14,648
Other Trust Fund	<u>300,000</u>	<u>-</u>	<u>200</u>	<u>-</u>
	<u>\$ 317,822</u>	<u>\$ 317,822</u>	<u>\$ 24,492</u>	<u>\$ 24,492</u>

The above balances are the result of revenues earned in one fund that are due to another fund as well as accumulated absences not transferred to another fund.

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

NOTE 6 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current 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 balance at December 31, which were appropriated and included as anticipated revenue in the Current Fund's budget for the succeeding year were as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,228,756	\$ 4,953,424	\$ 8,256,378	\$ 5,409,320
Non-Cash Surplus	<u>1,767,598</u>	<u>-</u>	<u>1,249,873</u>	<u>-</u>
	<u>\$ 7,996,354</u>	<u>\$ 4,953,424</u>	<u>\$ 9,506,251</u>	<u>\$ 5,409,320</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 7 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, 2019 and 2018.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2019</u>
<u>2019</u>					
Land	\$ 5,166,563	\$ 970,000			\$ 6,136,563
Land Improvements		21,750			21,750
Buildings and Building Improvements	9,440,141	-			9,440,141
Construction In Progress	85,791	632,057		-	717,848
Machinery and Equipment	<u>13,457,581</u>	<u>2,263,213</u>	<u>-</u>	<u>-</u>	<u>15,720,794</u>
	<u>\$ 28,150,076</u>	<u>\$ 3,887,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,037,096</u>
	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2018</u>
<u>2018</u>					
Land	\$ 5,166,563				\$ 5,166,563
Buildings and Building Improvements	9,353,475			\$ 86,666	9,440,141
Construction In Progress	17,395	\$ 155,062		(86,666)	85,791
Machinery and Equipment	<u>12,420,005</u>	<u>1,229,576</u>	<u>\$ (192,000)</u>	<u>-</u>	<u>13,457,581</u>
	<u>\$ 26,957,438</u>	<u>\$ 1,384,638</u>	<u>\$ (192,000)</u>	<u>\$ -</u>	<u>\$ 28,150,076</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. 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 Borough's debt is summarized as follows:

	<u>2019</u>	<u>2018</u>
Issued		
General		
Bonds, Notes and Loans	\$ 12,816,993	\$ 10,934,610
Less Funds Temporarily Held to Pay Bonds and Notes	<u>277,736</u>	<u>277,736</u>
Net Debt Issued	<u>12,539,257</u>	<u>10,656,874</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>13,465,000</u>	<u>15,561,600</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 26,004,257</u>	<u>\$ 26,218,474</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .861% and .912% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	<u>\$ 26,281,993</u>	<u>\$ 277,736</u>	<u>\$ 26,004,257</u>
Total	<u>\$ 26,281,993</u>	<u>\$ 277,736</u>	<u>\$ 26,004,257</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	<u>\$ 26,496,210</u>	<u>\$ 277,736</u>	<u>\$ 26,218,474</u>
Total	<u>\$ 26,496,210</u>	<u>\$ 277,736</u>	<u>\$ 26,218,474</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 105,746,033 <u>26,004,257</u>	\$ 100,577,523 <u>26,218,474</u>
Remaining Borrowing Power	<u>\$ 79,741,776</u>	<u>\$ 74,359,049</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2019</u>	<u>2018</u>
\$11,700,000, 2019 General Improvement Bonds, due in annual installments of \$1,000,000 to \$1,250,000 through February 15, 2029, interest from 2.00% to 3.00%	\$ 11,700,000	-
\$3,020,000, 2015 Refunding Bonds, due in annual installments of \$515,000 to \$535,000 through August 1, 2021, interest at 1.710%	<u>1,050,000</u>	<u>\$ 1,555,000</u>
	<u>\$ 12,750,000</u>	<u>\$ 1,555,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the Green Trust loan for the purchase of real property. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
\$227,500, 2004 Loan, due in Semi-annual installments of \$12,871 to \$13,936 through September 2024, interest at 2%	<u>\$ 66,993</u>	<u>\$ 79,610</u>
	<u>\$ 66,993</u>	<u>\$ 79,610</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2019 is as follows:

Calendar Year	<u>General</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,515,000	\$ 278,955	\$ 12,871	\$ 1,276	\$ 1,808,102
2021	1,535,000	250,149	13,130	1,017	1,799,296
2022	1,200,000	219,000	13,393	753	1,433,146
2023	1,200,000	195,000	13,663	484	1,409,147
2024	1,200,000	171,000	13,936	209	1,385,145
2025-2029	<u>6,100,000</u>	<u>438,000</u>	<u>-</u>	<u>-</u>	<u>6,538,000</u>
Total	<u>\$ 12,750,000</u>	<u>\$ 1,552,104</u>	<u>\$ 66,993</u>	<u>\$ 3,739</u>	<u>\$ 14,372,836</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
General Capital Fund					
Bonds Payable	\$ 1,555,000	\$ 11,700,000	\$ 505,000	\$ 12,750,000	\$ 1,515,000
Intergovernmental Loans Payable	<u>79,610</u>	<u>-</u>	<u>12,617</u>	<u>66,993</u>	<u>12,871</u>
General Capital Fund Long-Term Liabilities	<u>\$ 1,634,610</u>	<u>\$ 11,700,000</u>	<u>\$ 517,617</u>	<u>\$ 12,816,993</u>	<u>\$ 1,527,871</u>
	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund					
Bonds Payable	\$ 2,070,000		\$ 515,000	\$ 1,555,000	\$ 505,000
Intergovernmental Loans Payable	<u>91,979</u>	<u>-</u>	<u>12,369</u>	<u>79,610</u>	<u>12,617</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,161,979</u>	<u>\$ -</u>	<u>\$ 527,369</u>	<u>\$ 1,634,610</u>	<u>\$ 517,617</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough’s short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2018</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
Various Public Improvements	2.50%	2/28/2019	\$ 9,300,000	\$ -	\$ 9,300,000	\$ -
Total			\$ 9,300,000	\$ -	\$ 9,300,000	\$ -

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2017</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
<u>2018</u>						
<u>General Capital Fund</u>						
Various Public Improvements	2.50%	2/28/2019	\$ 9,192,000	\$ 9,300,000	\$ 9,192,000	\$ 9,300,000
Total			\$ 9,192,000	\$ 9,300,000	\$ 9,192,000	\$ 9,300,000

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

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

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2019</u>	Utility Infrastructure Repairs	\$ 580,109	2020
	Construction Management Services for New Municipal Building	379,778	2020
	2019 Road Improvement Program	509,850	2020
	Record Retention Services	487,187	2020
	Memorial Field Backstops & Fence	333,535	2020
<u>2018</u>	Utility Infrastructure Repairs	\$ 580,109	2019
	Acquisition of Two Fire Trucks	1,398,650	2019
	2018 Road Resurfacing	177,527	2019

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, sick leave, terminal leave benefits and compensation time in lieu of overtime 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 \$2,152,352 and \$1,868,578 at December 31, 2019 and 2018, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2019 and 2018, the Borough has reserved in the Other Trust Fund \$1,434,395 and \$1,385,147, 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 either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

The Borough's changes in other long-term liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Balance, December 31, <u>2018</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	<u>Due Within One Year</u>
<u>2019</u>					
Compensated Absences	\$ 1,868,578	\$ 534,526	\$ 250,752	\$ 2,152,352	
Net Pension Liability- PERS	15,571,794		891,101	14,680,693	
Net Pension Liability- PFRS	25,189,074		3,544,306	21,644,768	
Net OPEB Obligation	49,620,575		17,036,720	32,583,855	
Net OPEB Obligation- Other for Prescription and Dental	<u>28,232,956</u>	<u>1,992,568</u>	<u>-</u>	<u>30,225,524</u>	<u>-</u>
	<u>\$ 120,482,977</u>	<u>\$ 2,527,094</u>	<u>\$ 21,722,879</u>	<u>\$ 101,287,192</u>	<u>\$ -</u>

	Balance, December 31, <u>2017</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	<u>Due Within One Year</u>
<u>2018</u>					
Compensated Absences	\$ 1,929,031	\$ 207,521	\$ 267,974	\$ 1,868,578	
Net Pension Liability- PERS	18,911,654		3,339,860	15,571,794	
Net Pension Liability- PFRS	29,357,305		4,168,231	25,189,074	
Net OPEB Obligation	49,620,575			49,620,575	
Net OPEB Obligation- Other for Prescription and Dental	<u>28,080,371</u>	<u>152,585</u>	<u>-</u>	<u>28,232,956</u>	<u>-</u>
	<u>\$ 127,898,936</u>	<u>\$ 360,106</u>	<u>\$ 7,776,065</u>	<u>\$ 120,482,977</u>	<u>\$ -</u>

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 Borough 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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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 PERS 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.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.us/treasury/doinvest.

