

BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2016

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BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016



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, 2016 and 2015, 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, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Bergenfield on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Bergenfield as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 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, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 21 percent and 20 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Bergenfield as of December 31, 2016 and 2015, 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, 2016 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information


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

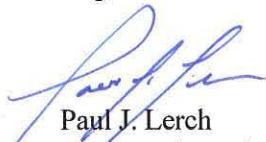
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2017 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
May 17, 2017

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

ASSETS	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	A-4	\$ 13,951,293	\$ 12,906,661
Cash - Change Funds	A-5	3,850	3,850
Due from the State of New Jersey			
Senior and Veteran's Discounts	A-7	13,494	8,244
Grants Receivable	A-29	<u>479,992</u>	<u>657,865</u>
		<u>14,448,629</u>	<u>13,576,620</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	1,045,127	963,626
Delinquent Property Taxes- Special Improvement District	A-26		8,485
Tax Title Liens	A-9	333,413	317,688
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	11,667	-
Due from Animal Control Fund	B-4	7,308	10,509
Due from Other Trust Fund- FSA	B-9		9,299
Due from Other Trust Fund- TTL	B-10		6,393
Due from General Capital Fund	C-11		31,998
Due from Other Trust Fund- Escrow	B-5	<u>-</u>	<u>6</u>
		<u>1,428,188</u>	<u>1,378,677</u>
Deferred Charges			
Emergency Authorization	A-3,A-30	<u>3,820</u>	<u>-</u>
 Total Assets		 <u>\$ 15,880,637</u>	 <u>\$ 14,955,297</u>

**BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Appropriation Reserves	A-3,A-12	\$ 2,097,204	\$ 1,881,788
Encumbrances Payable	A-13	1,321,972	1,459,331
Encumbrances Payable - Reserve for Grants	A-14	447,968	457,808
Accounts Payable	A-24	163,588	-
Reserve for Tax Appeals	A-15	1,437,146	1,435,736
Tax Overpayments	A-16	5,697	8,386
Tax Overpayments- Special Improvement District	A-28	82,089	1,316
Prepaid Taxes	A-20	428,942	276,291
Prepaid Taxes- Special Improvement District	A-27	5,433	3,535
Due County for Added & Omitted Taxes	A-18	30,920	23,380
Reserve for:			
Master Plan	A-23	2,570	2,570
Appropriated Reserve for Grants	A-21	606,854	422,949
Unappropriated Reserve for Grants	A-22	86,755	44,527
Due to Special Improvement District	A-25	22,680	216,918
Due to Other Trust- Net Payroll	B-13	603	
Due to Other Trust- Payroll Deduction	B-14	172	
Due to Other Trust Fund	B-8	100	-
		<u>6,740,693</u>	<u>6,234,535</u>
Reserve for Receivables and Other Assets	A	1,428,188	1,378,677
Fund Balance	A-1	<u>7,711,756</u>	<u>7,342,085</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 15,880,637</u>	 <u>\$ 14,955,297</u>

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 2,664,028	\$ 1,900,000
Miscellaneous Revenue Anticipated	A-2	4,598,922	4,805,718
Receipts from Delinquent Taxes	A-2	611,300	904,498
Receipts from Current Taxes	A-2	82,902,713	80,662,113
Non-Budget Revenue	A-2	290,789	390,737
Other Credits to Income			
Cancel Appropriated Reserve Balances	A-21	54,715	111,513
Interfunds Returned, Net	A	50,897	
Statutory Excess - Animal Control	A-1, B-2	7,308	5,602
Unexpended Balances of Appropriation Reserves	A-12	<u>1,531,994</u>	<u>1,574,068</u>
		<u>92,712,666</u>	<u>90,354,249</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	13,804,064	13,618,550
Other Expenses	A-3	15,317,652	14,846,429
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,840,386	2,708,823
Capital Improvements	A-3	892,254	439,000
Municipal Debt Service	A-3	2,647,312	2,616,765
County Taxes Payable	A-18	6,688,775	6,439,966
Local District School Taxes Payable	A-19	47,436,611	46,657,008
Other Debits to Income			-
Restore Prior Year Appropriated Reserve for Grants	A-21	6,685	
Senior and Veteran's Discounts Disallowed Prior Year	A-7	6,000	11,500
Interfunds Advanced	A		34,055
Cancellation of Grants Receivable Balances	A-29	<u>43,048</u>	<u>111,513</u>
Total Expenditures		<u>89,682,787</u>	<u>87,483,609</u>
Excess in Revenue		3,029,879	2,870,640
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-30	<u>3,820</u>	<u>-</u>
Statutory Excess to Fund Balance		3,033,699	2,870,640
Fund Balance, Beginning of Year	A-1	<u>7,342,085</u>	<u>6,371,445</u>
		10,375,784	9,242,085
Decreased by			
Utilization as Anticipated Revenue	A-1	<u>2,664,028</u>	<u>1,900,000</u>
Fund Balance, End of Year	A	<u>\$ 7,711,756</u>	<u>\$ 7,342,085</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, 2016

