

**BOROUGH OF BERGENFIELD**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**BOROUGH OF BERGENFIELD**  
**BERGEN COUNTY, NEW JERSEY**

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**



# 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, 2015 and 2014, 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, 2015, 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 principles 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Bergenfield on the basis of the financial accounting and reporting principles 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, 2015 and 2014, or changes in financial position for the years then ended.

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

The notes to the Borough of Bergenfield’s financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement Number 45 and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In addition 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 20 percent and 23 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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

In our opinion, except for the omission of the note disclosure regarding the other post employment benefit obligations and 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 Current Fund and account group of the Borough of Bergenfield as of December 31, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Matters**

*Other Information*

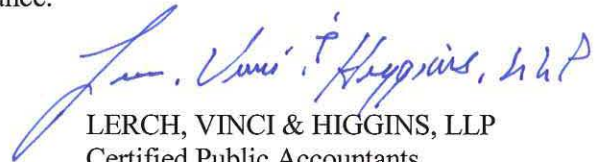
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Bergenfield as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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 20, 2016 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 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 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 20, 2016



**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 12,906,661	\$ 11,402,700
Cash - Change Funds	A-5	3,850	3,850
Due from the State of New Jersey			
Senior and Veteran's Discounts	A-7	8,244	6,744
Grants Receivable	A-28	<u>657,865</u>	<u>967,632</u>
		<u>13,576,620</u>	<u>12,380,926</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	963,626	1,086,861
Delinquent Property Taxes- Special Improvement District	A-25	8,485	13,611
Tax Title Liens	A-9	317,688	302,206
Property Acquired for Taxes (at Assessed Valuation)	A-10	28,173	28,173
Other Liens Receivable	A-17	2,500	2,500
Revenue Accounts Receivable	A-11	-	273,345
Due from Animal Control Fund	B-4	10,509	4,907
Due from Other Trust Fund- FSA	B-9	9,299	9,299
Due from Other Trust Fund- TTL	B-10	6,393	6,393
Due from General Capital Fund	C-11	31,998	3,546
Due from Other Trust Fund- Escrow	B-5	<u>6</u>	<u>5</u>
		<u>1,378,677</u>	<u>1,730,846</u>
Total Assets		<u>\$ 14,955,297</u>	<u>\$ 14,111,772</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	A-3,A-12	\$ 1,881,788	\$ 2,067,856
Encumbrances Payable	A-13	1,459,331	1,084,509
Encumbrances Payable - Reserve for Grants	A-14	457,808	367,633
Accounts Payable	A-29	-	1,605
Reserve for Tax Appeals	A-15	1,435,736	484,278
Tax Overpayments	A-16	8,386	125,229
Tax Overpayments- Special Improvement District	A-27	1,316	2,232
Prepaid Taxes	A-20	276,291	243,575
Prepaid Taxes- Special Improvement District	A-26	3,535	2,925
Due County for Added & Omitted Taxes	A-18	23,380	3,062
Reserve for:			
Master Plan	A-23	2,570	5,375
Appropriated Reserve for Grants	A-21	422,949	704,776
Unappropriated Reserve for Grants	A-22	44,527	76,542
Due to Special Improvement District	A-24	216,918	89,842
Due to Other Trust Fund	B-8	-	750,042
		<u>6,234,535</u>	<u>6,009,481</u>
Reserve for Receivables and Other Assets	A	1,378,677	1,730,846
Fund Balance	A-1	<u>7,342,085</u>	<u>6,371,445</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 14,955,297</u>	 <u>\$ 14,111,772</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,900,000	\$ 1,950,000
Miscellaneous Revenue Anticipated	A-2	4,805,718	4,324,478
Receipts from Delinquent Taxes	A-2	904,498	797,627
Receipts from Current Taxes	A-2	80,662,113	79,454,535
Non-Budget Revenue	A-2	390,737	374,993
Other Credits to Income			
Cancel Appropriated Reserve Balances	A-21	111,513	25,598
Interfunds Returned	A		21,096
Statutory Excess - Animal Control	A-1, B-2	5,602	4,907
Unexpended Balances of Appropriation Reserves	A-12	<u>1,574,068</u>	<u>1,246,136</u>
		<u>90,354,249</u>	<u>88,199,370</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	13,618,550	13,384,448
Other Expenses	A-3	14,846,429	14,609,786
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,708,823	2,662,991
Capital Improvements	A-3	439,000	530,230
Municipal Debt Service	A-3	2,616,765	2,882,535
County Taxes Payable	A-18	6,439,966	5,908,159
Local District School Taxes Payable	A-19	46,657,008	46,194,008
Other Debits to Income			
Refund of Prior Year Revenue	A-1		3,882
Senior and Veteran's Discounts Disallowed Prior Year	A-7	11,500	13,767
Interfunds Advanced	A	34,055	24,150
Cancellation of Grants Receivable Balances	A-28	<u>111,513</u>	<u>32,053</u>
Total Expenditures		<u>87,483,609</u>	<u>86,246,009</u>
Excess in Revenue		2,870,640	1,953,361
Fund Balance, Beginning of Year	A-1	<u>6,371,445</u>	<u>6,368,084</u>
Decreased by		9,242,085	8,321,445
Utilization as Anticipated Revenue	A-1	<u>1,900,000</u>	<u>1,950,000</u>
Fund Balance, End of Year	A	<u>\$ 7,342,085</u>	<u>\$ 6,371,445</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,900,000	-	\$ 1,900,000	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	30,000	-	33,814	\$ 3,814
Other	A-2	8,000	-	12,307	4,307
Fees and Permits	A-2	58,000	-	66,068	8,068
Fines and Costs					
Municipal Court	A-11	300,000	-	299,339	(661)
Interest and Costs on Taxes	A-11	175,000	-	261,966	86,966
Interest on Investments and Deposits	A-2	30,000	-	40,455	10,455
PILOT Senior Citizen Complex	A-11	76,300	-	166,249	89,949
Site Rental - Cablevision	A-11	70,000	-	194,848	124,848
Franchise Fees - Cablevision	A-11	192,000	-	191,370	(630)
Franchise Fees - Verizon	A-11	100,000	-	130,839	30,839
Rental of Tennis Courts	A-11	20,000	-	20,000	-
Cell Tower Rental Fee	A-11	125,000	-	172,117	47,117
Recycling Program	A-11	70,000	-	48,299	(21,701)
Recreation Fees	A-11	20,000	-	20,500	500
Energy Receipts Tax	A-11	1,797,423	-	1,797,423	-
Consolidated Municipal Property Tax Relief Aid	A-11	184,234	-	184,234	-
Uniform Construction Code Fees	A-11	400,000	-	643,158	243,158
Uniform Fire Safety Act	A-11	50,000	-	101,429	51,429
Reserve for Payment of Debt Service	C-10	66,318	-	66,318	-
Interlocal Health Agreement - Hackensack	A-11	26,250	\$ 8,750	35,000	-
Recycling Tonnage Grant - Reserve	A-22	27,964	-	27,964	-
Body Armor- Reserve	A-22,A-28	4,296	4,289	8,585	-
Drunk Driving Enforcement Fund	A-22	7,858	-	7,858	-
Clean Communities	A-22	35,413	-	35,413	-
Alcohol Ed	A-22	886	-	886	-
Municipal Alliance	A-28	15,279	-	15,279	-
NJ Department of Transportation - West Church St Drainage Repairs	A-28	200,000	-	200,000	-
Bergen County Open Space Trust- Tunis R Cooper Roof Repair	A-28	24,000	-	24,000	-
<b>Total Miscellaneous Revenues</b>	<b>A-1</b>	<b>4,114,221</b>	<b>13,039</b>	<b>4,805,718</b>	<b>678,458</b>
Receipts from Delinquent Taxes	A-1, A-8	700,000	-	904,498	204,498
Amount to be Raised by Taxes to Support Municipal Budget		28,217,514		28,222,076	4,562
Minimum Library Tax		893,063	-	893,063	-
<b>Total Amount to be Raised by Taxes for Support Muniiciupal Budget</b>	<b>A-2</b>	<b>29,110,577</b>	<b>-</b>	<b>29,115,139</b>	<b>4,562</b>
<b>Total General Revenues</b>		<b>\$ 35,824,798</b>	<b>\$ 13,039</b>	<b>\$ 36,725,355</b>	<b>\$ 887,518</b>
Non-Budget Revenue	A-2,A-1			390,737	
				<u>\$ 29,505,876</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 81,552,113
Less: Transfer to Reserve for Tax Appeals	A-15	<u>890,000</u>
	A-1	80,662,113
Less: Allocated to School and County Taxes	A-18,A-19	<u>53,096,974</u>
Balance for Support of Municipal Budget Appropriations		27,565,139
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,550,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 29,115,139</u>
Licenses- Other		
Borough Clerk	A-11	\$ 11,185
Board of Health	A-11	<u>1,122</u>
	A-2	<u>\$ 12,307</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 44,767
Fire Department	A-11	18,056
Police Department	A-11	<u>3,245</u>
	A-2	<u>\$ 66,068</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-5	\$ 64
Cash Receipts	A-11	<u>40,391</u>
	A-2	<u>\$ 40,455</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

Reference

ANALYSIS OF NON-BUDGET REVENUES

Borough Auction	\$	7,226
Police Alarms		18,625
Seasonal Field Fees/Park Rentals		1,700
Towing		2,060
Zoning		839
Memo Bills		1,265
Insurance Refund		104,244
Tax Sale Costs		1,871
Prior Year Police Outside Detail		139,009
Dwelling Inspection		34,750
BOE- Gasoline		18,284
Workers Comp Refund		24,912
Miscellaneous		<u>35,952</u>
	A-1	<u>\$ 390,737</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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>	
<b>GENERAL GOVERNMENT</b>					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 222,000	\$ 230,000	\$ 224,402	\$ 5,598	
Other Expenses	127,200	127,200	99,356	27,844	
Grant Consultant	75,000	75,000	72,220	2,780	
Mayor & Council					
Salaries and Wages	42,000	42,000	40,901	1,099	
Other Expenses	2,000	2,000	-	2,000	
Municipal Clerk					
Salaries and Wages	72,000	72,000	54,996	17,004	
Other Expenses	70,750	70,750	51,124	19,626	
Financial Administration (Treasury)					
Salaries and Wages	167,500	159,400	127,308	32,092	
Other Expenses	43,800	43,800	23,269	20,531	
Audit Services					
Other Expenses	82,000	82,000	35,121	46,879	
Revenue Administration (Tax Collection)					
Salaries and Wages	135,000	135,000	112,413	22,587	
Other Expenses	28,650	28,650	9,245	19,405	
Tax Assessment Administration					
Salaries and Wages	55,100	55,100	50,556	4,544	
Other Expenses	25,250	25,250	14,794	10,456	
Legal Services (Legal Department)					
Salaries and Wages	44,000	44,000	34,941	9,059	
Other Expenses	235,000	235,000	177,657	57,343	
Insurance					
Unemployment Insurance	50,000	50,000	50,000	-	
Workers Compensation Insurance	546,460	546,460	545,928	532	
Liability Insurance	390,000	390,000	387,186	2,814	
Group Insurance Plan for Employees	4,975,633	4,975,633	4,962,445	13,188	
Engineering Services - Other Expenses					
	135,000	155,000	133,608	21,392	
Planning Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	500	500	-	500	
Site Plan					
Salaries and Wages	1,250	1,250	-	1,250	