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 and 2018 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2019 and 2018 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2019, 2018 and 2017 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, the Borough, 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>
2019	\$ 1,829,230	\$ 813,318	\$ 27,015
2018	1,682,967	752,613	25,548
2017	1,586,461	762,513	22,177

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$2,016, \$4,991 and \$1,577, respectively for PERS and \$0 for PFRS.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the Borough reported a liability of \$14,680,693 and \$15,571,794, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough’s proportionate share was .08091 percent, which was an increase of .00172 percent from its proportionate share measured as of June 30, 2018 of .07919 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough’s pension expense to be \$631,448 and \$806,659, respectively, for PERS based on the actuarial valuations which were less and more than the actual contributions reported in the Borough’s financial statements of \$813,318 and \$752,618, respectively. At December 31, 2019 and 2018, the Borough’s deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2019</u>		<u>2018</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	\$ 263,499	\$ 64,853	\$ 296,956	\$ 80,293
Changes of Assumptions	1,465,921	5,095,622	2,565,974	4,979,032
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		231,740		146,064
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>643,835</u>	<u>399,217</u>	<u>289,860</u>	<u>635,550</u>
Total	<u>\$ 2,373,255</u>	<u>\$ 5,791,432</u>	<u>\$ 3,152,790</u>	<u>\$ 5,840,939</u>

**BOROUGH OF BERGENFIELD
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2019 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 <u>December 31,</u>	<u>Total</u>
2020	\$ (395,077)
2021	(1,249,343)
2022	(1,168,111)
2023	(565,016)
2024	(40,630)
Thereafter	<u>-</u>
	<u>\$ (3,418,177)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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 Borough's proportionate share of the PERS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 18,544,101</u>	<u>\$ 14,680,693</u>	<u>\$ 11,425,225</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 19,579,737</u>	<u>\$ 15,571,794</u>	<u>\$ 12,209,386</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2019 and 2018, the Borough reported a liability of \$21,644,768 and \$25,189,074, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough’s proportionate share was .15275 percent, which was a decrease of .0334 percent from its proportionate share measured as of June 30, 2018 of .18615 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$1,711,349 and \$1,988,834, respectively, for PFRS based on the actuarial valuations which were less and more than the actual contributions reported in the Borough’s financial statements of \$1,829,230 and \$1,682,967, respectively. At December 31, 2019 and 2018, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2019</u>		<u>2018</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	\$ 182,710	\$ 137,037	\$ 256,266	\$ 104,238
Changes of Assumptions	741,668	6,995,391	2,162,143	6,455,525
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		293,280		137,807
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>353,402</u>	<u>1,971,749</u>	<u>770,193</u>	<u>1,141,616</u>
Total	<u>\$ 1,277,780</u>	<u>\$ 9,397,457</u>	<u>\$ 3,188,602</u>	<u>\$ 7,839,186</u>

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2019 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>
2020	\$ (1,240,894)
2021	(2,442,244)
2022	(2,356,022)
2023	(1,339,127)
2024	(741,390)
Thereafter	<u>-</u>
	<u>\$ (8,119,677)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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>
Risk Mitigation Strategies	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	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%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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 Borough’s proportionate share of the PFRS net pension liability as of December 31, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, respectively, as well as what the Borough’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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>29,255,717</u>	\$ <u>21,644,678</u>	\$ <u>15,345,446</u>
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>33,712,450</u>	\$ <u>25,189,074</u>	\$ <u>18,158,842</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough 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 Borough 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 Borough'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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,417,750 and \$3,421,519, respectively. For the years ended December 31, 2019 and 2018, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$397,115 and \$405,273, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$230,285 and \$202,637, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was .17687 percent, which was a decrease of .00928 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .18615 percent. The State's proportionate share attributable to the Borough 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 Borough'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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

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

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

Actuarial Methods and Assumptions

In the June 30, 2018 and 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2019, 2018 and 2017 were \$1,481,083, \$2,342,708 and \$2,313,165, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2019, 2018 and 2017 were \$138,864, \$117,509 and \$104,045, respectively.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

At December 31, 2019 and 2018, the Borough reported a liability of \$32,583,855 and \$49,620,575, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. The Borough’s proportionate share of the net OPEB liability was based on the ratio of the Borough’s proportionate share of the OPEB liability attributable to the Borough at June 30, 2019 and 2018 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019 and 2018, respectively. As of the measurement date of June 30, 2019 the Borough’s proportionate share was .24054 percent, which was a decrease of .00251 percent from its proportionate share measured as of June 30, 2018 of .24305 percent.

For the years ended December 31, 2019 and 2018, the Plan has determined the Borough’s OPEB expense/(benefit) to be \$(1,015,385) and \$2,759,158, respectively, based on the actuarial valuations which were less and more than the actual contributions reported in the Borough’s financial statements of \$1,481,083 and \$2,342,708, respectively. At December 31, 2019 and 2018, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	<u>2019</u>		<u>2018</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		\$ 9,528,789	\$ 256,266	\$ 104,238
Changes of Assumptions		11,546,993	2,162,143	6,455,525
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 26,840		-	137,807
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	2,690,637	6,834,389	-	-
Contributions made Subsequent to the Measurement Date	-	-	770,193	1,141,616
Total	<u>\$ 2,717,477</u>	<u>\$ 27,910,171</u>	<u>\$ 3,188,602</u>	<u>\$ 7,839,186</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2020	\$ (3,937,435)
2021	(3,937,436)
2022	(3,939,562)
2023	(3,937,967)
2024	(3,944,810)
Thereafter	<u>(5,495,484)</u>
	<u>\$ (25,192,694)</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%
Mortality		
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
PFRS	Pub-2010 Safety Classification Headcount- Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% and 1.00% as of June 30, 2019 and 2018, respectively.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.50% and 3.87%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% and 2.87%, respectively or 1-percentage-point higher 4.50% and 4.87%, respectively than the current rate:

<u>2019</u>	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Borough's Proportionate Share of the Net OPEB Liability	\$ 37,675,225	\$ 32,583,855	\$ 28,446,444

<u>2018</u>	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Borough's Proportionate Share of the Net OPEB Liability	\$ 58,218,053	\$ 49,620,575	\$ 42,753,136

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2019</u>	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Borough's Proportionate Share of the Net OPEB Liability	\$ 27,496,758	\$ 32,583,855	\$ 39,073,303

<u>2018</u>	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Borough's Proportionate Share of the Net OPEB Liability	\$ 41,391,516	\$ 49,620,575	\$ 60,270,201

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019 and 2018. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Borough Administered Post-Retirement Health Benefits Program

In addition to the State sponsored health benefit program plan, the Borough sponsors and administers a post-retirement prescription and dental benefits program plan.

Plan Description

The Borough provides other postemployment healthcare plan (OPEB) for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The Borough provides other post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree’s spouse and/or dependents under certain agreements continues upon the death of the retiree. For an employee to qualify for employer provided other post-retirement medical benefits, they shall have retired in compliance with the requirements of the Public Employees Retirement System and the Police and Firemen’s Retirement System. Under certain employment contracts, the other post-retirement medical benefits can begin for eligible employees upon retirement for a period beginning at age 55. Under certain employment contracts, employee provided other post-retirement medical benefits are provided to certain employees and their dependents upon permanent disability or death in the line of duty.

Employees Covered by Postemployment Benefits

At December 31, 2019 and 2018, the following employees were covered by postemployment health care benefits:

	<u>2019</u>	<u>2018</u>
Active Employees	137	137
Inactive Employees or Beneficiaries Currently Receiving Benefits	125	125
Inactive Employees Entitles to But Not Yes Receiving Benefits	_____	_____
	<u>262</u>	<u>262</u>

At December 31, 2019 and 2018, the Borough’s total OPEB liabilities were \$30,225,524 and \$28,232,956, respectively. Net OPEB liability was measured as of December 31, 2019, and the OPEB liability was determined by an actuarial valuation as of January 1, 2019 and 2018, respectively.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the years ended December 31, 2019 and 2018, the Borough has determined it's OPEB expense to be \$1,462,753 and \$1,267,390, respectively, based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$762,549 and \$728,234, respectively. At December 31, 2019 and 2018, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2019</u>		<u>2018</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		\$ 604,852		\$ 386,571
Changes of Assumptions	\$ 1,510,645			
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments				
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions				
Contributions made Subsequent to the Measurement Date	-	-	-	-
Total	<u>\$ 1,510,645</u>	<u>\$ 604,852</u>	<u>\$ -</u>	<u>\$ 386,571</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ 121,509
2021	121,509
2022	121,509
2023	121,509
2024	121,509
Thereafter	<u>298,248</u>
	<u>\$ 905,793</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2019 was based on the December 31, 2019 measurement date as determined by an actuarial valuation as of January 1, 2019 which was rolled forward to December 31, 2019. The total OPEB liability reported for the year ended December 31, 2018 was based on the December 31, 2018 measurement date as determined by an actuarial valuation as of January 1, 2019 which was rolled forward to December 31, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	3.00%	3.00%
Salary Increases	3.00%	3.00%
Discount Rate	3.26%	3.64%
Healthcare Cost Trend Rates	8% decreased to 5% ultimate	8% decreased to 5% ultimate
Retirees' Share of Benefit-Related Costs	None	None

The discount rate was based on S&P Municipal Bond 20 Year High Grade Bond Index for 2019.