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 2,664,028	-	\$ 2,664,028	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	30,000		30,664	\$ 664
Other	A-2	8,000		8,362	362
Fees and Permits	A-2	60,000		64,618	4,618
Fines and Costs					
Municipal Court	A-11	298,000		401,113	103,113
Interest and Costs on Taxes	A-11	180,000		151,486	(28,514)
Interest on Investments and Deposits	A-2	30,000		59,141	29,141
PILOT Senior Citizen Complex	A-11	76,300		88,960	12,660
Site Rental - Cablevision	A-11	80,000		83,229	3,229
Franchise Fees - Cablevision	A-11	190,000		190,467	467
Franchise Fees - Verizon	A-11	105,000		143,558	38,558
Rental of Tennis Courts	A-11	20,000		20,000	-
Cell Tower Rental Fee	A-11	125,000		42,113	(82,887)
Recycling Program	A-11	45,000		22,973	(22,027)
Recreation Fees	A-11	20,000		21,655	1,655
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		691,968	291,968
Uniform Fire Safety Act	A-11	50,000		110,494	60,494
Interlocal Health Agreement - Hackensack	A-11	26,250	\$ 11,667	26,250	(11,667)
Sustainable Jersey Small Grants Program	A-29		2,000	2,000	-
Pedestrian Safety, Education & Enforcement Fund	A-29		16,000	16,000	-
Clean Communities- Reserve	A-22	43,047		43,047	-
Alcohol Ed- Reserve	A-22	1,355		1,355	-
Municipal Alliance	A-29	15,279	15,279	30,558	-
U.S. Department of Housing-CDBG- Carlson Place Improvements	A-29	76,000		76,000	-
NJ Department of Transportation - Woodbine and Front Street	A-29	149,000		149,000	-
Bergen County Open Space Trust- Multi-Field Lighting	A-29		80,000	80,000	-
Bergen County Open Space Trust- Memorial Field Lighting	A-29	-	62,254	62,254	-
Total Miscellaneous Revenues	A-1	4,009,888	187,200	4,598,922	401,834
Receipts from Delinquent Taxes	A-1, A-8	700,000	-	611,300	(88,700)
Amount to be Raised by Taxes to Support Municipal Budget		28,688,687		29,527,166	838,479
Minimum Library Tax		900,161	-	900,161	-
Total Amount to be Raised by Taxes for Support Municipal Budget	A-2	29,588,848	-	30,427,327	838,479
Total General Revenues		\$ 36,962,764	\$ 187,200	\$ 38,301,577	\$ 1,151,613
Non-Budget Revenue	A-2,A-1			290,789	
				\$ 30,718,116	

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, 2016

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 83,077,713
Less: Transfer to Reserve for Tax Appeals	A-15	<u>175,000</u>
	A-1	82,902,713
Less: Allocated to School and County Taxes	A-18,A-19	<u>54,125,386</u>
Balance for Support of Municipal Budget Appropriations		28,777,327
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,650,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 30,427,327</u>
Licenses- Other		
Borough Clerk	A-11	\$ 7,325
Board of Health	A-11	<u>1,037</u>
	A-2	<u>\$ 8,362</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 41,867
Fire Department	A-11	18,093
Police Department	A-11	<u>4,658</u>
	A-2	<u>\$ 64,618</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-5	\$ 64
Cash Receipts	A-11	<u>59,077</u>
	A-2	<u>\$ 59,141</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Reference

ANALYSIS OF NON-BUDGET REVENUES

Borough Auction	\$	6,669
Bergen County JIF Dividend		34,872
Police Alarms		18,340
Seasonal Field Fees/Park Rentals		1,160
Towing		2,350
Zoning		2,171
Memo Bills		955
Insurance Refund		63,745
Sub-Division		900
Prior Year Police Outside Detail		86,720
Dwelling Inspection		38,450
DMV Inspection Fees		750
Forfeiture of Premiums		15,500
Senior Citizen/Veteran's Admin Fee		2,997
Miscellaneous		<u>15,210</u>
	A-1, A-4	<u>\$ 290,789</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