The Accompanying Notes are an Integral Part of These Financial Statements

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<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"					
GENERAL GOVERNMENT (Continued)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 3,400	\$ 3,400	\$ 2,864	\$ 536	
Other Expenses	250	250	-	250	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	7,262,300	7,292,300	7,157,286	135,014	
Other Expenses	164,050	164,050	153,914	10,136	
Other Expenses - Acquisition of Police Vehicles	74,000	74,000	70,704	3,296	
Office of Emergency Management					
Other Expenses	5,000	16,800	15,904	896	
First Aid Organization					
Other Expenses	70,500	70,500	53,455	17,045	
Fire Official					
Salaries and Wages	94,000	94,000	65,939	28,061	
Other Expenses	6,250	6,250	6,240	10	
Fire Department					
Salaries and Wages	665,000	665,000	596,667	68,333	
Other Expenses	146,950	146,950	123,677	23,273	
Fire Hydrant Service	245,000	245,000	241,546	3,454	
Municipal Prosecutors Office					
Salaries and Wages	15,000	15,000	12,692	2,308	
Municipal Court					
Salaries and Wages	134,000	134,000	127,803	6,197	
Other Expenses	17,150	17,150	15,522	1,628	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	6,100	6,100	1,385	4,715	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,057,500	1,057,500	874,847	182,653	
Other Expenses	200,500	200,500	167,643	32,857	



**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<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"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 118,500	\$ 118,500	\$ 117,483	\$ 1,017	
Solid Waste Collection					
Salaries and Wages	2,096,500	2,037,700	1,829,413	208,287	
Other Expenses	209,500	209,500	201,610	7,890	
Vehicle Maintenance (Including Police)					
Other Expenses	70,000	70,000	62,518	7,482	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	347,700	347,700	337,386	10,314	
Other Expenses	28,700	28,700	23,807	4,893	
Environmental Committee					
Other Expenses	500	500	282	218	
Ecology					
Other Expenses	100	100	-	100	
Animal Control Services					
Other Expenses	34,000	34,000	33,990	10	
Welfare/Administration of Public Assistance					
Salaries and Wages	7,000	7,000	6,462	538	
Other Expenses	250	250	-	250	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	131,000	137,000	133,510	3,490	
Other Expenses	57,100	57,100	53,520	3,580	
Community Affairs - Senior Citizens					
Salaries and Wages	19,000	19,100	18,518	582	
Other Expenses	11,500	11,500	11,229	271	
Maintenance of Parks					
Salaries and Wages	558,000	555,000	470,645	84,355	
Other Expenses	96,000	96,000	49,218	46,782	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<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)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 45,000	\$ 45,000	\$ 22,985	\$ 22,015	
Accumulated Leave Compensation	150,000	150,000	-	150,000	
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	354,000	354,000	303,620	50,380	
Other Expenses	22,850	22,850	11,191	11,659	
Construction Code Official					
Other Expenses	1,850	1,850	136	1,714	
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	1,200	50	
Other Expenses	550	550	95	455	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	250,000	250,000	204,220	45,780	
Street Lighting	240,000	240,000	240,000	-	
Telephone	65,000	62,000	50,093	11,907	
Water	60,000	75,000	75,000	-	
Gasoline	300,000	300,000	169,152	130,848	

**BOROUGH OF BERGENFIELD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 925,000	\$ 907,000	\$ 813,906	\$ 93,094	-
Total Operations Within "CAPS"	23,898,243	23,898,243	22,140,347	1,757,896	-
Contingent	2,500	2,500	1,457	1,043	-
Total Operations Including Contingent Within "CAPS"	23,900,743	23,900,743	22,141,804	1,758,939	-
Detail:					
Salaries and Wages	13,644,350	13,618,550	12,589,354	1,029,196	-
Other Expenses (Including Contingent)	10,256,393	10,282,193	9,552,450	729,743	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	10,000	10,000	-	10,000	
Social Security Syst. (O.A.S.I.)	600,000	600,000	575,994	24,006	
Police and Fireman's Retirement System	1,363,714	1,363,714	1,363,714	-	
Public Employees Retirement System	668,791	668,791	668,791	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,642,505	2,642,505	2,608,499	34,006	-
Total General Appropriations for Municipal Purposes Within "CAPS"	26,543,248	26,543,248	24,750,303	1,792,945	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,456,000	1,456,000	1,401,946	54,054	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>	
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
			<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)				
UTILITY EXPENSES AND BULK PURCHASES				
Sewerage Processing and Disposal - BCUA				
Operation and Maintenance Costs	\$ 2,527,430	\$ 2,527,430	\$ 2,527,428	\$ 2
Debt Service Costs				
Sewerage Processing and Disposal - Tenafly	8,000	8,000	8,000	-
PUBLIC SAFETY				
Fire Department				
LOSAP - Other Expenses	63,000	63,000	60,144	2,856
LANDFILL/SOLID WASTE DISPOSAL				
Recycling Tax	33,000	33,000	33,000	
INSURANCE				
Group Insurance	12,000	12,000	1,538	10,462
OTHER COMMON OPERATING FUNCTIONS				
Reserve for Tax Appeals	230,000	230,000	230,000	-
DECLARED STATE OF EMERGENCY - SNOW REMOVAL	100,000	100,000	98,531	1,469
INTERLOCAL HEALTH SERVICES - HACKENSACK	26,250	35,000	15,000	20,000
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES				
Body Armor Replacement Fund	4,296	8,585	8,585	-
Alcohol Ed & Rehab Fund	886	886	886	
Municipal Alliance	19,099	19,099	19,099	
Clean Communities	35,413	35,413	35,413	-
Drunk Driving Enforcement Fund	7,858	7,858	7,858	-
Recycling Tonnage	27,965	27,965	27,965	-
	<u>4,551,197</u>	<u>4,564,236</u>	<u>4,475,393</u>	<u>88,843</u>
Total Operations - Excluded from "CAPS"	<u>4,551,197</u>	<u>4,564,236</u>	<u>4,475,393</u>	<u>88,843</u>
Detail:				
Salaries and Wages				
Other Expenses	<u>4,551,197</u>	<u>4,564,236</u>	<u>4,475,393</u>	<u>88,843</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<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>	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 115,000	\$ 115,000	\$ 115,000		
Road Improvement Program	100,000	100,000	100,000		
Bergen County Open Space	24,000	24,000	24,000		
NJDOT - West Church St	200,000	200,000	200,000	-	-
<b>Total Capital Improvement Excluded from "CAPS"</b>	<b>439,000</b>	<b>439,000</b>	<b>439,000</b>	<b>-</b>	<b>-</b>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	400,000	400,000	400,000		
Payment of Bond Anticipation Notes and Capital Notes	1,983,000	1,983,000	1,983,000		
Interest on Bonds	138,450	138,450	138,450		-
Interest on Notes	39,000	39,000	6,314		\$ 32,686
Green Trust Loan Program					
Loan Repayments for Principal and Interest	14,655	14,655	14,147		508
Wastewater Loan Principal and Interest	74,930	74,930	74,854	-	76
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>2,650,035</b>	<b>2,650,035</b>	<b>2,616,765</b>	<b>-</b>	<b>33,270</b>
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>					
Deferred Charges - Unfunded					
Ordinance #2383	66,318	66,318	66,318	-	-
<b>Total Deferred Charges - Municipal Excluded from "CAPS"</b>	<b>66,318</b>	<b>66,318</b>	<b>66,318</b>	<b>-</b>	<b>-</b>
Judgements	25,000	25,000	-	-	25,000
<b>Total General Appropriations Excluded from "CAPS"</b>	<b>7,731,550</b>	<b>7,744,589</b>	<b>7,597,476</b>	<b>\$ 88,843</b>	<b>58,270</b>
<b>Total General Appropriations</b>	<b>34,274,798</b>	<b>34,287,837</b>	<b>32,347,779</b>	<b>1,881,788</b>	<b>58,270</b>
Reserve for Uncollected Taxes	1,550,000	1,550,000	1,550,000	-	-
<b>Total General Appropriations</b>	<b>\$35,824,798</b>	<b>\$35,837,837</b>	<b>\$33,897,779</b>	<b>\$ 1,881,788</b>	<b>\$ 58,270</b>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 35,824,798	
Added by N.J.S.A. 40A:4-87	A-2	<u>13,039</u>	
		<u>\$ 35,837,837</u>	
Cash Disbursed	A-4		\$ 30,366,640
Reserve for Uncollected Taxes	A-2		1,550,000
Encumbrances Payable	A-13		1,459,331
Due from General Capital Fund- Interest Credit on Bond Refunding	C-11		(31,998)
Transfer to Reserve for Tax Appeals	A-15		230,000
Transfer to Grants Appropriated	A-21		<u>323,806</u>
			<u>\$ 33,897,779</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	\$ <u>303,655</u>	\$ <u>268,193</u>
		<u>303,655</u>	<u>268,193</u>
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-1	31,261	26,901
Due From State of New Jersey	B-3	<u>-</u>	<u>2</u>
		<u>31,261</u>	<u>26,903</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	4,124,732	2,728,072
Due From Current Fund - Other Trust	B-8	<u>-</u>	<u>750,042</u>
		<u>4,124,732</u>	<u>3,478,114</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	1,051,288	1,040,089
Contribution Receivable	B	<u>60,144</u>	<u>60,144</u>
		<u>1,111,432</u>	<u>1,100,233</u>
<b>Total Assets</b>		<u>\$ 5,571,080</u>	<u>\$ 4,873,443</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES AND RESERVES</b>			
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Reserve for Unemployment Compensation Insurance	B-6	\$ <u>303,655</u>	\$ <u>268,193</u>
		<u>303,655</u>	<u>268,193</u>
<b>ANIMAL CONTROL TRUST FUND</b>			
Due to Current Fund	B-4	10,509	4,907
Due to State of New Jersey	B-3	7	
Reserve for Animal Control Expenditures	B-2	<u>20,745</u>	<u>21,996</u>
		<u>31,261</u>	<u>26,903</u>
<b>OTHER TRUST FUND</b>			
Due to Current Fund - Other Trust Flex Spending	B-9	9,299	9,299
Due to Current Fund - Escrow Trust	B-5	6	5
Due to Current Fund - TTL	B-10	6,393	6,393
Reserve for:			
Miscellaneous Deposits	B-7	<u>4,109,034</u>	<u>3,462,417</u>
		<u>4,124,732</u>	<u>3,478,114</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	<u>1,111,432</u>	<u>1,100,233</u>
<b>Total Liabilities and Reserves</b>		<u>\$ 5,571,080</u>	<u>\$ 4,873,443</u>



**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 3,800,948	\$ 4,740,018
Deferred Charges to Future Taxation			
Funded	C-4	3,286,111	3,699,189
Unfunded	C-5	<u>8,181,128</u>	<u>7,571,376</u>
Total Assets		<u>\$ 15,268,187</u>	<u>\$ 16,010,583</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-14	\$ 3,020,000	\$ 3,353,000
Wastewater Loan Payable	C-12	150,121	218,547
EDA Loan Payable	C-13	115,990	127,642
Bond Anticipation Notes Payable	C-7	5,523,000	7,506,000
Contracts Payable	C-9	1,910,099	367,005
Improvement Authorizations			
Funded	C-6	845,581	933,140
Unfunded	C-6	2,318,613	2,086,542
Reserve for Payment of Bonds	C-10	275,977	342,295
Capital Improvement Fund	C-8	912,988	937,988
Due To Current Fund	C-11	31,998	3,546
Fund Balance	C-1	<u>163,820</u>	<u>134,878</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 15,268,187</u>	<u>\$ 16,010,583</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$2,659,860 and \$66,318, respectively. (Exhibit C-15)

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 134,878	\$ 93,970
Increased by:			
Premium on Sale of Notes	C-2	<u>28,942</u>	<u>40,908</u>
Balance, December 31	C	<u>\$ 163,820</u>	<u>\$ 134,878</u>

The Accompanying Notes are an Integral Part of These Financial Statements



**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 AND 2014**

**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, 2014 balances to conform to the December 31, 2015 presentation.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**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.