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2019 salaries were reported as \$12,898,426.

Changes in the Total OPEB Liability

The change in the Borough’s OPEB liability for the years ended December 31, 2019 and 2018 based on measurement date of January 1, 2019 are as follows:

	<u>Total OPEB Liability 2019</u>	<u>Total OPEB Liability 2018</u>
Balance - Beginning of Year	\$ 28,232,596	\$ 28,080,371
Changes for the Year:		
Service Cost	\$ 327,483	\$ 313,743
Interest on the Total OPEB Liability	1,013,801	1,008,872
Changes of Benefit Terms		
Differences Between Expected and Actual Experience	(312,578)	(441,796)
Changes in Assumptions	1,726,451	
Benefit Payments	(726,549)	(728,234)
Net Changes	<u>1,992,568</u>	<u>152,585</u>
Balance - End of Year	<u>\$ 30,225,164</u>	<u>\$ 28,232,956</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's net OPEB liability as of December 31, 2019 and 2018 calculated using the discount rate of 3.26% and 3.64% respectively, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.26% and 2.64% respectively or 1-percentage-point higher 4.26% and 4.64%, respectively than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
<u>2019</u>			
Net OPEB Liability	<u>\$ 34,766,700</u>	<u>\$ 30,225,524</u>	<u>\$ 25,684,348</u>
	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
<u>2018</u>			
Net OPEB Liability	<u>\$ 32,669,049</u>	<u>\$ 28,232,956</u>	<u>\$ 23,796,862</u>

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

The following presents the Borough's net OPEB liability as of December 31, 2019 and 2018 calculated using the healthcare trend rates as disclosed above as well as what the Borough's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0% to 4.0%)	Healthcare Cost Trend Rates (8.0% to .5%)	1% Increase (9.0% to 6.0%)
<u>2019</u>			
Net OPEB Liability	<u>\$ 28,333,027</u>	<u>\$ 30,225,524</u>	<u>\$ 32,408,070</u>
	1% Decrease (7.0% to 4.0%)	Healthcare Cost Trend Rates (8.0% to .5%)	1% Increase (9.0% to 6.0%)
<u>2018</u>			
Net OPEB Liability	<u>\$ 26,565,827</u>	<u>\$ 28,232,956</u>	<u>\$ 30,146,728</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 RISK MANAGEMENT

The Borough 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 Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Bergenfield 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 Borough.

The relationship between the Borough 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 Borough 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 Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough 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 Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	-	\$ 17,925	\$ 60,989	\$ 290,924
2018	\$ 30,000	17,915	28,610	333,988
2017	30,000	17,643	53,652	314,683

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2019 and 2018. Amounts claimed have not yet been determined. The Borough 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 Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2019 and 2018, the Borough reserved \$1,520,643 and \$1,634,418, respectively 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.

Federal and State Awards - The Borough 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 Borough may be required to reimburse the grantor government. As of December 31, 2019 and 2018, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough 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, 2019 and 2018, the Borough has not estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Bergenfield Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 19, 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 Borough of Bergenfield 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 First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Bergenfield has contributed \$1,314 and \$1,289 for 2019 and 2018, respectively, for each eligible volunteer member into the Plan.

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

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2019 and 2018, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owned by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2018 and 2017 the Borough abated property taxes totaling \$440,370 and \$437,130, respectively, under this law. The Borough received \$90,906 and \$90,978 in PILOT payments under this program for the years ended December 31, 2019 and 2018, respectively.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

On April 21, 2020 the Borough adopted a bond ordinance authorizing the issuance of \$3,800,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF BERGENFIELD
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2018		\$14,342,985
Increased by Receipts:		
Taxes Receivable	\$85,840,384	
Homestead Benefit	956,347	
Special Improvement District- Taxes Receivable	128,511	
Non-Budget Revenue	752,936	
Revenue Accounts Receivable	4,517,023	
Due from State of New Jersey	120,505	
Tax Overpayments	54,207	
Prepaid Taxes	548,954	
Grants Receivable	184,680	
Unappropriated Reserves- Grants	28,969	
Prepaid Taxes- SID	623	
Receipts From Animal Control Fund	7,253	
Receipts From Other Trust- Net Payroll	14,648	
Receipts From Other Trust- Escrow	510	
Petty Cash	<u>1,000</u>	
		<u>93,156,550</u>
		107,499,535
Decreased by Disbursements:		
2019 Budget Appropriations	33,545,777	
2018 Appropriation Reserves	1,307,498	
County Taxes Payable	7,480,541	
Local School District Taxes Payable	49,523,856	
Tax Overpayments	43,804	
Refund Prior Year Revenue	521	
Reserve for Tax Appeals	113,775	
Reserve for Grants- Appropriated	752,710	
Due to Special Improvement District	144,000	
Payments to Other Trust	200	
Petty Cash	<u>1,000</u>	
		<u>92,913,682</u>
Balance, December 31, 2019		<u>\$14,585,853</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF CHANGE FUND**

Balance, December 31, 2018	\$ <u>3,850</u>
Balance, December 31, 2019	\$ <u><u>3,850</u></u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

Increased by:	
Cash Receipts	\$ <u>1,000</u>
Decreased by:	
Cash Disbursements	\$ <u><u>1,000</u></u>

EXHIBIT A-7

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

Balance, December 31, 2018		\$ 2,505
Decreased by:		
Cash Received from State	\$ 120,505	
Veteran's Deductions Disallowed by Tax Collector-2019	250	
Senior Citizens' Deductions Disallowed by Tax Collector- 2018	<u>3,079</u>	
		<u>123,834</u>
		126,339
Increased by:		
Senior Citizens Deductions Per Tax Billings	16,000	
Veterans Deductions Per Tax Billings	103,500	
Senior Citizens Deductions Allowed by Tax Collector	<u>250</u>	
		<u>119,750</u>
Balance, December 31, 2019		\$ <u><u>6,589</u></u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	Balance, December 31, <u>2018</u>	2019 <u>Levy</u>	Added in <u>2019</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Collected In</u>		Homestead <u>Benefit</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Transferred to Tax <u>Title Liens</u>	Balance, December 31, <u>2019</u>
					<u>2018</u>	<u>2019</u>					
2016	\$ 912										\$ 912
2017	23,603								\$ 21,193	-	2,410
2018	<u>925,274</u>	<u>-</u>	<u>-</u>	<u>\$ 3,079</u>	<u>-</u>	<u>\$ 861,975</u>	<u>-</u>	<u>-</u>	<u>66,128</u>	<u>-</u>	<u>250</u>
	<u>949,789</u>	<u>-</u>	<u>-</u>	<u>3,079</u>	<u>-</u>	<u>861,975</u>	<u>-</u>	<u>-</u>	<u>87,321</u>	<u>-</u>	<u>3,572</u>
2018	<u>-</u>	<u>\$ 87,417,220</u>	<u>\$ 357,564</u>	<u>250</u>	<u>\$ 401,077</u>	<u>84,978,409</u>	<u>\$ 956,347</u>	<u>\$ 119,750</u>	<u>\$ 116,803</u>	<u>\$ 64,454</u>	<u>1,138,194</u>
	<u>\$ 949,789</u>	<u>\$ 87,417,220</u>	<u>\$ 357,564</u>	<u>\$ 3,329</u>	<u>\$ 401,077</u>	<u>\$ 85,840,384</u>	<u>\$ 956,347</u>	<u>\$ 119,750</u>	<u>\$ 204,124</u>	<u>\$ 64,454</u>	<u>\$ 1,141,766</u>