OPERATIONS - WITHIN "CAPS"	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 201,000	\$ 201,000	\$ 199,477	\$ 1,523	
Other Expenses	139,850	139,850	112,899	26,951	
Grant Consultant	75,000	55,000	33,000	22,000	
Mayor & Council					
Salaries and Wages	42,000	42,000	40,734	1,266	
Other Expenses	2,000	2,000	-	2,000	
Municipal Clerk					
Salaries and Wages	174,000	174,000	160,313	13,687	
Other Expenses	68,750	68,750	59,930	8,820	
Financial Administration (Treasury)					
Salaries and Wages	166,000	171,000	167,714	3,286	
Other Expenses	51,800	51,800	19,729	32,071	
Audit Services					
Other Expenses	82,000	82,000	70,584	11,416	
Revenue Administration (Tax Collection)					
Salaries and Wages	132,000	127,000	117,581	9,419	
Other Expenses	32,650	32,650	16,634	16,016	
Tax Assessment Administration					
Salaries and Wages	55,100	55,100	28,304	26,796	
Other Expenses	23,250	23,250	7,741	15,509	
Legal Services (Legal Department)					
Other Expenses	270,000	270,000	184,836	85,164	
Insurance					
Unemployment Insurance	30,000	30,000	30,000	-	
Workers Compensation Insurance	565,000	565,000	550,257	14,743	
Liability Insurance	5,000	5,000	3,750	1,250	
Group Insurance Plan for Employees	5,512,243	5,512,243	5,366,322	145,921	
Other Insurance	415,000	415,000	407,112	7,888	
Engineering Services - Other Expenses	160,000	160,000	112,107	47,893	
Planning Board					
Salaries and Wages	1,250	1,250	969	281	
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, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 1,250	\$ 1,250	\$ 1,200	\$ 50	
Other Expenses	10,250	10,250		10,250	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	7,467,434	7,467,434	7,235,868	231,566	
Other Expenses	163,900	163,900	154,214	9,686	
Other Expenses - Acquisition of Police Vehicles	50,000	50,000	46,195	3,805	
Office of Emergency Management					
Other Expenses	12,500	12,500	11,316	1,184	
First Aid Organization					
Other Expenses	70,500	70,500	67,122	3,378	
Fire Official					
Salaries and Wages	75,000	80,000	75,643	4,357	
Other Expenses	19,350	19,350	19,143	207	
Fire Department					
Salaries and Wages	715,000	710,000	629,192	80,808	
Other Expenses	159,100	194,100	179,238	14,862	
Fire Hydrant Service	250,000	250,000	250,000	-	
Municipal Prosecutors Office					
Salaries and Wages	18,000	18,000	16,775	1,225	
Municipal Court					
Salaries and Wages	134,000	134,000	128,804	5,196	
Other Expenses	15,500	15,500	7,417	8,083	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	8,000	8,000	5,030	2,970	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,070,900	1,070,900	933,737	137,163	
Other Expenses	237,500	232,500	174,086	58,414	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 121,500	\$ 121,500	\$ 115,011	\$ 6,489	
Solid Waste Collection					
Salaries and Wages	2,092,500	2,092,500	1,967,334	125,166	
Other Expenses	209,500	209,500	206,176	3,324	
Vehicle Maintenance (Including Police)					
Other Expenses	70,000	75,000	74,694	306	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	366,500	366,500	350,829	15,671	
Other Expenses	29,250	65,450	55,873	9,577	
Environmental Committee					
Other Expenses	500	500	125	375	
Ecology					
Other Expenses	100	100		100	
Welfare/Administration of Public Assistance					
Salaries and Wages	7,000	7,000	7,000	-	
Other Expenses	250	250		250	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	140,000	138,000	128,125	9,875	
Other Expenses	60,200	60,200	49,013	11,187	
Community Affairs - Senior Citizens					
Salaries and Wages	19,100	21,100	20,224	876	
Other Expenses	11,500	11,500	10,785	715	
Maintenance of Parks					
Salaries and Wages	557,530	557,530	498,821	58,709	
Other Expenses	90,500	90,500	70,987	19,513	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 46,500	\$ 46,500	\$ 39,192	\$ 7,308	
Accumulated Leave Compensation	25,000	25,000	25,000	-	
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	330,500	330,500	308,186	22,314	
Other Expenses	27,350	27,350	15,262	12,088	
Construction Code Official					
Other Expenses	1,850	1,850	968	882	
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		1,250	
Other Expenses	400	400	304	96	
Shade Tree Board					
Salaries and Wages	1,250	1,250	1,108	142	
Other Expenses	550	550		550	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	250,000	250,000	186,010	63,990	
Street Lighting	245,000	245,000	208,629	36,371	
Telephone	70,000	70,000	53,754	16,246	
Water	75,000	75,000	75,000	-	
Gasoline	275,000	240,000	130,336	109,664	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 925,000	\$ 925,000	\$ 858,749	\$ 66,251	-
Total Operations Within "CAPS"	24,735,857	24,752,057	23,083,668	1,668,389	-
Contingent	2,500	2,500	1,468	1,032	-
Total Operations Including Contingent Within "CAPS"	24,738,357	24,754,557	23,085,136	1,669,421	-
Detail:					
Salaries and Wages	13,809,064	13,804,064	13,049,168	754,896	-
Other Expenses (Including Contingent)	10,929,293	10,950,493	10,035,968	914,525	-
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.)	625,000	608,800	555,712	53,088	
Police and Fireman's Retirement System	1,540,777	1,540,777	1,540,777	-	
Public Employees Retirement System	680,809	680,809	680,809	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,856,586	2,840,386	2,777,298	63,088	-
Total General Appropriations for Municipal Purposes Within "CAPS"	27,594,943	27,594,943	25,862,434	1,732,509	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library N.J.S.A. 40:54-8	1,376,000	1,376,000	1,314,510	61,490	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal - BCUA					
Operation and Maintenance Costs	\$ 1,744,407	\$ 1,744,407	\$ 1,744,407		-
Debt Service Costs	712,674	712,674	712,674		
Sewerage Processing and Disposal - Tenafly	8,000	8,000	8,000		-
PUBLIC SAFETY					
Fire Department					
LOSAP - Other Expenses	65,000	65,000	60,144	\$ 4,856	
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	33,000	33,000	30,998	2,002	
INSURANCE					
Group Insurance	89,561	89,561		89,561	
OTHER COMMON OPERATING FUNCTIONS					
Reserve for Tax Appeals	100,000	100,000	100,000		-
DECLARED STATE OF EMERGENCY - SNOW REMOVAL	100,000	100,000		100,000	
INTERLOCAL HEALTH SERVICES - HACKENSACK	26,250	37,917	12,693	25,224	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Pedestrian Safety Grant	-	16,000	16,000		-
Alcohol Ed & Rehab Fund	1,355	1,355	1,355		
Municipal Alliance	15,279	30,558	30,558		
Municipal Alliance - Local	3,820	7,640	7,640		
Clean Communities	43,047	43,047	43,047		-
Sustainable Jersey Grant	-	2,000	2,000		-
Total Operations - Excluded from "CAPS"	<u>4,318,393</u>	<u>4,367,159</u>	<u>4,084,026</u>	<u>283,133</u>	<u>-</u>
Detail:					
Salaries and Wages					
Other Expenses	<u>4,318,393</u>	<u>4,367,159</u>	<u>4,084,026</u>	<u>283,133</u>	<u>-</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	<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>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 225,000	\$ 225,000	\$ 225,000		
US Dept. of Housing - Carlson Place Improvements	76,000	76,000	76,000		
Sanitation System - Acquisition of Equipment	100,000	100,000	100,000		
Road Improvement Program	200,000	200,000	118,438	\$ 81,562	
Bergen County Open Space	-	142,254	142,254		
NJDOT - Woodbine & Front Street	149,000	149,000	149,000	-	-
Total Capital Improvement Excluded from "CAPS"	750,000	892,254	810,692	81,562	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	475,000	475,000	475,000		
Payment of Bond Anticipation Notes and Capital Notes	1,983,128	1,983,128	1,983,128		
Interest on Bonds	40,100	40,453	40,453		-
Interest on Notes	55,300	55,300	55,230		\$ 70
Green Trust Loan Program					-
Loan Repayments for Principal and Interest	14,400	14,400	14,147		253
Wastewater Loan Principal and Interest	81,500	81,147	79,354	-	1,793
Total Municipal Debt Service Excluded from "CAPS"	2,649,428	2,649,428	2,647,312	-	2,116
Total General Appropriations Excluded from "CAPS"	7,717,821	7,908,841	7,542,030	364,695	2,116
Total General Appropriations	35,312,764	35,503,784	33,404,464	2,097,204	2,116
Reserve for Uncollected Taxes	1,650,000	1,650,000	1,650,000	-	-
Total General Appropriations	\$36,962,764	\$37,153,784	\$35,054,464	\$ 2,097,204	\$ 2,116
<u>Reference</u>	A-2	A-3	A-1	A, A-1	

**BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-3	\$ 36,962,764	
Emergency Authorization N.J.S.A. 40A:4-55.1	A-3	3,820	
Added by N.J.S.A. 40A:4-87	A-3	<u>187,200</u>	
		<u>\$ 37,153,784</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 31,513,863
Reserve for Uncollected Taxes	A-2		1,650,000
Encumbrances Payable	A-13		1,321,972
Due to Other Trust- Payroll	B-13,B-14		775
Transfer to Reserve for Tax Appeals	A-15		100,000
Transfer to Grants Appropriated	A-21		<u>467,854</u>
			<u>\$ 35,054,464</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	\$ 320,692	\$ 303,655
		<u>320,692</u>	<u>303,655</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-1	28,423	31,261
		<u>28,423</u>	<u>31,261</u>
OTHER TRUST FUND			
Cash	B-1	4,330,372	4,124,732
Due from Current Fund- Net Payroll	B-13	603	
Due from Current Fund- Payroll Deductions	B-14	172	
Due From Current Fund - Other Trust	B-8	100	-
		<u>4,331,247</u>	<u>4,124,732</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	1,148,657	1,051,288
Contribution Receivable	B	72,350	60,144
		<u>1,221,007</u>	<u>1,111,432</u>
Total Assets		<u>\$ 5,901,369</u>	<u>\$ 5,571,080</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
LIABILITIES AND RESERVES			
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Compensation Insurance	B-6	\$ 320,692	\$ 303,655
		<u>320,692</u>	<u>303,655</u>
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-4	7,308	10,509
Due to State of New Jersey	B-3	17	42
Reserve for Animal Control Expenditures	B-2	<u>21,098</u>	<u>20,710</u>
		<u>28,423</u>	<u>31,261</u>
OTHER TRUST FUND			
Due to Current Fund - Other Trust Flex Spending	B-9	-	9,299
Due to Current Fund - Escrow Trust	B-5	-	6
Due to Current Fund - TTL	B-10	-	6,393
Reserve for:			
Payroll Deductions and Withholdings	B-11	233,760	
Miscellaneous Deposits	B-7	<u>4,097,487</u>	<u>4,109,034</u>
		<u>4,331,247</u>	<u>4,124,732</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>1,221,007</u>	<u>1,111,432</u>
Total Liabilities and Reserves		<u>\$ 5,901,369</u>	<u>\$ 5,571,080</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	C-2, C-3	\$ 3,435,815	\$ 3,800,948
Deferred Charges to Future Taxation			
Funded	C-4	2,723,965	3,286,111
Unfunded	C-5	<u>11,416,600</u>	<u>8,181,128</u>
Total Assets		<u>\$ 17,576,380</u>	<u>\$ 15,268,187</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-14	\$ 2,545,000	\$ 3,020,000
Wastewater Loan Payable	C-12	74,861	150,121
EDA Loan Payable	C-13	104,104	115,990
Bond Anticipation Notes Payable	C-7	6,198,000	5,523,000
Contracts Payable	C-9	1,303,368	1,910,099
Improvement Authorizations			
Funded	C-6	961,130	845,581
Unfunded	C-6	5,133,591	2,318,613
Reserve for Payment of Bonds	C-10	277,736	275,977
Capital Improvement Fund	C-8	802,988	912,988
Due To Current Fund	C-11		31,998
Fund Balance	C-1	<u>175,602</u>	<u>163,820</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 17,576,380</u>	<u>\$ 15,268,187</u>