**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.

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of 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 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The 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, 2015 AND 2014**

**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.

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

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

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

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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



**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the 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 as cost. Donated fixed assets are recorded at estimated fair market 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.

**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 Fund
- General Capital Fund

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

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 2015 and 2014 the Borough Council increased the original budget by \$13,039 and \$440,230. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2015 and 2014.

**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), 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$21,171,107 and \$19,169,734 and bank and brokerage firm balances of the Borough's deposits amounted to \$21,736,890 and \$19,615,341, 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>2015</u>	<u>2014</u>
Insured	\$ 21,736,890	\$ 19,615,341

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

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, 2015 and 2014, 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, 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, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the 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.

As of December 31, 2015 and 2014, the Borough had the following investments:

	Fair Value (LOSAP)
<b><u>2015</u></b>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>1,051,288</u>
<b><u>2014</u></b>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>1,040,089</u>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the 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, 2015 and 2014, \$1,051,288 and \$1,040,089 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value (LOSAP)</u>
<b><u>2015</u></b>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 1,051,288</u>
<b><u>2014</u></b>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	<u>\$ 1,040,089</u>

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). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

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 were 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, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current Fund</u>		
Property Taxes	\$ 963,626	\$ 1,086,861
Tax Title Liens	<u>317,688</u>	<u>302,206</u>
	<u>\$ 1,281,314</u>	<u>\$ 1,389,067</u>

In 2015 and 2014, the Borough collected \$904,498 and \$797,627 from delinquent taxes, which represented 70% and 57%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>		<u>2014</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	\$ 58,205		\$ 24,150	\$ 750,042
Animal Control Fund		\$ 10,509		4,907
General Capital Fund		31,998		3,546
Other Trust Fund- Escrow		6		5
Other Trust Fund-FSA		9,299		9,299
Other Trust Fund- TTL		6,393		6,393
Other Trust Fund- Reserves	-	-	750,042	-
	<u>\$ 58,205</u>	<u>\$ 58,205</u>	<u>\$ 774,192</u>	<u>\$ 774,192</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund due to another 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 is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	<u>2015</u>		<u>2014</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	\$ 6,675,976	\$ 2,664,028	\$ 5,397,069	\$ 1,900,000
Non-Cash Surplus	666,109	-	974,376	-
	<u>\$ 7,342,085</u>	<u>\$ 2,664,028</u>	<u>\$ 6,371,445</u>	<u>\$ 1,900,000</u>

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014.

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>					
Land	\$ 5,196,563				\$ 5,196,563
Buildings and Building Improvements	8,276,671	\$ 491,930			8,768,601
Machinery and Equipment	9,559,244	311,992	\$ (92,000)	-	9,779,236
	<u>\$ 23,032,478</u>	<u>\$ 803,922</u>	<u>\$ (92,000)</u>	<u>\$ -</u>	<u>\$ 23,744,400</u>

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>					
Land	\$ 5,196,563				\$ 5,196,563
Buildings and Building Improvements	8,153,306			\$ 123,365	8,276,671
Machinery and Equipment	9,211,846	\$ 347,398			9,559,244
Construction in Process-Roof Replacement	112,982	10,383	-	(123,365)	-
	<u>\$ 22,674,697</u>	<u>\$ 357,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,032,478</u>

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the 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>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 8,809,111	\$ 11,205,189
Less Funds Temporarily Held to Pay Bonds and Notes	<u>277,709</u>	<u>343,237</u>
Net Debt Issued	<u>8,531,402</u>	<u>10,861,952</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,659,860</u>	<u>66,318</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,191,262</u>	<u>\$ 10,928,270</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 .423% and .415% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	<u>\$ 11,468,971</u>	<u>\$ 277,709</u>	<u>\$ 11,191,262</u>
Total	<u>\$ 11,468,971</u>	<u>\$ 277,709</u>	<u>\$ 11,191,262</u>
<b><u>2014</u></b>			
General Debt	<u>\$ 11,271,507</u>	<u>\$ 343,237</u>	<u>\$ 10,928,270</u>
Total	<u>\$ 11,271,507</u>	<u>\$ 343,237</u>	<u>\$ 10,928,270</u>

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 92,616,709	\$ 92,160,120
Net Debt	<u>11,191,262</u>	<u>10,928,270</u>
Remaining Borrowing Power	<u>\$ 81,425,447</u>	<u>\$ 81,231,850</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>2015</u>	<u>2014</u>
\$4,953,000, 2007 Bonds, due in annual installments of \$400,000 to \$553,000 through August 1, 2021, interest at 4.125 to 4.150%		\$ 3,353,000
\$3,020,000, 2015 Refunding Bonds, due in annual installments of \$475,000 to \$535,000 through August 1, 2021, interest at 1.710%	<u>\$ 3,020,000</u>	<u>-</u>
	<u>\$ 3,020,000</u>	<u>\$ 3,353,000</u>



**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

The Borough has entered into loan agreements with the New Jersey Dept. of Environmental Protection for the financing relating to the Wastewater Treatment Program and a 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>2015</u>	<u>2014</u>
\$1,130,000, 1997 Loan, due in Semi-annual installments of \$74,861 to \$75,260 through August, 2017, interest at 4.00% to 5.00%	\$ 150,121	\$ 218,547
\$227,500, 2004 Loan, due in Semi-annual installments of \$11,886 to \$13,936 through September 2024, interest at 2%	<u>115,990</u>	<u>127,642</u>
	<u>\$ 266,111</u>	<u>\$ 346,189</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 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>	
2016	\$ 475,000	\$ 40,023	\$ 87,146	\$ 6,761	\$ 608,930
2017	475,000	43,520	86,985	4,272	609,777
2018	515,000	35,397	12,369	1,778	564,544
2019	505,000	26,591	12,617	1,529	545,737
2020	515,000	17,955	12,871	1,276	547,102
2021-2024	<u>535,000</u>	<u>9,149</u>	<u>54,123</u>	<u>2,463</u>	<u>600,735</u>
Total	<u>\$ 3,020,000</u>	<u>\$ 172,635</u>	<u>\$ 266,111</u>	<u>\$ 18,079</u>	<u>\$ 3,476,825</u>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Current Refundings of Debt**

On October 22, 2015, the Borough issued \$3,020,000 in General Obligation Refunding Bonds having an interest rate of 1.710% . These Bonds were issued in order to currently refund certain principal maturities of General Improvement Bonds of the Borough. The total principal currently refunded was \$2,953,000. This current refunding resulted in the issuance of an additional \$67,000 in bonds and resulted in a decrease of cash flows over the life of these bonds issues in the amount \$205,376; however, the economic gain (difference between the present value of the old and new debt service payments) was \$196,704. The current refunding was undertaken to reduce total debt service payments over the next six years by \$205,376.

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund					
Bonds Payable	\$ 3,353,000	\$ 3,020,000	\$ 3,353,000	\$ 3,020,000	\$ 475,000
Intergovernmental Loans Payable	346,189	-	80,078	266,111	87,146
	<u>\$ 3,699,189</u>	<u>\$ 3,020,000</u>	<u>\$ 3,433,078</u>	<u>\$ 3,286,111</u>	<u>\$ 562,146</u>
General Capital Fund Long-Term Liabilities					
	<u>\$ 3,699,189</u>	<u>\$ 3,020,000</u>	<u>\$ 3,433,078</u>	<u>\$ 3,286,111</u>	<u>\$ 562,146</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
General Capital Fund					
Bonds Payable	\$ 5,640,000		\$ 2,287,000	\$ 3,353,000	\$ 400,000
Intergovernmental Loans Payable	427,260	-	81,071	346,189	80,078
	<u>\$ 6,067,260</u>	<u>\$ -</u>	<u>\$ 2,368,071</u>	<u>\$ 3,699,189</u>	<u>\$ 480,078</u>
General Capital Fund Long-Term Liabilities					
	<u>\$ 6,067,260</u>	<u>\$ -</u>	<u>\$ 2,368,071</u>	<u>\$ 3,699,189</u>	<u>\$ 480,078</u>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
<b><u>2015</u></b>						
<b><u>General Capital Fund</u></b>						
Various Public Improvements	1.00%	3/2/2016	\$ 7,506,000	\$ 5,523,000	\$ 7,506,000	\$ 5,523,000
Total			\$ 7,506,000	\$ 5,523,000	\$ 7,506,000	\$ 5,523,000

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
<b><u>2014</u></b>						
<b><u>General Capital Fund</u></b>						
Various Public Improvements	0.75%	3/2/2015	\$ 6,387,113	\$ 15,012,000	\$ 13,893,113	\$ 7,506,000
Environmental Cleanup	1.00%	2/28/2014	2,887	-	2,887	-
Total			\$ 6,390,000	\$ 15,012,000	\$ 13,896,000	\$ 7,506,000

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

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

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

**NOTE 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>2015</u>		
Sanitary Sewer Cleaning and Televising Services	\$ 156,675	2016
CSX Culvert Crossing- Church Street	288,760	2016
Main Street Sewer Rehabilitation Project	184,999	2016
Acquisition of DPW Trucks	588,405	2016
Reconstruction of Highgate Terrace	321,002	2016
Acquisition of Elgin Street Sweeper	215,233	2016
<u>2014</u>		
Resurfacing Merritt Ave.	\$ 310,646	2015
Acquisition of Dump Truck	227,680	2015

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 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 \$2,127,751 and \$2,681,230 at December 31, 2015 and 2014, 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, 2015 and 2014, the Borough has reserved in the Other Trust Fund \$1,839,625 and \$1,863,587, 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.

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	
<b><u>2015</u></b>					
Compensated Absences	\$ 2,681,230		\$ 553,479	\$ 2,127,751	
Net Pension Liability- PERS	15,189,005	\$ 3,268,043	680,809	17,776,239	
Net Pension Liability- PFRS	<u>22,334,264</u>	<u>10,779,309</u>	<u>1,540,777</u>	<u>31,572,796</u>	
	<u>\$ 40,204,499</u>	<u>\$ 14,047,352</u>	<u>\$ 2,775,065</u>	<u>\$ 51,476,786</u>	
	Balance, December 31, <u>2013</u>	Prior Period Adjustment <u>(A)</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>					
Compensated Absences	\$ 2,315,026		\$ 469,592	\$ 103,388	\$ 2,681,230
Net Pension Liability- PERS		\$ 16,041,644		852,639	15,189,005
Net Pension Liability- PFRS	<u>-</u>	<u>24,592,462</u>	<u>-</u>	<u>2,258,198</u>	<u>22,334,264</u>
	<u>\$ 2,315,026</u>	<u>\$ 40,634,106</u>	<u>\$ 469,592</u>	<u>\$ 3,214,225</u>	<u>\$ 40,204,499</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those 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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds (Continued)**

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.