Analysis of 2019 Tax Levy

TAX YIELD

General Purpose Tax	\$ 87,417,220	
Added Taxes (NJSA 54:4-63.1 et seq)	<u>357,564</u>	
		<u>\$ 87,774,784</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 49,523,856	
County Tax (Abstract)	7,453,205	
Due County for Added and Omitted Taxes (54:4-63.1)	<u>30,300</u>	
		57,007,361
Local Tax for Municipal Purposes	30,429,862	
Add Additional Taxes Levied	<u>337,561</u>	
		<u>30,767,423</u>
		<u>\$ 87,774,784</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2018	\$ 732,684
Increased by:	
Transfer from Current Year Taxes Receivable	<u>64,454</u>
	797,138
Decreased by:	
Cancellation	<u>75,176</u>
Balance, December 31, 2019	<u>\$ 721,962</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2018	<u>\$ 28,173</u>
Balance, December 31, 2019	<u>\$ 28,173</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2018</u>	Accrued <u>2019</u>	<u>Collected</u>	Balance, December 31, <u>2019</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 35,814	\$ 35,814	
Licenses		6,565	6,565	
Construction Code Official				
Fees and Permits		857,202	857,202	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		38,532	38,532	
Licenses		1,004	1,004	
Fire Prevention				
Fees and Permits		25,187	25,187	
Police Departments				
Fees and Permits		2,083	2,083	
Municipal Court				
Fines and Costs		258,971	258,971	
Interest and Costs on Taxes		223,962	223,962	
Interest on Deposits and				
Investments		283,142	283,142	
Recycling Program		11,772	11,772	
Recreation Fees		30,734	30,734	
Uniform Fire Safety		101,677	101,677	
PILOT Senior Citizen Complex		90,906	90,906	
Energy Receipts Tax		1,858,543	1,858,543	
Consolidated Municipal Property Tax Relief Aid		123,114	123,114	
Interlocal Health Agreement- Hackensack		114,187	114,187	
Franchise Fees- Verizon		136,892	136,892	
Franchise Fees- Cablevision		181,312	181,312	
Site Rental - Cablevision		103,638	103,638	-
Cell Tower Rent	-	32,790	32,790	-
	<u> -</u>	<u> \$ 4,518,027</u>	<u> \$ 4,518,027</u>	<u> -</u>
			\$ 4,517,023	
			1,004	
			<u> \$ 4,518,027</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, December 31, <u>2018</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Mayor & Council	\$ 1,100	\$ 1,100		\$ 1,100
General Administration	2,900	2,900	-	2,900
Municipal Clerk	5,903	5,903		5,903
Financial Administration	9,941	9,941		9,941
Revenue Administration	3,249	3,249		3,249
Tax Assessment Administration	2,150	2,150		2,150
Planning Board	50	50		50
Site Plan	50	50		50
Zoning Board of Adjustment	50	50		50
Police Department	439,929	439,929	\$ 300,120	139,809
Office of Emergency Management	4,600	4,600	3,900	700
Fire Official	32,828	32,828		32,828
Fire Department	81,805	80,805	-	80,805
Municipal Court	2,463	2,463	-	2,463
Streets and Roads Maintenance	43,345	43,344	4,394	38,950
Solid Waste	150,607	70,607	11,846	58,761
Board of Health	35,757	35,757		35,757
Welfare/Administration of Public Assistance	1,134	1,134		1,134
Recreation Services and Programs	21,755	21,755		21,755
Community Affairs-Senior Citizens	1,827	1,827	-	1,827
Maintenance of Parks	93,743	93,743		93,743
Building Inspector	6,083	6,083	-	6,083
Rent Level	50	50		50
Barrier Free Board	50	50		50
Shade Tree	50	50	-	50
	<u>941,419</u>	<u>860,418</u>	<u>320,260</u>	<u>540,158</u>
Total Salaries and Wages				
Other Expenses				
General Administration	7,515	18,448	14,658	3,790
Grant Consultant	-	6,000	6,000	-
Mayor & Council	725	725	-	725
Municipal Clerk	11,980	12,327	348	11,979
Financial Administration	19,678	21,916	9,638	12,278
Audit Services	-	65,761	59,195	6,566
Tax Collection	1,889	3,240	2,024	1,216
Tax Assessment Administration	1,698	5,198	3,500	1,698
Legal Services	2,845	78,767	62,567	16,200
Engineering	91,220	58,341	16,056	42,285
Planning Board	500	500		500
Zoning Board	10,250	10,250		10,250
Police Department	15,125	32,686	22,107	10,579
Police Cars	8,808	9,070	262	8,808
Office of Emergency Management	4,046	7,820	3,774	4,046
First Aid Organization	3,131	3,884	753	3,131
Fire Official	137	1,411	1,297	114
Fire Department	190	52,943	50,769	2,174
Fire Hydrant Service	13,520	13,520		13,520
Public Defender	2,680	3,030	830	2,200
Municipal Court	5,732	5,898	167	5,731

BOROUGH OF BERGENFIELD
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, December 31, <u>2018</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Streets and Roads Maintenance	\$ 16,222	\$ 36,672	\$ 17,196	\$ 19,476
Solid Waste Collection	6,995	43,069	37,952	5,117
Buildings and Grounds	23,371	71,690	35,962	35,728
Vehicle Maintenance	14,432	41,487	19,694	21,793
Board of Health	4,443	6,247	1,806	4,441
Environmental Committee	350	350		350
Ecology	100	100		100
Welfare/Administration of Public Asst.	250	250		250
Recreation Services and Programs	32,944	43,273	10,025	33,248
Maintenance of Parks	11,278	18,993	4,891	14,102
Community Affairs- Senior Citizens	11,610	11,610	-	11,610
Celebration of Public Events	206	2,572	2,365	207
Building Inspector	4,662	5,520	859	4,661
Construction Code Official	598	598		598
Rent Leveling Board	200	200		200
Barrier Free Board	400	400	73	327
Shade Tree Board	455	455		455
Electricity & Gasoline	12,485	36,492	18,872	17,620
Street Lighting	48,852	68,852	19,096	49,756
Telephone	2,014	6,347	4,807	1,540
Water	24,134	24,134		24,134
Gasoline	3,055	49,429	42,712	6,717
Sanitary Landfill - Tipping Fees	34,609	220,056	172,028	48,028
Sanitary Landfill - Recycling Tax	-	6,712	4,338	2,374
Sewerage Processing - Tenafly		8,500	6,976	1,524
Contingent	2,500	2,500		2,500
Social Security System	41,305	41,305		41,305
Defined Contribution Retirement Plan	14,452	14,452	13,814	638
Contribution to Free Public Library	41,275	41,275	-	41,275
LOSAP	5,343	80,343	74,779	5,564
Prosecutor	833	8,375	6,213	2,162
Liability Insurance	10,444	120,409	98,799	21,610
Group Insurance Plan for Employees- Gen Gov't	394,764	704,363	312,455	391,908
Worker Compensation Insurance	3,446	145,084	141,639	3,445
Health Benefit Waiver	5,000	5,000	-	5,000
	<u>974,696</u>	<u>2,278,849</u>	<u>1,301,296</u>	<u>977,553</u>
Total Other Expenses				
Grand Total	<u>\$ 1,916,115</u>	<u>\$ 3,139,267</u>	<u>\$ 1,621,556</u>	<u>\$ 1,517,711</u>
2018 Appropriation Reserves		\$ 1,916,115		
Encumbrances Transferred to 2018 Reserves		<u>1,223,152</u>		
		<u>\$ 3,139,267</u>		
Cash Disbursed			\$ 1,307,498	
Transfer to Accumulated Leave			300,000	
Transfer to Accounts Payable			<u>14,058</u>	
			<u>\$ 1,621,556</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2018	\$ 1,223,152
Increased by:	
Charges to 2019 Budget Appropriations	<u>1,719,059</u>
	2,942,211
Decreased by:	
Transferred to 2018 Appropriation Reserves	<u>1,223,152</u>
Balance, December 31, 2019	<u>\$ 1,719,059</u>

EXHIBIT A-14

STATEMENT OF ENCUMBRANCES PAYABLE- RESERVE FOR GRANTS

Balance, December 31, 2018	\$ 64,107
Increased by:	
Charges to 2019 Reserve for Grants- Appropriated	<u>150,859</u>
	214,966
Decreased by:	
Transfer to Reserve for Grants- Appropriated	<u>64,107</u>
Balance, December 31, 2019	<u>\$ 150,859</u>

EXHIBIT A-15

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2018	\$ 1,634,418
Decreased by:	
Cash Paid to Appellants	<u>113,775</u>
Balance, December 31, 2019	<u>\$ 1,520,643</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2018	\$ 3,472
Increased by:	
Cash Receipts	<u>54,207</u>
	57,679
Decreased by:	
Refunded	<u>43,804</u>
Balance, December 31, 2019	<u>\$ 13,875</u>

STATEMENT OF OTHER LIENS RECEIVABLE

Balance, December 31, 2018	<u>\$ 2,500</u>
Balance, December 31, 2019	<u>\$ 2,500</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2018	\$ 27,336
Increased by:	
2019 Levy	
General County Tax (Abstract)	\$ 7,146,989
County Open Space Preservation	306,216
Due County for Added and Omitted Taxes	<u>30,300</u>
	<u>7,483,505</u>
	7,510,841
Decreased by:	
Payments	<u>7,480,541</u>
Balance, December 31, 2019	<u>\$ 30,300</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Increased by:	
Levy - Calendar Year	<u>\$ 49,523,856</u>
Decreased by:	
Payments	<u>\$ 49,523,856</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2018	\$ 401,077
Increased by:	
Collection of 2020 Taxes	<u>548,954</u>
	950,031
Decreased by:	
Apply to 2019 Tax Receivable	<u>401,077</u>
Balance, December 31, 2019	<u><u>\$ 548,954</u></u>

**BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATED RESERVES**

	Balance, December 31, <u>2018</u>	Transfer from Current Year <u>Appropriations</u>	Cancel Prior Year <u>Encumbrance</u>	<u>Cancellation</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2019</u>
Bergen County Open Space Trust- Barrier Free Playground		\$ 31,338			\$ 31,338	
Bergen County Open Space Trust- Memorial Field Backstops & Fence		78,500			78,500	
U.S. Department of Housing (CDBG)- Irving Place & Demott Ave		163,979			163,979	
U.S. Department of Housing (CDBG) - ADA Cooperative Curb Ramp Program	\$ 33,566				15,623	\$ 17,943
U.S. Department of Housing (CDBG)- West Clinton Ave		98,430				98,430
U.S. Department of Housing (CDBG) - Hughes Road and Madison	86,883				86,883	-
NJ DOT- West Central Avenue I	172,818				172,818	-
NJ Dept. of Transportation- Safe Routes	37,558		\$ 19,107		3,946	52,719
NJ DOT- West Central Avenue II	234,025				204,758	29,267
NJ DOT- North Prospect Road Rehab		218,240				218,240
Pedestrian Safety, Education & Enforcement Fund	5,160			\$ 5,160		-
Pedestrian Safety, Education & Enforcement Fund		15,000		1,920	8,560	4,520
Municipal Alliance- FY 2020	-	15,279				15,279
Municipal Alliance- Local Match- FY 2020	-	3,820				3,820
Municipal Alliance- FY 2019	14,439		840	2,171	13,108	-
Municipal Alliance- Local Match- FY 2019	3,540		280		3,820	-
Body Armor Grant	-	4,686			4,686	-
Recycling Tonnage Grant	15,860	28,969	4,730		18,788	30,771
Clean Communities	143,733	44,651	9,150		50,008	147,526
BCUA Recycling Enhancement Grant		3,000			3,000	
Alcohol Education and Rehabilitation	2,333	1,527				3,860
NJ Forest Service	-		30,000		30,000	-
Drive Sober or Get Pulled Over Grant	-	5,500		1,980	3,520	-
Sustainable Jersey	10,000					10,000
Bergen County Stigma Free Initiative	144				144	-
Bulletproof Vest Partnership	4,663	2,289			6,952	-
Drunk Driving Enforcement Fund	9,040	2,248	-	-	3,138	8,150
	<u>\$ 773,762</u>	<u>\$ 717,456</u>	<u>\$ 64,107</u>	<u>\$ 11,231</u>	<u>\$ 903,569</u>	<u>\$ 640,525</u>
				<u>\$ 11,231</u>		
					\$ 752,710	
					<u>150,859</u>	
					<u>\$ 903,569</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2018</u>	Cash <u>Receipts</u>	Anticipated as 2019 Budget <u>Revenue</u>	Balance, December 31, <u>2019</u>
Recycling Tonnage	\$ -	\$ 28,969	\$ -	\$ 28,969
	<u>\$ -</u>	<u>\$ 28,969</u>	<u>\$ -</u>	<u>\$ 28,969</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2018	\$ <u>2,570</u>
Balance, December 31, 2019	\$ <u>2,570</u>

EXHIBIT A-24

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2018	\$ 15,821
Increased by:	
Transfer from 2018 Appropriation Reserves	<u>14,058</u>
Balance, December 31, 2019	\$ <u>29,879</u>

EXHIBIT A-25

STATEMENT OF DUE TO SPECIAL IMPROVEMENT DISTRICT

Balance, December 31, 2018	\$ 11,452
Increased by:	
Collection of Assessment Receivable	<u>142,981</u>
	154,433
Decreased by:	
Payments	<u>144,000</u>
Balance, December 31, 2019	\$ <u>10,433</u>

BOROUGH OF BERGENFIELD
STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE

Balance, December 31, 2018		\$ 9,800
Increased by:		
Net Tax Levy for 2019		143,941
		153,741
Decreased by:		
Collections	\$ 128,511	
Apply Prepaid	12,652	
Apply Overpayments	1,818	
		142,981
Balance, December 31, 2019		\$ 10,760

EXHIBIT A-27

STATEMENT OF PREPAID SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2018		\$ 12,652
Increased by:		
Collection of 2020 Taxes		623
		13,275
Decreased by:		
Apply to 2019 Taxes		12,652
Balance, December 31, 2019		\$ 623

EXHIBIT A-28

STATEMENT OF TAX OVERPAYMENTS SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2018		\$ 1,818
Decreased by:		
Apply to 2019 Collections		1,818
Balance, December 31, 2019		\$ -

**BOROUGH OF BERGENFIELD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2018</u>	Accrued in 2019	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2019</u>
U.S. Department of Housing (CDBG) - Irving Pl. & Demott		\$ 163,979			\$ 163,979
U.S. Department of Housing (CDBG) - Hughes Road and Madison	\$ 86,883				86,883
U.S. Department of Housing (CDBG) - W. Clinton Ave		98,430			98,430
Bergen County Open Space- Mem. Field Backstop & Fence	-	78,500			78,500
Bergen County Open Space- Barrier Free Playground	-	31,338			31,338
Bergen County ADA Cooperative Curb Ramp Program	368,000				368,000
Bulletproof Partnership Grant	4,663	2,289			6,952
New Jersey Forest Service- CSIP	30,000		\$ 27,000		3,000
NJDOT- West Central Ave	172,818				172,818
NJDOT- Woodbine Ave	76,125				76,125
NJDOT- Safe Routes to School Program	250,000		46,731		203,269
NJDOT- West Central Ave	234,025				234,025
NJDOT N Prospect Road Rehab		218,240			218,240
Pedestrian Safety, Education & Enforcement Fund	7,080	15,000	9,240	\$ 7,080	5,760
Drive Sober or Get Pulled Over	-	5,500	3,520	1,980	-
Drunk Driving Enforcement Fund	-	2,248	2,248		-
Body Armor		4,686	4,686		-
Recycling Tonnage Grant		28,969	28,969		-
Clean Communities	-	44,651	44,651		-
BCUA Recycling Enhancement Grant		3,000	3,000		-
Sustainable Jersey	5,000				5,000
Alcohol Education Rehab	-	1,527	1,527		-
Municipal Alliance Grant	15,279	15,279	13,108	2,171	15,279
	<u>\$ 1,249,873</u>	<u>\$ 713,636</u>	<u>\$ 184,680</u>	<u>\$ 11,231</u>	<u>\$ 1,767,598</u>

TRUST FUND

BOROUGH OF BERGENFIELD
STATEMENT OF TRUST CASH AND INVESTMENTS

	<u>Unemployment</u> <u>Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2018	\$ 333,988	\$ 27,730	\$ 3,259,086
Increased by Receipts:			
Borough's Share of Dog Licenses		\$ 7,380	
Cat License Fees		1,004	
Budget Appropriation			
Employee Contributions	\$ 17,925		
State Dog License Fees		1,622	
Interest on Deposits			\$ 571
Receipts from Current Fund			200
Receipts from Payroll Agency			5,910,042
Miscellaneous Reserves			1,655,682
Net Payroll	-	-	9,196,733
	<u>17,925</u>	<u>10,006</u>	<u>16,763,228</u>
	351,913	37,736	20,022,314
Decreased by Disbursements:			
Payment to State of New Jersey -			
State Dog License Fees		1,129	
Unemployment Claims	60,989		
Expenditures under R.S. 4:19-15.11		2,450	
Miscellaneous Reserves			1,488,884
Payroll Deductions Payable			5,910,024
Net Payroll			9,196,733
Payments to Current Fund	-	7,253	15,158
	<u>60,989</u>	<u>10,832</u>	<u>16,610,799</u>
Balance, December 31, 2019	<u>\$ 290,924</u>	<u>\$ 26,904</u>	<u>\$ 3,411,515</u>

BOROUGH OF BERGENFIELD
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2018		\$ 20,623
Increased by:		
Dog License Fees	\$ 6,548	
Cat License Fees	1,004	
Miscellaneous and Late Fees	<u>832</u>	
		<u>8,384</u>
		29,007
Decreased by:		
Expenditures Under R.S. 4:19-15.11		
Cat and Dog License Fees- Realized as Current Fund		
Budgeted Revenue	1,004	
Statutory Excess Due to Current Fund	6,085	
Cash Disbursements	<u>2,450</u>	
		<u>9,539</u>
Balance, December 31, 2019		<u><u>\$ 19,468</u></u>

Animal License Fees Collected

<u>Year</u>	
2017	\$ 10,206
2018	<u>9,262</u>
	<u><u>\$ 19,468</u></u>

BOROUGH OF BERGENFIELD
STATEMENT OF DUE TO STATE OF NEW JERSEY DOG LICENSE FEES
ANIMAL CONTROL FUND

Balance, December 31, 2018	\$	5
Increased by:		
State Fees Collected		<u>1,622</u>
		1,627
Decreased by:		
Payments to State		<u>1,129</u>
Balance, December 31, 2019	\$	<u><u>498</u></u>