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 of \$5,224,656 and \$2,659,860, 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, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1	C	\$ 163,820	\$ 134,878
Increased by:			
Cancellation of Improvement Authorizations	C-6	11,782	
Premium on Sale of Notes	C-2	<u>-</u>	<u>28,942</u>
Balance, December 31	C	<u>\$ 175,602</u>	<u>\$ 163,820</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS- REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Land	\$ 5,196,563	\$ 5,196,563
Buildings and Building Improvements	8,773,825	8,768,601
Machinery and Equipment	<u>11,663,425</u>	<u>9,779,236</u>
Total Assets	<u>\$ 25,633,813</u>	<u>\$ 23,744,400</u>
Investment in General Fixed Assets	<u>\$ 25,633,813</u>	<u>\$ 23,744,400</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016 AND 2015**

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, 2015 balances to conform to the December 31, 2016 presentation.

Financial Statements – Regulatory Basis

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Bergenfield has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

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 2016 and 2015 the Borough Council increased the original budget by \$191,020 and \$13,039. The increases for 2016 in the amount of \$187,200 were funded by additional aid allotted to the Borough and \$3,820 was attributable to an emergency resolution for the local match on a grant and for 2015 the increase was funded by additional aid allotted to Borough. In addition, the governing body approved several budget transfers during 2016 and 2015.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Borough's deposits were \$22,070,445 and \$21,171,107 and bank and brokerage firm balances of the Borough's deposits amounted to \$22,608,605 and \$21,736,890, 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>2016</u>	<u>2015</u>
Insured	\$ <u>22,608,605</u>	\$ <u>21,736,890</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2016 and 2015, 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, 2016 and 2015, the Borough had the following investments:

<u>2016</u>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>1,148,657</u>
<u>2015</u>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>1,051,288</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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, 2016 and 2015, \$1,148,657 and \$1,051,288 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2016</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,148,657</u>
<u>2015</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,051,288</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, 2016 and 2015, 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 investments 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, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
<u>Current Fund</u>		
Property Taxes	\$ 1,045,127	\$ 963,626
Tax Title Liens	<u>333,413</u>	<u>317,688</u>
	\$ <u>1,378,540</u>	\$ <u>1,281,314</u>

In 2016 and 2015, the Borough collected \$611,300 and \$904,498 from delinquent taxes, which represented 48% and 57% respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

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>2016</u>		<u>2015</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	\$ 7,308	\$ 875	\$ 58,205	
Animal Control Fund		7,308		\$ 10,509
General Capital Fund				31,998
Other Trust Fund- Escrow				6
Other Trust Fund-FSA				9,299
Other Trust Fund- TTL				6,393
Other Trust Fund- Net Payroll	\$ 603			
Other Trust Fund- Payroll Deduction	172			
Other Trust Fund	100	-	-	-
	<u>\$ 8,183</u>	<u>\$ 8,183</u>	<u>\$ 58,205</u>	<u>\$ 58,205</u>

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charge is reported on the Current Fund balance sheet:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2016</u>			
Current Fund			
Emergency Authorization	<u>\$3,820</u>	<u>\$3,820</u>	<u>\$ -</u>
<u>2015</u>			
None			

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund 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>2016</u>		<u>2015</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	\$ 7,214,450	\$ 2,700,000	\$ 6,675,976	\$ 2,664,028
Non-Cash Surplus	497,306	-	666,109	-
	<u>\$ 7,711,756</u>	<u>\$ 2,700,000</u>	<u>\$ 7,342,085</u>	<u>\$ 2,664,028</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2016 and 2015.