**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>
2015	\$ 1,363,714	\$ 668,791
2014	1,349,630	632,433
2013	1,434,310	653,632

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

**Public Employees Retirement System (PERS)**

At December 31, 2015 and 2014, the Borough had a liability of \$17,776,239 and \$15,189,005, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .07919 percent, which was a decrease of .00194 percent from its proportionate share measured as of June 30, 2014 of .08113 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$1,027,437 and \$697,544, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$668,791 and \$632,433, respectively. At December 31, 2015 and 2014, 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>2015</u>		<u>2014</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	\$ 424,079			
Changes of Assumptions	1,909,026		\$ 477,624	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 285,808		\$ 905,182
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	677,882	-	453,492
<b>Total</b>	<u>\$ 2,333,105</u>	<u>\$ 963,690</u>	<u>\$ 477,624</u>	<u>\$ 1,358,674</u>

**BOROUGH OF BERGENFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

At December 31, 2015 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>
2016	\$ 222,921
2017	222,921
2018	222,921
2019	449,216
2020	251,436
Thereafter	<u>-</u>
	<u>\$ 1,369,415</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40% Based on Age	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age	3.15-5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

**BOROUGH OF BERGENFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

*Actuarial Assumptions*

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

*Discount Rate*

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF BERGENFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 22,093,690</u>	<u>\$ 17,776,239</u>	<u>\$ 14,156,519</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF BERGENFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

At December 31, 2015 and 2014, the Borough had a liability of \$31,572,796 and \$22,334,264, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .18955 percent, which was an increase of .01200 percent from its proportionate share measured as of June 30, 2014 of .17755 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$2,854,713 and \$1,375,298, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,363,714 and \$1,349,630, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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		\$ 272,325		
Changes of Assumptions	\$ 5,829,122		\$ 838,504	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		549,497		\$ 2,279,137
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,316,425</u>	<u>668,188</u>	<u>-</u>	<u>828,427</u>
Total	<u>\$ 7,145,547</u>	<u>\$ 1,490,010</u>	<u>\$ 838,504</u>	<u>\$ 3,107,564</u>

At December 31, 2015 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 1,090,099
2017	1,090,099
2018	1,090,099
2019	1,659,883
2020	725,357
Thereafter	<u>-</u>
	<u>\$ 5,655,537</u>

**BOROUGH OF BERGENFIELD  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF BERGENFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Allocation</u>	<u>Rate of Return</u>	<u>Allocation</u>	<u>Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		

***Discount Rate***

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF BERGENFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 5.79%, 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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>Decrease <u>(4.79%)</u></b>	<b>Discount Rate <u>(5.79%)</u></b>	<b>Increase <u>(6.79%)</u></b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 41,622,969</u>	<u>\$ 31,572,796</u>	<u>\$ 23,377,778</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2015. 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, 2015 AND 2014**

**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 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, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,768,828 and \$2,405,025, respectively. For the years ended December 31, 2015 and 2014, 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 \$345,371 and \$304,728, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$144,132 and \$99,864, respectively. 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](http://www.state.nj.us/treasury/pensions).

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2014 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$44.3 million in Fiscal Year 2015 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2015, 2014 and 2013 were \$1,980,137, \$1,844,308 and \$1,815,703, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2015, 2014 and 2013 were \$85,971, \$81,418 and \$73,065, respectively.

**Plan Description**

The Borough provides a post-employment prescription and dental benefits in addition to the health benefits provided to their retirees through the State health benefit plan for certain eligible retirees and their spouses. The Borough contributed approximately \$573,000 in 2015 and \$450,000 in 2014 for prescription and dental benefits for its eligible retirees and their spouses. The Borough hasn't completed an actuary calculation of the OPEB liability for these additional post-employment prescription and dental benefits provided to their eligible retirees and their spouses.

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 50,000	\$ 10,752	\$ 25,290	\$ 303,655
2014	50,000	16,569	21,856	268,193
2013	50,000	16,510	48,039	223,480

**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.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 14 CONTINGENT LIABILITIES (Continued)**

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$1,435,736 and \$484,278, 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, 2015 and 2014, 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, 2015 and 2014, the Borough has no 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.

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.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

The Borough of Bergenfield has contributed \$1,253 and \$1,253 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,253 and \$1,253 for 2015 and 2014, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$60,144 and \$60,144 for 2015 and 2014, respectively.

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.

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 17 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On February 24, 2016 the Borough issued bond anticipation notes in the amount of \$6,198,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Bank at an interest rate of .70%. These notes dated March 2, 2016 will mature on February 28, 2017.

**Debt Authorized**

On April 5, 2016 the Borough adopted a bond ordinance authorizing the issuance \$5,225,000 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, 2014		\$11,402,700
Increased by Receipts:		
Taxes Receivable	\$82,036,036	
Special Improvement District- Taxes Receivable	165,494	
Non-Budget Revenue	390,737	
Revenue Accounts Receivable	4,419,351	
Due from State of New Jersey	164,000	
Tax Overpayments	105,845	
Prepaid Taxes	276,291	
Reserve for Grants- Unappropriated	44,402	
Grants Receivable	441,822	
Prepaid Taxes- SID	610	
Tax Overpayments- SID	1,316	
Receipts From General Capital Fund- Realized as Current Fund Budgeted Revenue	66,318	
Other Receipts	3,546	
Receipts From Other Trust- Escrow	63	
Petty Cash	<u>1,350</u>	
		<u>88,117,181</u>
		99,519,881
Decreased by Disbursements:		
2015 Budget Appropriations	30,366,640	
2014 Appropriation Reserves	1,578,297	
County Taxes Payable	6,419,648	
Local School District Taxes Payable	46,657,008	
Tax Overpayments	222,688	
Reserve for Tax Appeals	168,542	
Reserve for Grants- Appropriated	403,945	
Reserve for Master Plan	2,805	
Accounts Payable	1,605	
Due to Special Improvement District	40,650	
Petty Cash	1,350	
Due to Other Trust Fund- Miscellaneous Reserves	<u>750,042</u>	
		<u>86,613,220</u>
Balance, December 31, 2015		<u>\$12,906,661</u>



**BOROUGH OF BERGENFIELD  
STATEMENT OF CHANGE FUND**

Balance, December 31, 2014	\$	<u>3,850</u>
Balance, December 31, 2015	\$	<u>3,850</u>

**STATEMENT OF PETTY CASH FUND**

Increased by:		
Cash Receipts	\$	<u>1,350</u>
Decreased by:		
Cash Disbursements	\$	<u>1,350</u>

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

Balance, December 31, 2014	\$	6,744
Increased by:		
Senior Citizens Deductions Per Tax Billings	\$	32,500
Veterans Deductions Per Tax Billings		148,500
Senior Citizens Deductions Allowed by Tax Collector		2,500
Veterans Deductions Allowed by Tax Collector		1,000
Veterans Deductions Allowed by Tax Collector- 2014		<u>250</u>
		<u>184,750</u>
		191,494
Decreased by:		
Cash Received from State	164,000	
Veterans Deductions Disallowed by Tax Collector- 2014	250	
Senior Citizens' Deductions Disallowed by Tax Collector -2014	11,500	
Senior Citizens' Deductions Disallowed by Tax Collector- 2015	<u>7,500</u>	
		<u>183,250</u>
Balance, December 31, 2015	\$	<u>8,244</u>

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

<u>Year</u>	<u>Balance, December 31, 2014</u>	<u>2015 Levy</u>	<u>Added in 2015</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>Collected In</u>		<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, December 31, 2015</u>
2011	\$ 40,276									\$ 40,276
2012	49,165					\$ 4,615				44,550
2013	64,848							\$ 12,641		52,207
2014	<u>932,572</u>	<u>-</u>	<u>\$ 75,906</u>	<u>\$ 11,750</u>	<u>-</u>	<u>899,883</u>	<u>\$ 250</u>	<u>59,179</u>	<u>-</u>	<u>60,916</u>
	<u>1,086,861</u>	<u>-</u>	<u>75,906</u>	<u>11,750</u>	<u>-</u>	<u>904,498</u>	<u>250</u>	<u>71,820</u>	<u>-</u>	<u>197,949</u>
2015	<u>-</u>	<u>\$ 82,193,035</u>	<u>237,389</u>	<u>7,500</u>	<u>\$ 243,575</u>	<u>81,131,538</u>	<u>\$ 184,500</u>	<u>97,152</u>	<u>\$ 15,482</u>	<u>765,677</u>
	<u>\$ 1,086,861</u>	<u>\$ 82,193,035</u>	<u>\$ 313,295</u>	<u>\$ 19,250</u>	<u>\$ 243,575</u>	<u>\$ 82,036,036</u>	<u>\$ 184,750</u>	<u>\$ 168,972</u>	<u>\$ 15,482</u>	<u>\$ 963,626</u>

Analysis of 2015 Tax Levy

TAX YIELD

General Purpose Tax	\$ 82,193,035
Added Taxes (NJSA 54:4-63.1 et seq)	<u>237,389</u>
	<u>\$ 82,430,424</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 46,657,008
County Tax (Abstract)	6,416,549
Due County for Added and Omitted Taxes (54:4-63.1)	<u>23,417</u>
	\$ 53,096,974

Local Tax for Municipal Purposes	29,110,577
Add Additional Taxes Levied	<u>222,873</u>
	<u>29,333,450</u>

\$ 82,430,424

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

Balance, December 31, 2014	\$ 302,206
Increased by:	
Transfer from Current Year Taxes Receivable	<u>15,482</u>
Balance, December 31, 2015	<u>\$ 317,688</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2014	<u>\$ 28,173</u>
Balance, December 31, 2015	<u>\$ 28,173</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	Accrued <u>2015</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 33,814	\$ 33,814	
Licenses		11,185	11,185	
Construction Code Official				
Fees and Permits		643,158	643,158	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		44,767	44,767	
Licenses		1,122	1,122	
Fire Prevention				
Fees and Permits		18,056	18,056	
Police Departments				
Fees and Permits		3,245	3,245	
Municipal Court				
Fines and Costs		299,339	299,339	
Interest and Costs on Taxes		261,966	261,966	
Interest on Deposits and				
Investments		40,391	40,391	
Recycling Program		48,299	48,299	
Recreation Fees		20,500	20,500	
Uniform Fire Safety		101,429	101,429	
PILOT Senior Citizen Complex	\$ 81,975	84,274	166,249	
Energy Receipts Tax		1,797,423	1,797,423	
Consolidated Municipal Property Tax Relief Aid		184,234	184,234	
Interlocal Health Agreement- Hackensack		35,000	35,000	
Franchise Fees- Verizon		130,839	130,839	
Franchise Fees- Cablevision	191,370		191,370	
Site Rental - Cablevision	-	194,848	194,848	-
Rental of Tennis Courts		20,000	20,000	
Cell Tower Rent	-	172,117	172,117	-
	<u>\$ 273,345</u>	<u>\$ 4,146,006</u>	<u>\$ 4,419,351</u>	<u>\$ -</u>
Cash Receipts			<u>\$ 4,419,351</u>	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, January 1, <u>2015</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>				
Mayor & Council	\$ 405	\$ 405		\$ 405
General Administration	24,556	24,558		24,558
Municipal Clerk	4,896	4,896		4,896
Financial Administration	25,254	25,255		25,255
Revenue Administration	20,383	20,383		20,383
Tax Assessment Administration	6,434	6,434		6,434
Legal Services	893	893		893
Planning Board	100	100		100
Site Plan	608	608		608
Zoning Board of Adjustment	208	208		208
Police Department	79,895	79,895		79,895
Fire Official	9,166	9,166		9,166
Fire Department	84,267	84,267		84,267
Prosecutor	877	877		877
Municipal Court	16,486	16,486		16,486
Public Defender	90	90		90
Streets and Roads Maintenance	306,232	301,232		301,232
Solid Waste	52,753	52,753		52,753
Board of Health	18,393	18,393	\$ 974	17,419
Welfare/Administration of Public Asst.	236	236		236
Recreation Services and Programs	8,993	8,993		8,993
Community Affairs-Senior Citizens	910	910		910
Maintenance of Parks	49,442	49,442		49,442
Building Inspector	34,530	34,530		34,530
Barrier Free Board	100	100		100
Shade Tree	100	100		100
Interlocal Health Services- Hackensack	-	10,477		10,477
Accumulated Leave Compensation	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>Total Salaries and Wages</b>	<u>896,207</u>	<u>901,687</u>	<u>150,974</u>	<u>750,713</u>
<b>Other Expenses</b>				
General Administration	18,470	26,315	20,303	6,012
Mayor & Council	4,000	4,000	-	4,000
Municipal Clerk	18,935	24,731	5,486	19,245
Financial Administration	24,418	36,146	22,024	14,122
Audit Services	71,357	71,358	55,455	15,903
Tax Collection	11,851	16,528	5,562	10,966
Tax Assessment Administration	8,419	10,556	3,137	7,419
Legal Services	23,283	77,003	70,650	6,353
Engineering	57,842	37,929	28,835	9,094
Planning Board	250	250		250
Zoning Board	300	300		300
Police Department	47,691	70,096	24,045	46,051
Police Cars	304	4,499	4,303	196
Office of Emergency Management	3,841	4,068	228	3,840
First Aid Organization	2,610	3,386	776	2,610
Fire Official	4,114	4,689	575	4,114
Fire Department	35,934	107,589	70,828	36,761
Fire Hydrant Service	-	21,337	20,242	1,095
Municipal Court	8,976	9,591	627	8,964