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2018	\$	7,102
Increased by:		
Statutory Excess	\$	6,085
Cat License Fees Realized As Current Fund Revenue		<u>1,004</u>
		<u>7,089</u>
		14,191
Decreased by:		
Payments Made to Current Fund		<u>7,253</u>
Balance, December 31, 2019	\$	<u><u>6,938</u></u>

BOROUGH OF BERGENFIELD
STATEMENT OF DUE TO CURRENT FUND - ESCROW TRUST
OTHER TRUST FUND

Balance, December 31, 2018	\$ 42
Increased by:	
Interest on Deposits and Investments	<u>571</u>
Decreased by:	
Payments to Current Fund	<u>510</u>
Balance, December 31, 2019	<u>\$ 103</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
UNEMPLOYMENT TRUST FUND

Balance, December 31, 2018	\$ 333,988
Increased by:	
Employee Contributions	<u>17,925</u>
	351,913
Decreased by:	
Unemployment Insurance Benefit Claims	<u>60,989</u>
Balance, December 31, 2019	<u>\$ 290,924</u>

BOROUGH OF BERGENFIELD
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2018</u>	Increased by	Cash Disbursements	Balance December 31, <u>2019</u>
POAA	\$ 6,370	\$ 1,576	\$ 752	\$ 7,194
Fire Code Penalties	47,770	7,807	17,655	37,922
Construction Code Penalties	122,769	13,731	34,997	101,503
Developers Escrow	219,022	130,146	77,718	271,450
Street Openings	42,780	34,000		76,780
Police Donations	1,138			1,138
Confiscated Funds	6,255			6,255
Tree Replacement	35,085	4,000	9,092	29,993
Sewer Bond	2,000			2,000
Holiday at the Pond	62			62
Police Outside Detail	192,767	321,940	373,799	140,908
Tax Title Lien Redemption	307,398	199,712	391,410	115,700
Premiums on Tax Title Liens	305,100	588,500	217,000	676,600
Family Fun Day	41,749	30,400	12,911	59,238
Environmental Program	1,711			1,711
Accumulated Absence Liability Trust Fund	1,385,147	300,000	250,752	1,434,395
Goodwill/Elm St. Relief	15,592	345		15,937
Flexible Spending Account	2,882	19,803	18,881	3,804
Recreation	2,000			2,000
Snow Removal	312,917	100,000	46,275	366,642
Veteran's Park Donations	16,382	200	1,543	15,039
Federal Forfeiture of Funds	48,395	201,522	26,628	223,289
Barrier Free - Play for All	<u>9,471</u>	<u>2,000</u>	<u>9,471</u>	<u>2,000</u>
Total	<u>\$ 3,124,762</u>	<u>\$ 1,955,682</u>	<u>\$ 1,488,884</u>	<u>\$ 3,591,560</u>
		Due from Current Fund	\$ 300,000	
		Cash Receipts	<u>1,655,682</u>	
			<u>\$ 1,955,682</u>	
		Cash Disbursed	<u>\$ 1,488,884</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST
OTHER TRUST FUND

Balance, December 31, 2018	\$ 200
Decreased by:	
Receipts from Current Fund	<u>200</u>
	-
Increased by:	
Transfer from Appropriation Reserves- Accumulated Absences	<u>300,000</u>
Balance, December 31, 2019	<u>\$ 300,000</u>

STATEMENT OF DUE TO CURRENT FUND - FLEXIBLE SPENDING ACCOUNT
OTHER TRUST FUND

Balance, December 31, 2018	<u>\$ 2,500</u>
Balance, December 31, 2019	<u>\$ 2,500</u>

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2018	\$ 117,334
Increased by:	
Cash Receipts	<u>5,910,042</u>
	6,027,376
Decreased by:	
Cash Disbursements	<u>5,910,024</u>
Balance, December 31, 2019	<u>\$ 117,352</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF NET PAYROLL- SALARY AND WAGES PAYABLE
OTHER TRUST FUND**

Increased by:	
Cash Receipts	<u>\$ 9,196,733</u>
Decreased by:	
Cash Disbursements	<u>\$ 9,196,733</u>

**STATEMENT OF NET PAYROLL- DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2018	\$ 14,648
Decreased by:	
Payments to Current Fund	<u>14,648</u>
Balance, December 31, 2019	<u><u>-</u></u>

GENERAL CAPITAL FUND

BOROUGH OF BERGENFIELD
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2018		\$ 4,933,930
Increased by:		
Bond Proceeds	\$ 11,700,000	
Accrued Interest on Bond Sale	8,281	
Deferred Charges Unfunded Paid by Budget Appropriation	500,000	
Note Principal Paid by Budget Appropriation	1,761,600	
Capital Improvement Fund	1,500,000	
Premium on Sale of Notes	<u>100,175</u>	
		<u>15,570,056</u>
		20,503,986
Decreased by:		
Improvement Authorizations	2,626,717	
Contracts Payable	2,309,453	
Bond Anticipation Notes	<u>9,300,000</u>	
		<u>14,236,170</u>
Balance, December 31, 2019		<u>\$ 6,267,816</u>

**BOROUGH OF BERGENFIELD
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2019</u>
Contracts Payable	\$ 2,805,903
Capital Improvement Fund	612,988
Fund Balance	435,418
Reserve for Payment of Bonds	277,736
Due to Current Fund	8,281

Improvement Authorizations:

Ordinance <u>Number</u>	<u>Improvement Description</u>	
2289/2337/2343	Expansion of Free Public Library	74,492
2318	Various Capital Improvements	206,567
2324	Purchase of Real Property	27,765
2355/2447	Various Public Improvements	416,081
2448	Various Public Improvements	295,659
2453	Various Public Improvements	1,702
2461	Various Public Improvements	63,728
2475	Various Public Improvements	549,708
2490	Various Public Improvements	908,642
2507	Various Public Improvements	248,452
2524	Various Public Improvements	522,921
2527	Municipal Building Renovations	(183,014)
2546	Various Public Improvements	(1,130,632)
2551	Acq. Of Real Property and Construction of Parking Lot	<u>125,419</u>
		<u>\$ 6,267,816</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018		\$ 1,634,610
Increased by:		
Bonds Issued		<u>11,700,000</u>
		13,334,610
Decreased by:		
Paid by 2019 Budget Appropriation:		
Bonds	\$ 505,000	
Green Trust Loan	<u>12,617</u>	
		<u>517,617</u>
Balance, December 31, 2019		<u>\$ 12,816,993</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance, December 31, 2018	Authorized 2019	Funded by Budget Appropriation	Notes Paid by Budget Appropriation	Transfer to Deferred Taxation Funded	Balance, December 31, 2019	Analysis of Balance December 31, 2019		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2475	Various Public Improvements	\$ 2,192,000			\$ 1,761,600	\$ 430,400	-			
2490	Various Public Improvements	5,224,600				5,224,600	-			
2507	Various Public Improvements	2,245,000				2,245,000	-			
2524	Various Public Improvements	3,800,000				3,800,000	-			
2527	Municipal Building Renovation	11,400,000	-	\$ 500,000	-	-	\$ 10,900,000		\$ 183,014	\$ 10,716,986
2546	Various Public Improvements	-	\$ 2,565,000	-	-	-	2,565,000	-	1,130,632	1,434,368
		<u>\$ 24,861,600</u>	<u>\$ 2,565,000</u>	<u>\$ 500,000</u>	<u>\$ 1,761,600</u>	<u>\$ 11,700,000</u>	<u>\$ 13,465,000</u>	<u>\$ -</u>	<u>\$ 1,313,646</u>	<u>\$ 12,151,354</u>

Improvement Authorizations Unfunded \$ 12,151,354

**BOROUGH OF BERGENFIELD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Number	Date	Amount	Balance, December 31, 2018		2019 Authorization		Cancel Contract Payable	Paid or Charged	Balance, December 31, 2019		
			Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Charges Unfunded			Funded	Unfunded	
2289/2337/2343	Expansion of Free Public Library	12/18/01	\$ 3,305,000	\$ 74,492					\$ 74,492		
2318	Various Public Improvements	12/29/03	682,123	206,567					206,567		
2324	Purchase of Real Property	05/18/04	1,650,000	27,765					27,765		
2355/2447	Various Public Improvements & Acquisition of Equipment	05/17/05	1,573,000	416,081					-	416,081	
2398	Various Public Improvements	11/20/07	1,325,284	3,077			\$ 11,443	\$ 14,520	-	-	
2341	Various Public Improvements	5/18/2004	1,381,000	23,079				23,079	-	-	
2405/2446	Various Public Improvements	05/20/08	1,395,160	16,200				16,200	-	-	
2448	Various Public Improvements	12/6/2011	1,500,000	295,659					295,659		
2453	Various Public Improvements	8/7/2012	1,375,000	9,677				7,975	1,702		
2461	Various Public Improvements	9/7/2013	1,392,700	76,830			6,765	19,867	63,728		
2475	Various Public Improvements	3/17/2015	2,800,000		\$ 604,869		29,200	84,361	549,708		
2490	Various Public Improvements	4/5/2016	5,500,000		1,520,518		36,780	648,656	908,642		
2507	Various Public Improvements	3/21/2017	3,100,000		304,522		606,808	662,878	248,452		
2524	Various Public Improvements	3/20/2018	4,000,000		1,000,856		105,622	583,557	522,921		
2527	Municipal Building Renovation	6/19/2018	12,000,000	448,300	11,400,000			1,131,314	-	\$ 10,716,986	
2546	Various Public Improvements	3/19/2019	2,700,000			\$ 135,000	\$ 2,565,000	1,265,632		1,434,368	
2551	Acq. Of Real Property and Construction of Parking Lot (New Mun.Bldg.)	7/16/2020	1,100,000	-	-	1,100,000	-	-	974,581	125,419	-
				<u>\$ 1,597,727</u>	<u>\$ 14,830,765</u>	<u>\$ 1,235,000</u>	<u>\$ 2,565,000</u>	<u>\$ 796,618</u>	<u>\$ 5,432,620</u>	<u>\$ 3,441,136</u>	<u>\$ 12,151,354</u>
							Cash Disbursed	\$ 2,626,717			
							Contracts Payable	<u>2,805,903</u>			
								<u>\$ 5,432,620</u>			