	<u>2016</u>				<u>Balance, December 31, 2016</u>
	<u>Balance December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
Land	\$ 5,196,563				\$ 5,196,563
Buildings and Building Improvements	8,768,601	\$ 5,224			8,773,825
Machinery and Equipment	9,779,236	2,108,835	\$ (224,646)	-	11,663,425
	<u>\$ 23,744,400</u>	<u>\$ 2,114,059</u>	<u>\$ (224,646)</u>	<u>\$ -</u>	<u>\$ 25,633,813</u>
	<u>2015</u>				<u>Balance, December 31, 2015</u>
	<u>Balance December 31, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
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>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the 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>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 8,921,965	\$ 8,809,111
Less Funds Temporarily Held to Pay Bonds and Notes	<u>283,792</u>	<u>277,709</u>
Net Debt Issued	<u>8,638,173</u>	<u>8,531,402</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>5,224,656</u>	<u>2,659,860</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 13,862,829</u>	<u>\$ 11,191,262</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 .512% and .423% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	<u>\$ 14,146,621</u>	<u>\$ 283,792</u>	<u>\$ 13,862,829</u>
Total	<u>\$ 14,146,621</u>	<u>\$ 283,792</u>	<u>\$ 13,862,829</u>
<u>2015</u>			
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>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 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>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 94,815,152	\$ 92,616,709
Net Debt	<u>13,862,829</u>	<u>11,191,262</u>
Remaining Borrowing Power	<u>\$ 80,952,323</u>	<u>\$ 81,425,447</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>2016</u>	<u>2015</u>
\$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>\$ 2,545,000</u>	<u>\$ 3,020,000</u>
	<u>\$ 2,545,000</u>	<u>\$ 3,020,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the waste water 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>2016</u>	<u>2015</u>
\$1,130,000, 1997 Loan, due in Semi-annual installment of \$74,861 through August, 2017, interest at 4.00% to 5.00%	\$ 74,861	\$ 150,121
\$227,500, 2004 Loan, due in Semi-annual installments of \$12,125 to \$13,936 through September 2024, interest at 2%	<u>104,104</u>	<u>115,990</u>
	<u>\$ 178,965</u>	<u>\$ 266,111</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2016 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>	
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	535,000	9,149	13,130	1,017	558,296
2022-2025	-	-	40,993	1,447	42,440
Total	<u>\$ 2,545,000</u>	<u>\$ 132,612</u>	<u>\$ 178,965</u>	<u>\$ 11,319</u>	<u>\$ 2,867,896</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	\$ 3,020,000		\$ 475,000	\$ 2,545,000	\$ 475,000
Intergovernmental Loans Payable	<u>266,111</u>	<u>-</u>	<u>87,146</u>	<u>178,965</u>	<u>86,985</u>
General Capital Fund Long-Term Liabilities	<u>\$ 3,286,111</u>	<u>\$ -</u>	<u>\$ 562,146</u>	<u>\$ 2,723,965</u>	<u>\$ 561,985</u>
	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund					
Bonds Payable	\$ 3,353,000	\$ 3,020,000	\$ 3,353,000	\$ 3,020,000	\$ 475,000
Intergovernmental Loans Payable	<u>346,189</u>	<u>-</u>	<u>80,078</u>	<u>266,111</u>	<u>87,146</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>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2015</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2016</u>
<u>2016</u>						
<u>General Capital Fund</u>						
Various Public Improvements	0.70%	2/28/2017	\$ 5,523,000	\$ 6,198,000	\$ 5,523,000	\$ 6,198,000
Total			\$ 5,523,000	\$ 6,198,000	\$ 5,523,000	\$ 6,198,000

<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>
<u>2015</u>						
<u>General Capital Fund</u>						
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

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

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10 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>2016</u>		
Carlson Place Improvements	\$ 115,680	2017
Lighting Improvements	601,480	2017
Glenwood Drive Sanitary Replacement	129,119	2017
<u>2015</u>		
Sanitary Sewer Cleaning and Televising Services	\$ 156,676	2016
CSX Culvert Crossing- Church Street	288,760	2017
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

NOTE 11 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 \$2,159,892 and \$2,127,751 at December 31, 2016 and 2015, 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, 2016 and 2015, the Borough has reserved in the Other Trust Fund \$1,802,750 and \$1,839,625, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

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, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 2,127,751	\$ 244,016	\$ 211,875	\$ 2,159,892	
Net Pension Liability- PERS	17,776,239	6,369,724	704,713	23,441,250	
Net Pension Liability- PFRS	<u>31,572,796</u>	<u>7,182,749</u>	<u>1,586,461</u>	<u>37,169,084</u>	\$ -
	<u>\$ 51,476,786</u>	<u>\$ 13,796,489</u>	<u>\$ 2,503,049</u>	<u>\$ 62,770,226</u>	<u>\$ -</u>
	Balance, December 31, <u>2014</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
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>	<u>\$ -</u>

NOTE 12 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. 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.