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, January 1, <u>2015</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Streets and Roads Maintenance	\$ 40,737	\$ 68,722	\$ 43,692	\$ 25,030
Buildings and Grounds	8,092	19,246	14,251	4,995
Solid Waste Collection	13,759	32,159	23,142	9,017
Vehicle Maintenance	17,151	26,073	8,795	17,278
Board of Health	8,743	12,038	3,307	8,731
Environmental Committee	240	240		240
Animal Control Services	10	10		10
Welfare/Administration of Public Asst.	250	250		250
Recreation Services and Programs	8,186	17,174	8,988	8,186
Maintenance of Parks	14,423	22,008	7,776	14,232
Community Affairs- Senior Citizens	3,810	4,043	233	3,810
Celebration of Public Events	17,987	20,962	3,975	16,987
Building Inspector	9,274	10,423	1,158	9,265
Construction Code Official	378	812	434	378
Rent Leveling Board	200	200		200
Barrier Free Board	500	500		500
Shade Tree Board	505	505		505
Electricity & Gasoline	21,885	42,081	25,981	16,100
Street Lighting	14,948	38,948	20,441	18,507
Telephone	27,980	32,627	4,274	28,353
Water	-	4,070	3,520	550
Gasoline	61,563	94,282	42,329	51,953
Sanitary Landfill - Tipping Fees	116,200	252,759	158,156	94,603
Sanitary Landfill - Recycling Tax	3,024	9,341	4,067	5,274
Social Security System	55,452	55,452	24,079	31,373
Contribution to Free Public Library	19,832	19,832		19,832
Sewage Processing and Disposal-BCUA	-	1		1
Sewage Processing and Disposal- Tenafly	-	8,000	6,875	1,125
Liability Insurance	3,249	97,964	95,715	2,249
Group Insurance Plan for Employees- Gen Gov't	207,337	544,859	341,131	203,728
Worker Compensation Insurance	798	134,790	133,992	798
Group Insurance	12,000	12,000	-	12,000
Declared State of Emergency- Snow Removal	110,064	117,936	117,936	-
Interlock Health Care Services	30,477	20,000	-	20,000
	<u>1,171,649</u>	<u>2,250,678</u>	<u>1,427,323</u>	<u>823,355</u>
Total Other Expenses				
Grand Total	<u>\$ 2,067,856</u>	<u>\$ 3,152,365</u>	<u>\$ 1,578,297</u>	<u>\$ 1,574,068</u>
2014 Appropriation Reserves		\$ 2,067,856		
Encumbrances Transferred to 2014 Reserves		<u>1,084,509</u>		
		<u>\$ 3,152,365</u>		
Cash Disbursed			<u>\$ 1,578,297</u>	

**BOROUGH OF BERGENFIELD  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014	\$ 1,084,509
Increased by:	
Charges to 2015 Budget Appropriations	<u>1,459,331</u>
	2,543,840
Decreased by:	
Transferred to 2014 Appropriation Reserves	<u>1,084,509</u>
Balance, December 31, 2015	<u>\$ 1,459,331</u>

**STATEMENT OF ENCUMBRANCES PAYABLE- RESERVE FOR GRANTS**

Balance, December 31, 2014	\$ 367,633
Increased by:	
Charges to 2015 Reserve for Grants- Appropriated	<u>457,808</u>
	825,441
Decreased by:	
Cancelled	<u>367,633</u>
Balance, December 31, 2015	<u>\$ 457,808</u>

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2014	\$ 484,278
Increased by:	
Transfer from Budget Appropriations	\$ 230,000
Transfer from Current Collections	<u>890,000</u>
	<u>1,120,000</u>
	1,604,278
Decreased by:	
Cash Paid to Appellants	<u>168,542</u>
Balance, December 31, 2015	<u>\$ 1,435,736</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2014	\$ 125,229
Increased by:	
Cash Receipts	<u>105,845</u>
	231,074
Decreased by:	
Refunded	<u>222,688</u>
Balance, December 31, 2015	<u>\$ 8,386</u>

**STATEMENT OF OTHER LIENS RECEIVABLE**

Balance, December 31, 2014	<u>\$ 2,500</u>
Balance, December 31, 2015	<u>\$ 2,500</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2014	\$ 3,062
Increased by:	
2015 Levy	
General County Tax (Abstract)	\$ 6,349,441
County Open Space Preservation	67,108
Due County for Added and Omitted Taxes	<u>23,417</u>
	<u>6,439,966</u>
	6,443,028
Decreased by:	
Payments	<u>6,419,648</u>
Balance, December 31, 2015	<u>\$ 23,380</u>



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

Increased by:	
Levy - Calendar Year	\$ <u>46,657,008</u>
Decreased by:	
Payments	\$ <u>46,657,008</u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014	\$ 243,575
Increased by:	
Collection of 2016 Taxes	<u>276,291</u>
	519,866
Decreased by:	
Apply to 2015 Tax Receivable	<u>243,575</u>
Balance, December 31, 2015	<u>\$ 276,291</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF APPROPRIATED RESERVES**

	Balance, December 31, <u>2014</u>	Transfer from Current Year <u>Appropriations</u>	Cancel Prior Year <u>Encumbrance</u>	<u>Cancellation</u>	Paid or Charged	Balance, December 31, <u>2015</u>
U.S. Department of Housing (CDBG) - Bradley Ave	\$ 9,477		\$ 55,753	\$ 11,505	\$ 53,725	
U.S. Department of Housing (CDBG) - Main St Sewers	100,000				100,000	
Bergen County Open Space- Tunis R Cooper Roof Repair		\$ 24,000				\$ 24,000
Bergen County Open Space- Twin Boro Field Rehab	67,402				61,340	6,062
Bergen County Open Space- Coopers Pond	51,000				51,000	
NJ Dept. of Transportation- Merritt Ave/Phelps Ave			299,000		299,000	
NJ Dept. of Transportation- Safe Routes	250,000					250,000
NJDOT- Emergency Repairs West Church Street Drainage		200,000			200,000	
Municipal Alliance		15,279	2,352	5,008	12,623	
Municipal Alliance- Local Match		3,820	588		4,408	
Highlands Council- TDR Feasibility Study	40,000					40,000
Recycling Tonnage Grant	44,046	27,965			45,015	26,996
Clean Communities	42,660	35,413	9,775		21,742	66,106
Bergen County 200 Club	1,000				1,000	
DARE - Donation	500				500	
Body Armor	699	8,585			9,284	
Alcohol Education and Rehabilitation	974	886				1,860
Drunk Driving Enforcement Fund	2,018	7,858	165		2,116	7,925
Bergen County - Handicap Ramps	95,000	-	-	95,000	-	-
	<u>\$ 704,776</u>	<u>\$ 323,806</u>	<u>\$ 367,633</u>	<u>\$ 111,513</u>	<u>\$ 861,753</u>	<u>\$ 422,949</u>

Cash Disbursements	\$ 403,945
Encumbrances-Grants	<u>457,808</u>
	<u>\$ 861,753</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2014</u>	Cash <u>Receipts</u>	Anticipated as 2015 Budget <u>Revenue</u>	Balance, December 31, <u>2015</u>
South Presbyterian Church	\$ 125			\$ 125
Drunk Driving Enforcement Fund	7,858		\$ 7,858	-
Clean Communities	35,413	\$ 43,047	35,413	43,047
Alcohol Education- Municipal Court	886	1,355	886	1,355
Recycling Tonnage	27,964		27,964	-
Body Armor Fund	<u>4,296</u>	<u>-</u>	<u>4,296</u>	<u>-</u>
	<u>\$ 76,542</u>	<u>\$ 44,402</u>	<u>\$ 76,417</u>	<u>\$ 44,527</u>

EXHIBIT A-23

**STATEMENT OF RESERVE FOR MASTER PLAN**

Balance, December 31, 2014	\$ 5,375
Decreased by:	
Cash Disbursements	<u>2,805</u>
Balance, December 31, 2015	<u>\$ 2,570</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF DUE TO SPECIAL IMPROVEMENT DISTRICT**

Balance, December 31, 2014	\$ 89,842
Increased by:	
Collection of Assessment Receivable	<u>167,726</u>
	257,568
Decreased by:	
Payments	<u>40,650</u>
Balance, December 31, 2015	<u>\$ 216,918</u>

**STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE**

Balance, December 31, 2014	\$ 13,611
Increased by:	
Net Tax Levy 2015	<u>162,600</u>
	176,211
Decreased by:	
Cash Receipts	\$ 165,494
Apply Overpayments	<u>2,232</u>
	<u>167,726</u>
Balance, December 31, 2015	<u>\$ 8,485</u>

**STATEMENT OF PREPAID SPECIAL IMPROVEMENT DISTRICT TAXES**

Balance, December 31, 2014	\$ 2,925
Increased by:	
Collection of 2016 Taxes	<u>610</u>
Balance, December 31, 2015	<u>\$ 3,535</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF TAX OVERPAYMENTS SPECIAL IMPROVEMENT DISTRICT TAXES**

Balance, December 31, 2014	\$ 2,232
Increased by:	
Cash Receipts	<u>1,316</u>
	3,548
Decreased by:	
Applied to 2015 Collections	<u>2,232</u>
 Balance, December 31, 2015	 <u>\$ 1,316</u>

EXHIBIT A-28

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2015</u>
U.S. Department of Housing (CDBG) - Bradley Ave	\$ 65,230		\$ 53,725	\$ 11,505	
U.S. Department of Housing (CDBG) - Main St Sewers	100,000				\$ 100,000
Bergen County Open Space- Twin Boro Field Rehab	67,402				67,402
Bergen County Open Space- Tunis R Cooper Roof Repair		\$ 24,000			24,000
Bergem County Open Space- Coopers Pond	51,000				51,000
NJDOT - Merritt Ave/Phelps Ave	149,000		74,250		74,750
NJDOT- Emergency Repairs West Church Street Drainage		200,000	149,287		50,713
Highlands Council- TDR Feasibility Study	40,000				40,000
NJDOT- Safe Routes to School Program	250,000				250,000
NJDOT- Merritt Ave/Phepls Ave	150,000		150,000		
Body Armor		4,289	4,289		
Municipal Alliance Grant		15,279	10,271	5,008	
Bergen County - Handicap Ramps	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
	<u>\$ 967,632</u>	<u>\$ 243,568</u>	<u>\$ 441,822</u>	<u>\$ 111,513</u>	<u>\$ 657,865</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014	\$ 1,605
Decreased by:	
Cash Disbursements	<u>1,605</u>
Balance, December 31, 2015	<u>\$ -</u>