**BOROUGH OF BERGENFIELD
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Original Date</u>	<u>Amount of Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
2475	Various Public Improvements	3/2/2016	\$ 2,659,860	2/28/2018	2/28/2019	2.50%	\$ 2,192,000		\$ 2,192,000	
2490	Various Public Improvements	2/28/2017	5,000,000	2/28/2018	2/28/2019	2.50%	5,000,000		5,000,000	-
2507	Various Public Improvements	2/28/2018	2,108,000	2/28/2018	2/28/2019	2.50%	<u>2,108,000</u>	<u>-</u>	<u>2,108,000</u>	<u>-</u>
							<u>\$ 9,300,000</u>	<u>\$ -</u>	<u>\$ 9,300,000</u>	<u>\$ -</u>
							Paid by Bond Funds		\$ 7,538,400	
							Paid by Budget Appropriation		<u>1,761,600</u>	
									<u>\$ 9,300,000</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2018	\$ 347,988
Increased by:	
2019 Budget Appropriation	<u>1,500,000</u>
	1,847,988
Decrease by:	
Appropriation to Finance Improvement Authorization	<u>1,235,000</u>
Balance, December 31, 2019	<u><u>\$ 612,988</u></u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2018	\$ 3,106,071
Increased by:	
Charges to Improvement Authorizations	<u>2,805,903</u>
	5,911,974
Decreased by:	
Cancellation	\$ 796,618
Cash Disbursements	<u>2,309,453</u>
	<u>3,106,071</u>
Balance, December 31, 2019	<u><u>\$ 2,805,903</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2018	<u>\$ 277,736</u>
Balance, December 31, 2019	<u><u>\$ 277,736</u></u>

STATEMENT OF DUE TO CURRENT FUND

Increased by:	
Accrued Interest on Sale of Bonds	<u>\$ 8,281</u>
Balance, December 31, 2019	<u><u>\$ 8,281</u></u>

**BOROUGH OF BERGENFIELD
STATEMENT OF GREEN TRUST LOAN PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loan Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Ord. #2324 Purchase of Real Property	2003/04	\$ 227,500	2020	\$ 12,871	2.00%	<u>\$ 79,610</u>	<u>\$ 12,617</u>	<u>\$ 66,993</u>
			2021	13,130				
			2022	13,393				
			2023	13,663				
			2024	13,936				
					<u>\$ 79,610</u>	<u>\$ 12,617</u>	<u>\$ 66,993</u>	
								Paid by Budget Appropriation <u>\$ 12,617</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>					
2015 Refunding Bonds	October 22, 2015	\$ 3,020,000	8/1/2020	\$ 515,000	1.710%				
			8/1/2021	535,000		\$ 1,555,000		\$ 505,000	\$ 1,050,000
2019 General Improvement Bonds	February 14, 2019	11,700,000	2/15/20-21	1,000,000	2.00%				
			2/15/22-27	1,200,000	2.00%				
			2/15/28-29	1,250,000	3.00%	-	\$ 11,700,000	-	\$ 11,700,000
						<u>\$ 1,555,000</u>	<u>\$ 11,700,000</u>	<u>\$ 505,000</u>	<u>\$ 12,750,000</u>
					Budget Appropriation			<u>\$ 505,000</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2018</u>	2019 <u>Authorizations</u>	Funded by Budget <u>Appropriation</u>	Bonds <u>Issued</u>	Balance, December 31, <u>2019</u>
2490	Various Public Improvements	\$ 224,600			\$ 224,600	-
2507	Various Public Improvements	137,000			137,000	-
2524	Various Public Improvements	3,800,000			3,800,000	-
2527	Municipal Building Renovation	11,400,000		\$ 500,000	-	\$ 10,900,000
	Various Public Improvements	-	\$ 2,565,000	-	-	2,565,000
		<u>\$ 15,561,600</u>	<u>\$ 2,565,000</u>	<u>\$ 500,000</u>	<u>\$ 4,161,600</u>	<u>\$ 13,465,000</u>

SINGLE AUDIT SECTION

PART II

GOVERNMENT AUDITING STANDARDS SECTION

YEAR ENDED DECEMBER 31, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Bergenfield
Bergenfield, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Bergenfield as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2020. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

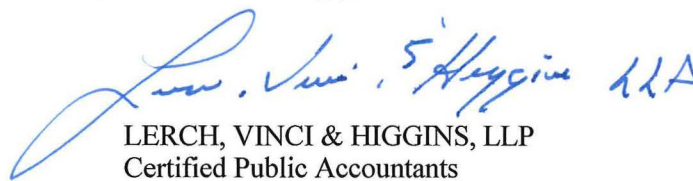
Compliance and Other Matters

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

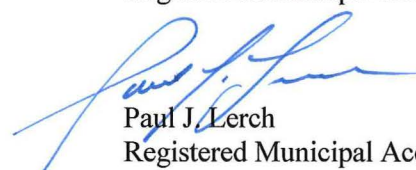
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Bergenfield in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 9, 2020

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

	Federal CFDA Number	Grant Year	Grant Award Amount	2019 Receipts	Balance, December 31, 2018	Revenue Realized	Expenditures	Adjustment	Balance, December 31, 2019	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>										
(Passed through County Dept. of Community Development)										
Community Devel. Block Grants										
	14.218									
Irving & Demott Ave Improvements		2019	\$ 163,979			\$ 163,979	\$ 163,979			\$ 163,979
W. Clinton Ave Improvements		2019	98,430			98,430	-	\$ 98,430		
Hughes Road & Madison Ave Improvements		2018	86,883		\$ 86,883		86,883		-	86,883
ADA Cooperative Curb Ramp Program		2018	368,000		33,566		15,623		17,943	350,057
<u>Law and Public Safety- Division of Highway Traffic Safety</u>										
Drunk Driving	20.601	2015	7,925		412		412		-	7,925
		2017	5,341		5,342		2,726		2,616	2,725
		2018	3,286		3,286		-		3,286	
		2019	2,248	\$ 2,248	-	2,248	-	-	2,248	
Total					\$ 129,489	\$ 264,657	\$ 269,623	\$ -	\$ 124,523	

Note: This schedule is not subject to a single audit in accordance with U.S. Uniform Guidance.

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2019</u>	<u>Cumulative Expenditures</u>
<u>Division of Criminal Justice</u>										
Body Armor Fund	1020-718-001-2009-090160	2019	\$ 4,686	\$ 4,686		\$ 4,686	\$ 4,686		-	\$ 4,686
Bulletproof Partnership	N/A	2017	2,025		\$ 2,025		2,025		-	2,025
		2018	2,638		2,638		2,638		-	2,638
		2019	2,289			2,289	2,289		-	2,289
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765008-178900	2016	43,047		12,703		12,703		-	43,047
		2017	49,212		49,212		28,155		\$ 21,057	28,155
		2018	81,818		81,818				81,818	81,818
		2019	44,651	44,651	-	44,651			44,651	44,651
					-				-	-
Recycling Tonnage Grant	4900-752001-178810	2018	39,699		15,860		14,058		1,802	37,897
		2019	28,969	57,938	-	28,969			28,969	-
<u>Department of Transportation of State and Highw</u>										
Safe Routes to School Program	20.205	2013	250,000	46,731	37,558		3,946	\$ 19,107 a	52,719	197,281
West Central Ave		2017	172,818		172,818		172,818		-	172,818
West Central Ave		2018	234,025		234,025		204,758		29,267	204,758
West Prospect Ave		2019	218,240			218,240	-		218,240	218,240
<u>Municipal Alliance Fund</u>										
	N/A	2018	15,279	13,108	14,439		12,268	(2,171) b	-	13,108
		2019	15,279			15,279	-		15,279	-
<u>Sustainable Jersey Small Grants Program</u>										
	N/A	2018	10,000		10,000		-		10,000	-
<u>Pedestrian Safety, Education & Enforcement Fun</u>										
	N/A	2017	15,000		5,160			(5,160) b	-	-
		2019	15,000	9,240		15,000	8,560	(1,920) b	4,520	8,560
<u>New Jersey Forest Services- CSIP</u>										
	N/A	2019		27,000						
<u>Division of Highway Traffic Safety</u>										
Drive Sober or Get Pulled Over	N/A	2019	5,500	3,520	-	5,500	3,520	(1,980) b	-	3,520
<u>Division of Judiciary- Municipal Court</u>										
Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2015	886		736				736	150
		2016	1,355		1,355		-		1,355	1,355
		2017	242		242		-		242	242
		2019	1,527	1,527	-	1,527	-		1,527	1,527
					\$ 640,589	\$ 336,141	\$ 472,424	\$ 7,876	\$ 512,182	

a= Prior year encumbrance was cancelled.

b= Unspent balance was cancelled

Note: This schedule is not subject to a single audit in accordance with U.S. Uniform Guidance.