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

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

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

Basis of Accounting

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

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 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) 7.65% for investment rate of return for all the retirement systems except CPFPPF (2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31,</u>	<u>PFRS</u>	<u>PERS</u>
2016	\$ 1,540,777	\$ 680,809
2015	1,363,714	668,791
2014	1,349,630	632,433

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, 2016 and 2015, the Borough reported a liability of \$23,441,250 and \$17,776,239, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, 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. As of the measurement date of June 30, 2016, the Borough's proportionate share was .07915 percent, which was a decrease of .00004 percent from its proportionate share measured as of June 30, 2015 of .07919 percent.

BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$2,087,962 and \$1,027,437, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$680,809 and \$668,791, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<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	\$ 435,936		\$ 424,079	
Changes of Assumptions	4,855,775		1,909,026	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	893,836			\$ 285,808
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	\$ 535,988	-	677,882
Total	<u>\$ 6,185,547</u>	<u>\$ 535,988</u>	<u>\$ 2,333,105</u>	<u>\$ 963,690</u>

At December 31, 2016 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 1,311,461
2018	1,311,461
2019	1,311,461
2020	1,284,721
2021	430,455
Thereafter	-
	<u>\$ 5,649,559</u>

**BOROUGH OF BERGENFIELD
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
Through 2026	1.65-4.15%	Based on Age
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	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>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 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, 2034

Municipal Bond Rate * From July 1, 2034
and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, 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, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>28,724,516</u>	\$ <u>23,441,250</u>	\$ <u>19,079,456</u>
	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
<u>2015</u>			
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, 2016 and 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, 2016 AND 2015

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 and 2015, the Borough reported a liability of \$37,169,084 and \$31,572,796, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, 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. As of the measurement date of June 30, 2016, the Borough's proportionate share was .19458 percent, which was an increase of .00503 percent from its proportionate share measured as of June 30, 2015 of .18955 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$4,233,526 and \$2,854,713, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,540,777 and \$1,363,714, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<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		\$ 243,649		\$ 272,325
Changes of Assumptions	\$ 5,148,224		\$ 5,829,132	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,604,363			549,497
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,603,773</u>	<u>507,951</u>	<u>1,316,425</u>	<u>668,188</u>
Total	<u>\$ 9,356,360</u>	<u>\$ 751,600</u>	<u>\$ 7,145,557</u>	<u>\$ 1,490,010</u>

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2017	\$ 2,240,907
2018	2,240,907
2019	2,240,907
2020	1,734,489
2021	147,550
Thereafter	-
	<u>\$ 8,604,760</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
Through 2026	2.10-8.98%	Based on Age
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	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, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%

**BOROUGH OF BERGENFIELD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 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, 2050
Municipal Bond Rate *	From July 1, 2050 and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, 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, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	1% Decrease <u>(4.55%)</u>	Current Discount Rate <u>(5.55%)</u>	1% Increase <u>(6.55%)</u>
<u>2016</u> Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 47,926,808</u>	<u>\$ 37,169,084</u>	<u>\$ 28,396,807</u>
	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
<u>2015</u> 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, 2016 and 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, 2016 AND 2015**

NOTE 12 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, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,121,281 and \$2,768,828, respectively. For the years ended December 31, 2016 and 2015, 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 \$398,661 and \$345,371, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$119,598 and \$144,132, 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.

NOTE 13 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 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.

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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members, \$16.8 billion for local active and retired members and \$41.6 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, 2016 AND 2015**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2015 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. 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 \$48.3 million in Fiscal Year 2016 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, 2016, 2015 and 2014 were \$2,127,350, \$1,980,137 and \$1,844,308, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2016, 2015 and 2014 were \$88,774, \$85,971 and \$81,418, 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 plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough provides.

Funding Policy

The required contribution is funded on a pay-as-you-go basis. For the year 2016, the Borough contributed \$640,000 to the plan, for current premiums. Plan members receiving benefits are not required to contribute towards the coverage.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (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) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year 2016 and 2015, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$ 1,740,000	Not Available
Interest on Net OPEB Obligation		
Adjustment to Annual Required Contribution	\$ -	\$ -
Total (Annual OPEB Cost (Expense))	1,740,000	-
Contributions Made	(640,000)	(-)
Increase in Net OPEB Obligation	1,100,000	-
Net OPEB Obligation - Beginning of Year	-	-
Net OPEB Obligation - End of Year	<u>\$ 1,100,000</u>	<u>\$ -</u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2016, 2015 and 2014 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2016	\$ 1,740,000	36.8%	\$ 1,100,000
2015	N/A	N/A	N/A
2014	N/A	N/A	N/A

Funded Status and Funding Progress

As of December 31, 2016, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$24,260,000, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$24,260,000. The covered payroll (annual payroll of active employees covered by the plan) was \$13,040,000, and the ratio of the UAAL to the covered payroll was 186 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016 was 29 years.