**TRUST FUND**

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF TRUST CASH AND INVESTMENTS**

	<u>Unemployment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2014	\$ 268,193	\$ 26,901	\$ 2,728,072
Increased by Receipts:			
Borough's Share of Dog Licenses		\$ 9,679	
Cat License Fees		1,135	
Budget Appropriation	\$ 50,000		
Employee Contributions	10,752		
State Dog License Fees		2,033	
Interest on Deposits			\$ 64
Receipts from Current Fund			750,042
Receipts from Payroll Agency			13,508,434
Miscellaneous Reserves			3,808,506
Net Payroll	-	-	9,432,442
	<u>60,752</u>	<u>12,847</u>	<u>27,499,488</u>
	328,945	39,748	30,227,560
Decreased by Disbursements:			
Payment to State of New Jersey -			
State Dog License Fees		2,024	
Unemployment Claims	25,290		
Expenditures under R.S. 4:19-15.11		5,308	
Miscellaneous Reserves			3,161,889
Payroll Deductions Payable			13,508,434
Net Payroll			9,432,442
Payments to Current Fund	-	1,155	63
	<u>25,290</u>	<u>8,487</u>	<u>26,102,828</u>
Balance, December 31, 2015	<u>\$ 303,655</u>	<u>\$ 31,261</u>	<u>\$ 4,124,732</u>



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

Balance, December 31, 2014		\$ 21,996
Increased by:		
Dog License Fees	\$ 8,357	
Cat License Fees	1,135	
Miscellaneous and Late Fees	<u>1,322</u>	
		<u>10,814</u>
		32,810
Decreased by:		
Expenditures Under R.S. 4:19-15.11		
Cat and Dog License Fees- Realized as Current Fund		
Budgeted Revenue	1,155	
Statutory Excess Due to Current Fund	5,602	
Cash Disbursements	<u>5,308</u>	
		<u>12,065</u>
Balance, December 31, 2015		<u>\$ 20,745</u>

Animal License Fees Collected

<u>Year</u>	
2013	\$ 10,461
2014	<u>10,284</u>
	<u>\$ 20,745</u>

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

Balance, December 31, 2014 (Due From)	\$ 2
Increased by:	
Payments to State	<u>2,024</u>
	2,026
Decreased by:	
State Fees Collected	<u>2,033</u>
Balance, December 31, 2015 (Due To)	<u>\$ (7)</u>

EXHIBIT B-4

**STATEMENT OF DUE TO CURRENT FUND**  
**ANIMAL CONTROL FUND**

Balance, December 31, 2014	\$ 4,907
Increased by:	
Statutory Excess	<u>5,602</u>
Balance, December 31, 2015	<u>\$ 10,509</u>

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

Balance, December 31, 2014	\$	5
Increased by:		
Interest on Deposits and Investments		64
69		
Decreased by:		
Payments to Current Fund		63
Balance, December 31, 2015	\$	6

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS**  
**UNEMPLOYMENT TRUST FUND**

Balance, December 31, 2014	\$	268,193
Increased by:		
Budget Appropriation	\$ 50,000	
Employee Contributions	10,752	
60,752		
328,945		
Decreased by:		
Unemployment Insurance Benefit Claims		25,290
Balance, December 31, 2015	\$	303,655

**BOROUGH OF BERGENFIELD  
STATEMENT OF MISCELLANEOUS RESERVES  
OTHER TRUST FUND**

	Balance, December 31, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2015</u>
POAA	\$ 4,279	\$ 1,864	\$ 3,072	\$ 3,071
Fire Code Penalties	59,179	5,937	13,203	51,913
Construction Code Penalties	160,589	2,100	674	162,015
Developers Escrow	194,941	108,575	65,723	237,793
Street Openings	30,770	5,010	2,000	33,780
Police Donations	1,013	125		1,138
Confiscated Funds	6,255			6,255
Tree Replacement	9,565	6,400		15,965
Sewer Bond	1,000			1,000
Holiday at the Pond	711	10,000	4,686	6,025
Police Outside Detail	63,933	296,284	262,430	97,787
Tax Title Lien Redemption	291,662	1,018,549	1,019,184	291,027
Premiums on Tax Title Liens	691,200	1,963,400	1,559,500	1,095,100
Family Fun Day	21,126	9,250	12,333	18,043
Environmental Program	1,711			1,711
Accumulated Absence Liability Trust Fund	1,863,587	150,000	173,962	1,839,625
Goodwill/Elm St. Relief	13,814	2,075	3,500	12,389
Flexible Spending Account	2,055	24,030	23,117	2,968
Recreation	2,420			2,420
Snow Removal		109,979		109,979
Veteran's Park Donations	40,000	127	8,667	31,460
Federal Forfeiture of Funds	<u>2,607</u>	<u>94,801</u>	<u>9,838</u>	<u>87,570</u>
<b>TOTALS</b>	<u>\$ 3,462,417</u>	<u>\$ 3,808,506</u>	<u>\$ 3,161,889</u>	<u>\$ 4,109,034</u>
		Cash Receipts		<u>\$ 3,808,506</u>
		Cash Disbursements	<u>\$ 3,161,889</u>	

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

Balance, December 31, 2014	\$ 750,042
Decreased by:	
Cash Received from Current Fund	<u>750,042</u>
Balance, December 31, 2015	<u>\$ -</u>

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

Balance, December 31, 2014	\$ <u>9,299</u>
Balance, December 31, 2015	<u>\$ 9,299</u>

**STATEMENT OF DUE TO CURRENT FUND - TAX TITLE LIEN**  
**OTHER TRUST FUND**

Balance, December 31, 2014	\$ <u>6,393</u>
Balance, December 31, 2015	<u>\$ 6,393</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE  
OTHER TRUST FUND**

Increased by:	
Cash Receipts	<u>\$13,508,434</u>
Decreased by:	
Cash Disbursements	<u>\$13,508,434</u>

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

Increased by:	
Cash Receipts	<u>\$ 9,432,442</u>
Decreased by:	
Cash Disbursements	<u>\$ 9,432,442</u>

**GENERAL CAPITAL FUND**

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2014		\$ 4,740,018
Increased by:		
Bond Anticipation Notes	\$ 5,523,000	
Bonds Issued	3,020,000	
Premium on Sale of Notes	28,942	
Note Principal Paid by Budget Appropriation	1,983,000	
Capital Improvement Fund	115,000	
Bond Refunding Receipts for Interest Paid by Current Fund	31,998	
Deferred Charges Unfunded- Raised in 2015 Current Fund Budget	<u>66,318</u>	
		<u>10,768,258</u>
		15,508,276
Decreased by:		
Improvement Authorizations	744,459	
Contracts Payable	367,005	
Bonds Refunded	3,020,000	
Bond Anticipation Notes	7,506,000	
Payments to Current Fund	3,546	
Realized as Current Fund Budgeted Revenue	<u>66,318</u>	
		<u>11,707,328</u>
Balance, December 31, 2015		<u>\$ 3,800,948</u>



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

		Balance, December 31, <u>2015</u>
Contracts Payable		\$ 1,910,099
Capital Improvement Fund		912,988
Fund Balance		163,820
Reserve for Payment of Bonds		275,977
Excess Note Proceeds		1,732
Due to Current Fund		31,998
 Improvement Authorizations:		
<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
2318	Various Capital Improvements	213,074
2324	Purchase of Real Property	27,765
2355	Various Public Improvements and Acquisition of Equipment	416,214
2371	Various Public Improvements- Municipal Building	4,191
2372	Various Public Improvements	1,329
2383	Various Public Improvements	6,529
2398	Various Public Improvements	73,827
2405	Various Public Improvements	37,415
2435	Various Public Improvements	28,160
2448	Various Public Improvements	382,844
2453	Various Public Improvements	85,462
2461	Various Public Improvements	370,159
2475	Varios Public Improvements	<u>(1,142,635)</u>
		 <u>\$ 3,800,948</u>

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

Balance, December 31, 2014		\$ 3,699,189
Increased by:		
Refunding Bonds Issued		<u>3,020,000</u>
		6,719,189
Decreased by:		
Paid by 2015 Budget Appropriation:		
Bonds	\$ 400,000	
Green Trust Loan	11,652	
Waste Water Loan	68,426	
Amount Refunded	<u>2,953,000</u>	
		<u>3,433,078</u>
Balance, December 31, 2015		<u>\$ 3,286,111</u>

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

Ordinance Number	Improvement Description	Balance, December 31, <u>2014</u>	Authorized <u>2015</u>	Cancellation	Notes Paid by Budget	Paid by Budget Appropriation	Balance, December 31, <u>2015</u>	<u>Analysis of Balance December 31, 2015</u>		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2383	Various Public Improvements	\$ 74,816			\$ 42,653	\$ 32,163				
2384	Environmental Clean-Up	2,787				2,787				
2386	Various Public Improvements	347,089			347,089					
2393	Various Public Improvements	453,858			422,490	31,368				
2398	Various Public Improvements	660,173			660,173					
2405	Various Public Improvements	855,908			100,000		\$ 755,908	\$ 755,908		
2416	Various Public Improvements	228,837			228,837		-			
2424	Various Public Improvements	900,942			100,000		800,942	800,942		
2448	Various Public Improvements	1,412,169			81,758		1,330,411	1,330,411		
2453	Various Public Improvements	1,308,944					1,308,944	1,308,944		
2461	Various Public Improvements	1,325,853	-	\$ 790			1,325,063	1,325,063		
2475	Various Public Improvements	-	\$ 2,660,000	140	-	-	2,659,860	-	\$ 1,142,635	\$ 1,517,225
		<u>\$ 7,571,376</u>	<u>\$ 2,660,000</u>	<u>\$ 790</u>	<u>\$ 1,983,000</u>	<u>\$ 66,318</u>	<u>\$ 8,181,128</u>	<u>\$ 5,521,268</u>	<u>\$ 1,142,635</u>	<u>\$ 1,517,225</u>
					Bond Anticipation Notes			\$ 5,523,000		
					Less: Excess Note Proceeds					
					Ord. #2424		\$ 738			
					Ord. #2448		1			
					Ord. #2453		56			
					Ord. #2461		937			
							<u>1,732</u>			
							<u>\$ 5,521,268</u>			
									Improvement Authorizations Unfunded	\$ 2,318,613
									Less: Unexpended Bond Anticipation Note Proceeds	
									Ord. #2405	\$ 37,415
									Ord. #2448	308,352
									Ord. #2453	85,462
									Ord. #2461	<u>370,159</u>
										801,388
										<u>\$ 1,517,225</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Number	Date	Amount	2015 Authorization				Paid or Charged	Cancellation	Balance,	
			December 31, 2014		Capital Improvement Fund	Deferred Charges to Future Charges Unfunded			December 31, 2015	
			Funded	Unfunded					Funded	Unfunded
2273	02/27/01	\$ 1,300,000	\$ 28,251			\$ 28,251				
2289/2337/2343	12/18/01	3,305,000	74,492			-		\$ 74,492		
2318	12/29/03	682,123	222,839			9,765		213,074		
2323/2340/										
2341/2342/2441	05/18/04	1,381,000	23,080			23,080		-		
2324	05/18/04	1,650,000	29,488			1,723		27,765		
2355/2447										
	05/17/05	1,573,000	442,924			26,710		416,214		
2371	04/04/06	432,000	5,946			1,755		4,191		
2372	05/23/06	304,800	1,617			288		1,329		
2383	10/17/06	1,171,200		\$ 18,819		12,290		6,529		
2393	08/21/07	852,800		48,000		48,000				
2398	11/20/07	1,325,284		82,037		8,210		73,827		
2405/2446	05/20/08	1,395,160		48,648		11,233			\$ 37,415	
2435	12/07/10	188,765	38,215			10,055		28,160		
2448	12/6/2011	1,500,000		702,590		394,238			308,352	
2453	8/7/2012	1,375,000	-	387,991		302,529		-	85,462	
2461	9/7/2013	1,392,700	66,288	798,457		493,796	\$ 790		370,159	
2475	3/17/2015	2,800,000	-	-	\$ 140,000	\$ 2,660,000	1,282,635	140	-	1,517,225
			<u>\$ 933,140</u>	<u>\$ 2,086,542</u>	<u>\$ 140,000</u>	<u>\$ 2,660,000</u>	<u>\$ 2,654,558</u>	<u>\$ 930</u>	<u>\$ 845,581</u>	<u>\$ 2,318,613</u>
						Cash Disbursed	\$ 744,459			
						Contracts Payable	<u>1,910,099</u>			
							<u>\$ 2,654,558</u>			