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

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

**BOROUGH OF BERGENFIELD
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2019**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	<u>\$ 264,657</u>	<u>\$ 336,141</u>	<u>\$ 600,798</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF BERGENFIELD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

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

<u>Loan Program</u>	<u>State Account Number</u>	<u>State/Total</u>
Dept. of Environmental Protection- Green Trust	L-04387	\$ <u>66,993</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Modified - Unaudited LOSAP
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE ENDED DECEMBER 31, 2019**

Part II – Schedule of Financial Statement Findings

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

None.

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part III – Schedule of Federal and State Award Findings and Responses

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF BERGENFIELD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE –
CURRENT FUND

	<u>Year 2019</u>		<u>Year 2018</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 5,409,320	5.40 %		\$ 3,700,000	3.78 %
Miscellaneous - From Other Than Local					
Property Tax Levies	5,993,451	5.97		5,477,330	5.60
Collection of Delinquent Taxes and Tax Title Liens	861,975	0.86		960,396	0.98
Collection of Current Tax Levy	86,455,333	86.24		85,725,680	87.62
Other Credits	<u>1,530,266</u>	<u>1.53</u>		<u>1,978,461</u>	<u>2.02</u>
Total Income	<u>100,250,345</u>	<u>100.00 %</u>		<u>97,841,867</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	39,339,961	40.83 %		37,561,997	40.07 %
County Taxes	7,483,505	7.77		6,991,974	7.46
Local District School Taxes	49,523,856	51.40		49,157,916	52.45
Other Expenditures - Debits	<u>3,600</u>	<u>0.00</u>		<u>14,986</u>	<u>0.02</u>
Total Expenditures	<u>96,350,922</u>	<u>100.00 %</u>		<u>93,726,873</u>	<u>100.00 %</u>
Excess in Revenue	3,899,423			4,114,994	
Statutory Excess to Fund Balance	3,899,423			4,114,994	
Fund Balance, Beginning of Year	<u>9,506,251</u>			<u>9,091,257</u>	
	13,405,674			13,206,251	
Less Utilization as Anticipated Revenue	<u>5,409,320</u>			<u>3,700,000</u>	
Fund Balance, End of Year	<u>\$ 7,996,354</u>			<u>\$ 9,506,251</u>	

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

COMPARATIVE SCHEDULE OF CALENDAR YEAR TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Calendar Year Tax Rate</u>	\$ <u>3.262</u>	\$ <u>3.238</u>	\$ <u>3.222</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.136	\$ 1.135	\$ 1.135
County- Regular Tax	0.267	0.251	0.251
County- Open Space	0.011	0.010	0.010
Local School	1.848	1.842	1.826

* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2019	\$ <u>2,679,865,730</u>		
2018		\$ <u>2,669,703,540</u>	
2017			\$ <u>2,650,312,940</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2019	\$ 87,774,784	\$ 86,455,333	98.50%
2018	86,784,003	85,725,680	98.78%
2017	86,004,543	84,876,203	98.69%

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Period Ended</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
December 31, 2019	\$ 721,962	\$ 1,141,766	\$ 1,863,728	2.12%
December 31, 2018	732,684	949,789	1,682,473	1.94%
December 31, 2017	349,391	1,309,102	1,658,493	1.93%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens at year-end, on the basis of the last assessed valuation of such properties, was as follows:

<u>Period Ended</u>	<u>Amount</u>
December 31, 2019	\$ 28,173
December 31, 2018	28,173
December 31, 2017	28,173

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Period Ended</u>	<u>Fund</u> <u>Balance</u>	Utilized In Budget of Succeeding <u>Year</u>
Current Fund	December 31, 2019	\$ 7,996,354	\$ 4,953,424
	December 31, 2018	9,506,251	5,409,320
	December 31, 2017	9,091,257	3,700,000

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

<u>Name</u>	<u>Title</u>	<u>Dates</u>
Norman Schmelz	Mayor	2019
Arvin Amatorio	Councilperson	2020
Thomas Lodato	Councilperson	2021
Hernando Rivera	Councilperson	2021
Ora Kornbluth	Councilperson	2019
Buddy Deauna	Councilperson	2019
Rafael Marte	Councilperson	2020
Corey Gallo	Borough Administrator	
Marie Quinones	Borough Clerk	
Richard Cahill	CFO	
Juan Ortiz	Tax Collector	
John Schettino	Municipal Attorney	
Harry Hillenius	Building Inspector/ Zoning Official	
Helene Herbert	Municipal Court Judge	
Michael Ravenda	Construction Code Official	
Franklin Montero	Borough Prosecutor	

There is a statutory bond limit in the Municipal Joint Insurance Fund that covers the Chief Financial Officer, Tax Collector and any assistant or deputy “in title to” these positions, Magistrates, Court Administrators and Court Clerk up to \$1,000,000 with a member deductible of \$1,000.

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year Comments

Our audit of the bidding revealed the following:

- Contracts awarded in excess of \$17,500 were not all approved in the official minutes of the Borough.
- Contract awarded through State contract didn't contain the supporting State contract with approved pricing. Furthermore the contract was not approved in the official minutes of the Borough.

It is recommended that contracts in excess of \$17,500 be approved in the official minutes of the Borough and the supporting State contract with approved pricing be retained with purchase order.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$40,000, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where a question arises as to whether any contract agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Irving and Demott Ave. Improvements
Sanitation Equipment
West Central Ave. Improvements
2019 Road Resurfacing Program
Memorial Field Backstop and Fencing Improvements

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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

Our examination of expenditures revealed no instances where individual payments exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

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

Collection of Interest on Delinquent Taxes and Assessments

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

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

"BE IT RESOLVED by the Borough Council of the Borough of Bergenfield, that the interest upon delinquent taxes will be charged at the rate of eight percent (8%) per annum on all delinquent amounts up to \$1,500 and eighteen percent (18%) per annum on amounts over \$1,500 except that said rate shall not be charged on the taxes for any current quarter if the taxes are paid during the first ten days of the same current quarter.

"BE IT FURTHER RESOLVED that if the Office of the Collector of Taxes is closed on the tenth day of February, May, August, or November then the said ten-day period shall be extended to include the first business day thereafter.

"BE IT FURTHER RESOLVED that the interest rate per annum shall revert to the above from the first day of any current quarter unless the taxes for the same quarter are paid during the first ten days of the same quarter, or as otherwise provided in this resolution."

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 25, 2019 and was complete.

The following comparison is made of the number of tax title liens receivable at year-end of the last three years.

<u>December 31,</u>	<u>Number of Liens</u>
2019	7
2018	8
2017	7

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

**BOROUGH OF BERGENFIELD
RECOMMENDATIONS**

It is recommended that contracts in excess of \$17,500 be approved in the official minutes of the Borough and the supporting State contract with approved pricing be retained with purchase order.

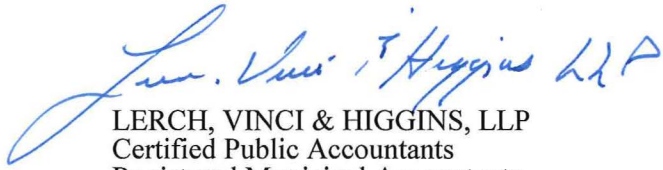
Status of Prior Year's Audit Findings/Recommendations

A review was performed on the prior year's recommendation and corrective action was taken on all except purchases made through State contract pricing information wasn't retained with purchase order.

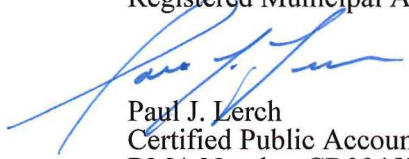
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The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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



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



Paul J. Lerch
Certified Public Accountant
RMA Number CR00457