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

Ord. #	Improvement Description	Date of Original Date	Amount of Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2014	Increased	Decreased	Balance, December 31, 2015
2383	Various Public Improvements	3/3/2010	\$ 1,000,000	6/27/2014	3/2/2015	.75 %	\$ 42,653		\$ 42,653	
2386	Various Public Improvements	3/3/2010	325,000	6/27/2014	3/2/2015	.75	347,089		347,089	
2393	Various Public Improvements	3/3/2010	450,000	6/27/2014	3/2/2015	.75	422,490		422,490	
2398	Various Public Improvements	3/3/2010	500,000	6/27/2014	3/2/2015	.75	660,173		660,173	
2405	Various Public Improvements	3/3/2010	800,000	6/27/2014 3/2/2015	3/2/2015 3/2/2016	.75 1.00	855,908	\$ 755,908	855,908	\$ 755,908
2416	Various Public Improvements	3/3/2010	250,000	6/27/2014	3/2/2015	.75	228,837		228,837	
2424	Various Public Improvements	3/3/2010	1,309,500	6/27/2014 3/2/2015	3/2/2015 3/2/2016	.75 1.00	901,680	801,680	901,680	801,680
2448	Various Public Improvements	5/2/2012	1,428,000	6/27/2014 3/2/2015	3/2/2015 3/2/2016	.75 1.00	1,412,170	1,330,412	1,412,170	1,330,412
2453	Various Public Improvements	3/1/2013	\$ 1,309,000	6/27/2014 3/2/2015	3/2/2015 3/2/2016	.75 1.00	\$ 1,309,000	\$ 1,309,000	\$ 1,309,000	\$ 1,309,000
2461	Various Public Improvements	2/28/2014	1,326,000	6/27/2014 3/2/2015	3/2/2015 3/2/2016	.75 1.00	1,326,000	1,326,000	1,326,000	1,326,000
							<u>\$ 7,506,000</u>	<u>\$ 5,523,000</u>	<u>\$ 7,506,000</u>	<u>\$ 5,523,000</u>
							Renewals	\$ 5,523,000	\$ 5,523,000	
							Paid by Budget Appropriation	-	1,983,000	
								<u>\$ 5,523,000</u>	<u>\$ 7,506,000</u>	

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

Balance, December 31, 2014	\$ 937,988
Increased by:	
2015 Budget Appropriation	<u>115,000</u>
	1,052,988
Decrease by:	
Appropriation to Finance Improvement Athorization	<u>140,000</u>
Balance, December 31, 2015	<u>\$ 912,988</u>

**STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2014	\$ 367,005
Increased by:	
Charges to Improvement Authorizations	<u>1,910,099</u>
	2,277,104
Decreased by:	
Cash Disbursements	<u>367,005</u>
Balance, December 31, 2015	<u>\$ 1,910,099</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, December 31, 2014	\$ 342,295
Decreased by:	
Anticipated Revenue in the 2015 Current Fund Budget	<u>66,318</u>
Balance, December 31, 2015	<u>\$ 275,977</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2014	\$ 3,546
Increased by:	
Interest Credit Received on Bond Refunding	<u>31,998</u>
	35,544
Decreased by:	
Payments to Current Fund	<u>3,546</u>
Balance, December 31, 2015	<u>\$ 31,998</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF WASTEWATER LOAN PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Wastewater Treatment Loan	1997/98	\$ 1,130,000	2016	\$ 75,260				
			2017	74,861				
					4.0 - 5.0 %	\$ 218,547	\$ 68,426	\$ 150,121
						<u>\$ 218,547</u>	<u>\$ 68,426</u>	<u>\$ 150,121</u>
					Paid by Budget Appropriation		<u>\$ 68,426</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, 2015</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Ord. #2324 Purchase of Real Property	2003/04	\$ 227,500	2016	\$ 11,886	2.00%	\$ 127,642	\$ 11,652	\$ 115,990
			2017	12,125				
			2018	12,369				
			2019	12,617				
			2020	12,871				
			2021	13,130				
			2022	13,393				
			2023	13,663				
			2024	13,936				
							<u>\$ 11,652</u>	
Paid by Budget Appropriation							<u>\$ 11,652</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, 2015</u>		<u>Interest Rate</u>	<u>Balance, December 31,</u>			<u>Balance, December 31,</u>
			<u>Date</u>	<u>Amount</u>		<u>2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>2015</u>
2007 General Improvement Bonds	August 14, 2006	\$ 4,953,000				\$ 3,353,000		\$ 3,353,000	
2015 Refunding Bonds	October 22, 2015	3,020,000	8/1/2016,2017	\$ 475,000	1.710%				
			8/1/2018	515,000					
			8/1/2019	505,000					
			8/1/2020	515,000					
			8/1/2021	535,000					
						<u>-</u>	<u>\$ 3,020,000</u>	<u>-</u>	<u>\$ 3,020,000</u>
						<u>\$ 3,353,000</u>	<u>\$ 3,020,000</u>	<u>\$ 3,353,000</u>	<u>\$ 3,020,000</u>
				Budget Appropriation				\$ 400,000	
				Amount Refunded				<u>2,953,000</u>	
								<u>\$ 3,353,000</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>2014</u>	2015 <u>Athorizations</u>	<u>Cancellation</u>	Paid by Budget <u>Appropriation</u>	Balance, December 31, <u>2015</u>
2383	Various Public Improvements	\$ 32,163			\$ 32,163	
2384	Environmental Clean Up	2,787			2,787	
2393	Various Public Improvements	31,368			31,368	
2475	Various Public Improvements	<u>-</u>	<u>\$ 2,660,000</u>	<u>\$ 140</u>	<u>-</u>	<u>\$ 2,659,860</u>
		<u>\$ 66,318</u>	<u>\$ 2,660,000</u>	<u>\$ 140</u>	<u>\$ 66,318</u>	<u>\$ 2,659,860</u>

**PART II**

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**GOVERNMENT AUDITING STANDARDS SECTION**

**YEAR ENDED DECEMBER 31, 2015**



# 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2016. 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 omission of OPEB note disclosure and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2015-001 that we consider to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 and which are described in the accompanying schedule of findings and responses as item 2015-001.

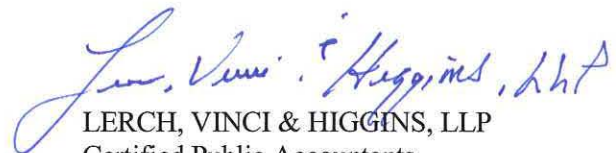
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Bergenfield in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

### **Borough of Bergenfield's Responses to Findings**


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

### **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 20, 2016

**BOROUGH OF BERGENFIELD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

	Federal CFDA Number	Grant Year	Grant Award Amount	2015 Receipts	Balance, December 31, 2014	Revenue Realized	Expenditures	Adjustment	Balance, December 31, 2015	* 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									
Main Street		2014	\$ 100,000		\$ 100,000		\$ 100,000			* \$ 100,000
Bradley Ave		2014	65,230	\$ 53,725	9,477		9,477			* 65,230
<u>Law and Public Safety- Division of Highway Traffic Safety</u>										
Drunk Driving	20.601	2013	5,416		2,018		2,018			* 5,416
		2015	7,858		-	\$ 7,858	98	\$ 165	\$ 7,925	* 98
Total					\$ 111,495	\$ 7,858	\$ 111,593	\$ 165	\$ 7,925	*

Note: This schedule is not subject to a single audit in accordance with Uniform Guidance (OMB Circular A-133).

**BOROUGH OF BERGENFIELD  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

<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, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expenditures</u>
*										
*										
<u>Department of Law &amp; Public Safety</u>										
Body Armor Fund	1020-718-001-2009-090160	2014	\$ 5,637		\$ 699		\$ 699			\$ 5,637
		2015	8,585	\$ 4,289		\$ 8,585	8,585			8,585
*										
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765008-178900	2012	32,164		4,897		4,897			32,164
		2013	37,763		37,763		16,845	\$ 9,775	\$ 30,693	7,070
		2015	35,413	43,047		35,413			35,413	
*										
Recycling Tonnage Grant	4900-752001-178810	2013	29,446		15,985		15,985			29,446
		2014	28,061		28,061		28,061			28,061
		2015	27,964	-	-	27,965	969		26,996	969
*										
<u>Department of Transportation of State and Highway</u>	20.205									
Merritt/Phelps Ave		2013	150,000	150,000						150,000
Merritt/Phelps Ave		2014	149,000	74,250						149,000
Safe Routes to School Program		2013	250,000		250,000				250,000	
West Church Street Drainage Repairs		2015	200,000	149,287		200,000	200,000			200,000
*										
Municipal Alliance Fund	N/A	2015	15,279	10,271		15,279	12,623	(2,656) **	-	12,623
*										
<u>Division of Judiciary- Municipal Court</u>										
Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2011	1,053		53			(53)	-	1,000
		2013	1,972		1,972			(998)	974	
		2015	886	1,355		886	-	-	886	
*										
					<u>\$ 339,430</u>	<u>\$ 288,128</u>	<u>\$ 288,664</u>	<u>\$ 6,068</u>	<u>\$ 344,962</u>	*

\*= Prior Year Encumbrance Cancelled

\*\*= Balance Cancelled

Note: This schedule is not subject to a single audit in accordance with NJ OMB Circular 15-08

**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, 2015**

**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	\$ 7,858	\$ 288,127	\$ 295,985

**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.

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Borough's federal and state loans outstanding at December 31, 2015, 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	4860-510-702440	\$ 115,990
Dept. of Economic Development Authority	L-04387	<u>150,121</u>
		<u>\$ 266,111</u>

**BOROUGH OF BERGENFIELD  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

- A) Type of auditors' report issued: Modified- Unaudited LOSAP and the Omission of OPEB Note Disclosure
- 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?  X  yes      \_\_\_\_\_ none reported
- C) Noncompliance material to basic financial statements noted?  X  yes      \_\_\_\_\_ no

**Federal Awards Section**

Not Applicable

**State Awards Section**

Not Applicable

**BOROUGH OF BERGENFIELD  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE ENDED DECEMBER 31, 2015**

*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*.

**Finding 2015-001**

The Borough's actuarial calculation of the OPEB liability for post-employment retiree benefits was not available.

**Criteria or Specific Requirement**

GASB Statement 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) requires the recognition of the cost of benefits in periods when the related services are received by the employer.

**Condition**

In addition to the health benefits offered to their retirees and their spouses through the New Jersey State health benefit plan, the Borough offers prescription and dental benefits to their retirees and their spouses.

**Context**

The Borough's OPEB liability for the prescription and dental post-employment benefits for these individuals was not calculated.

**Effect**

The liability associated with the prescription and dental postemployment benefits was not disclosed in the financial statements for the year ended December 31, 2015.

**Cause**

The Borough has not completed the actuarial calculation.

**Recommendation**

The Borough institute measures to ensure in future periods that the actuarial calculation on the prescription and dental postemployment benefits for their retirees and their spouses would be available for the period under audit.

**Views of Responsible Officials and Planned Corrective Action**

Management is in agreement and is in the process of obtaining the actuarial calculation of the OPEB liability.

**BOROUGH OF BERGENFIELD  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*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 Uniform Guidance (OMB Circular A-133) 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, 2015**

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**

**Finding 2014-001**

The Borough's actuarial calculation of the OPEB liability for post-employment retiree benefits was not available.

**Current Status**

See Finding 2015-001.

**PART III**

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**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

	<u>Fiscal Year 2015</u>		<u>Fiscal Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,900,000	2.10 %	\$ 1,950,000	2.16 %
Miscellaneous - From Other Than Local				
Property Tax Levies	5,196,455	5.75	4,699,471	5.20
Collection of Delinquent Taxes and Tax Title Liens	904,498	1.00	797,627	0.88
Collection of Current Tax Levy	80,662,113	89.27	79,454,535	87.94
Other Credits	<u>1,691,183</u>	<u>1.87</u>	<u>1,297,737</u>	<u>1.44</u>
Total Income	<u>90,354,249</u>	<u>100.00 %</u>	<u>88,199,370</u>	<u>97.62 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	34,229,567	39.13 %	34,069,990	38.94 %
County Taxes	6,439,966	7.36	5,908,159	6.75
Local District School Taxes	46,657,008	53.33	46,194,008	52.80
Other Expenditures - Debits	<u>157,068</u>	<u>0.18</u>	<u>73,852</u>	<u>0.08</u>
Total Expenditures	<u>87,483,609</u>	<u>100.00 %</u>	<u>86,246,009</u>	<u>98.59 %</u>
Excess in Revenue	2,870,640		1,953,361	
Fund Balance, Beginning of Year	<u>6,371,445</u>		<u>6,368,084</u>	
	9,242,085		8,321,445	
Less Utilization as Anticipated Revenue	<u>1,900,000</u>		<u>1,950,000</u>	
Fund Balance, End of Year	<u>\$ 7,342,085</u>		<u>\$ 6,371,445</u>	

**BOROUGH OF BERGENFIELD  
GENERAL INFORMATION**

**COMPARATIVE SCHEDULE OF CALENDAR YEAR TAX RATE INFORMATION**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Calendar Year Tax Rate</u>	\$ <u>3.122</u>	\$ <u>3.065</u>	\$ <u>3.031</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.104	\$ 1.087	\$ 1.068
County- Regular Tax	0.242	0.222	0.226
County- Open Space	0.003	0.003	0.003
Local School	1.773	1.753	1.734

\* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2015	<u>\$ 2,632,704,540</u>		
2014		<u>\$ 2,634,731,000</u>	
2013			<u>\$ 2,640,124,530</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>
2015	\$ 82,430,424	\$ 81,552,113	98.93%
2014	80,788,939	79,654,535	98.60%
2013	80,155,046	78,853,012	98.38%



**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>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
December 31, 2015	\$ 317,688	\$ 963,626	\$ 1,281,314	1.55%
December 31, 2014	302,206	1,086,861	1,389,067	1.72%
December 31, 2013	290,555	1,121,607	1,412,162	1.76%

**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, 2015	\$ 28,173
December 31, 2014	28,173
December 31, 2013	28,173

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Period Ended</u>	<u>Fund Balance</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	December 31, 2015	\$ 7,342,085	\$ 2,664,028
	December 31, 2014	6,371,445	1,900,000
	December 31, 2013	6,368,084	1,950,000

**BOROUGH OF BERGENFIELD  
GENERAL INFORMATION**

<u>Name</u>	<u>Title</u>	<u>Dates</u>
Norman Schmelz	Mayor	2015
Charles Steinel	Council President	2017
Thomas A. Lodato	Councilperson	2015
Hernando Rivera	Councilperson	2015
Ora Kornbluth	Councilperson	2016
Arvin Amatorio	Councilperson	2016
P. Christopher Tully	Councilperson	2017
Anne Dodd	Borough Clerk	1/1/15-7/31/15
Marie Quinones	Acting Borough Clerk	8/1/15-12/31/15
Frederick McGarril	Borough Administrator	1/1/15-3/31/15
Corey Gallo	Borough Administrator	3/3/15-12/31/15
Rich Cahill	CFO	
Lidia Leszczynski	Tax Collector	
John Schettino	Municipal Attorney	
Harry Hillenius	Building Inspector/ Zoning Official	
Helene Herbert	Municipal Court Judge	
Kenneth Pfannen	Construction Code Official	1/1/15-4/1/15
Harry Hillenius	Construction Code Official	4/1/15-12/31/15
George Reggo	Tax Assessor	
Gregg Paster	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**

**Prior Year Comments- Unresolved**

Our audit of the cash disbursement cycle revealed that there were numerous purchase orders that were dated subsequent to the invoice date. It is recommended that purchase orders be generated when the order is being placed for the goods and/or services.

Our audit of the payroll deductions revealed the following:

- There are several employees eligible for the Defined Contribution Retirement Plan (DCRP) that have not been enrolled.
- The payroll clerk's base salary utilized to calculate Chapter 78 health care contributions didn't include the amount received for rent leveling and for payroll administrator. In addition, it was also noted that two other employees' base salary was erroneously rounded up to the next \$5,000 increment when calculating the Chapter 78 health care contribution.

It is recommended that:

- The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
- The Borough review the employee health benefit contributions for Chapter 78 to ensure all contributions are being calculated based upon the employees correct base salary.

Our audit of the accumulated leave balances for the various collective bargaining unit agreements revealed that in certain instances the incorrect rates of pay were being utilized, accumulated time for certain individuals wasn't in agreement with attendance records and certain employee's time accumulated wasn't in agreement with the contractual provisions. It is recommended that the accumulated leave be reviewed to ensure that the accumulated time is within the contractual provisions, is in agreement with the attendance records and the correct salary rates are being utilized.

Our review of the checks issued from the Flexible Spending Account (FSA) revealed that there was only one authorized signature on these checks. It is recommended that all checks issued from the Flexible Spending Account (FSA) contain two authorized signatures.

Our audit of the fixed asset additions revealed that the Borough isn't recording all fixed asset additions in the Edmunds fixed asset computer software module. It is recommended that the Borough update the fixed asset records in the Edmunds fixed asset computer software module to reflect all assets acquired/owned by the Borough.

**Current Year Comments**

Our audit of the payroll revealed the following:

- One DPW supervisor's salary couldn't be verified; supporting documentation to arrive at his 2015 base salary wasn't provided for audit.
- Certain individual's selected for testing received the incorrect amount of retro-payment.
- Certain individual's pensionable base salary wasn't in agreement with the pensionable base salary reported on the state pension reports.
- Supporting time sheets were not available for our review for certain individuals receiving additional hourly compensation.
- Certain individual's quarterly pension deduction per the payroll records was not in agreement with amounts remitted on the state pension reports.

**BOROUGH OF BERGENFIELD  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Current Year Comments (Continued)**

It is recommended that the internal controls over the processing of payroll be enhanced to ensure all individuals are being paid at their contractual salary, pensionable base salary and deductions are being calculated correctly and properly reported and remitted on the state reports. In additions, all supporting hourly time sheets are available for review.

Our audit of the health benefits revealed that there is an active employee who is on both the NJ State Health Benefits for active employees and Bollinger for inactive employees (retirees) for prescription benefits. In addition, the detailed alpha listing for dental benefits wasn't provided for audit; auditor was unable to determine if certain individuals who terminated with the Borough were removed timely. It is recommended that the Borough review the prescription benefits bills to ensure all active employees receiving prescription benefits are enrolled in the correct prescription benefit plan and not duplicated between the two prescription benefit plan providers. In addition, the Borough should obtain all health benefit detailed alpha listings on a monthly basis from each health benefit provider.

Our audit of payroll federal and state tax payments revealed that the Borough is not verifying the submission of the federal and state tax payments on the respective websites. It is recommended that the Borough verify submission of the federal and state tax payments on the respective websites.

**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 \$17,500, 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:

DPW Building Roof Replacements	Main Street Sewer Rehabilitation
Phase II Restoration Coopers Pond	Reconstruction Highgate Terrace
Sanitary Sewer Cleaning and Televising Services	Twin Boro Field Improvements
West Church St. CSX Culvert Crossing	Somers Ave. Storm Replacement

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.

**BOROUGH OF BERGENFIELD  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**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, 2015 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.

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on October 22, 2015 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>
2015	7
2014	7
2013	8

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.

**Suggestions to Management**

Our review of the borough's disaster recovery plan/back-up procedures for their computer software/data revealed that they do not have an adequate plan in place that would allow them to recover all data from their servers and be operational in another location in the event of a disaster. It is suggested to management that the borough develop a formal disaster recover/back-up plan that will allow them to recover all data from their servers and be operational in another location. In addition to the development this plan needs to be tested to ensure that it is adequate to meet the borough's needs.

**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:

- \* 1. The Borough institute measures to ensure in future periods that the actuarial calculation on the prescription and dental post-employment benefits for their retirees and their spouses would be available for the period under audit.
- \* 2. Purchase orders be generated when the order is being placed for the goods and/or services.
- \* 3. With regards to payroll deductions, it is recommended that:
  - o The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
  - o The Borough review the employee health benefit contributions for Chapter 78 to ensure all contributions are being calculated based upon the employees correct base salary.
- \* 4. Accumulated leave be reviewed to ensure that the accumulated time is within the contractual provisions, is in agreement with the attendance records and the correct salary rates are being utilized.
- \* 5. All checks issued from the Flexible Spending Account (FSA) contain two authorized signatures.
- \* 6. The Borough update the fixed asset records in the Edmunds fixed asset computer software module to reflect all assets acquired/owned by the Borough.
- 7. The internal controls over the processing of payroll be enhanced to ensure all individual are being paid at their contractual salary, pensionable base salary and deductions are being calculated correctly and properly reported and remitted on the state reports. In additions, all supporting hourly time sheets are available for review.
- 8. The Borough review the prescription benefits bills to ensure all active employees receiving prescription benefits are enrolled in the correct prescription benefit plan and not duplicated between the two prescription benefit plan providers. In addition, the Borough should obtain all health benefit detailed alpha listings on a monthly basis from each health benefit provider.
- 9. The Borough verify submission of the federal and state tax payments on the respective websites.

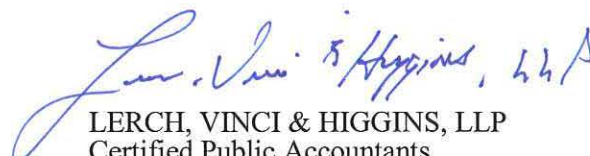
**Status of Prior Year's Audit Findings/Recommendations**


A review was performed on all prior year's recommendations and corrective action was taken on all; however, further action needs to be taken on the above recommendation denoted with an asterisk (\*).

\*\*\*\*\*

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