NOTE 14 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.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 14 RISK MANAGEMENT (Continued)

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>
2016	\$ 30,000	\$ 16,265	\$ 29,228	\$ 320,692
2015	50,000	10,752	25,290	303,655
2014	50,000	16,569	21,856	268,193

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. 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, 2016 and 2015, the Borough reserved \$1,437,146 and \$1,435,736, 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, 2016 and 2015, 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 16 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, 2016 and 2015, the Borough had no estimated arbitrage earnings due to the IRS.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 17 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.

The Borough of Bergenfield has contributed \$1,269 and \$1,253 for 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$1,269 and \$1,253 for 2016 and 2015, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$72,350 and \$60,144 for 2016 and 2015, 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2016 and 2015, the Borough provided property tax abatements through a certain program authorized under State statutes. This program includes the New Jersey Housing and Mortgage Financing Act (NJHMFA).

The Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1) allows for the clearance, re-planning, development or redevelopment of blighted areas by means of non-profit rental housing project for the elderly, developed, erected and owned by the non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into the with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement requires the housing sponsor to make a PILOT payment to the municipality in an amount of 6.28% of the annual gross revenue from each housing project. For the years ended December 31, 2016 and 2015 the Borough abated property taxes totaling \$428,085 and \$421,470, respectively, under this law. The Borough received \$88,960 and \$84,274 in PILOT payments under this program for the years ended December 31, 2016 and 2015, respectively.

NOTE 19 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 16, 2017 the Borough issued bond anticipation notes in the amount of \$9,192,000 to temporarily finance expenditures related to various capital projects. The Borough awarded the sale of said notes to Jefferies, LLC at an interest rate of 2%. These notes dated February 28, 2017 will mature on February 28, 2018.

Debt Authorized

On March 21, 2017 the Borough adopted a bond ordinance authorizing the issuance \$2,945,000 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, 2015		\$12,906,661
Increased by Receipts:		
Taxes Receivable	\$83,251,722	
Special Improvement District- Taxes Receivable	8,485	
Non-Budget Revenue	290,789	
Revenue Accounts Receivable	4,138,644	
Due from State of New Jersey	149,750	
Tax Overpayments	137,038	
Prepaid Taxes	428,942	
Reserve for Grants- Unappropriated	86,630	
Grants Receivable	550,637	
Prepaid Taxes- SID	1,898	
Receipts From Animal Control Fund	10,509	
Receipts From General Capital Fund	31,998	
Receipts From Other Trust	100	
Receipts From Other Trust-TTL	6,393	
Receipts From Other Trust- Escrow	70	
Receipts From Other Trust- Flex Spending	9,299	
Petty Cash	<u>1,350</u>	
		<u>89,104,254</u>
		102,010,915
Decreased by Disbursements:		
2016 Budget Appropriations	31,513,863	
2015 Appropriation Reserves	1,645,537	
County Taxes Payable	6,681,235	
Local School District Taxes Payable	47,436,611	
Tax Overpayments	139,727	
Reserve for Tax Appeals	273,590	
Reserve for Grants- Appropriated	245,759	
Due to Special Improvement District	121,950	
Petty Cash	<u>1,350</u>	
		<u>88,059,622</u>
Balance, December 31, 2016		<u>\$13,951,293</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF CHANGE FUND**

Balance, December 31, 2015	\$ <u>3,850</u>
Balance, December 31, 2016	\$ <u>3,850</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

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

EXHIBIT A-7

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

Balance, December 31, 2015		\$ 8,244
Increased by:		
Senior Citizens Deductions Per Tax Billings	\$ 25,250	
Veterans Deductions Per Tax Billings	135,000	
Senior Citizens Deductions Allowed by Tax Collector	2,000	
Veterans Deductions Allowed by Tax Collector	<u>1,500</u>	
		<u>163,750</u>
		171,994
Decreased by:		
Cash Received from State	149,750	
Senior Citizens' Deductions Disallowed by Tax Collector- 2015	6,000	
Senior Citizens' Deductions Disallowed by Tax Collector- 2016	<u>2,750</u>	
		<u>158,500</u>
Balance, December 31, 2016		\$ <u>13,494</u>

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

Year	Balance,	2016	Added in	Senior	Collected In		Senior	Cancelled	Transferred	Balance,
	December 31,			Levy	2016	Citizens' and Veterans' Deductions Disallowed	2015			2016
	2015									2016
2011	\$ 40,276									\$ 40,276
2012	44,550									44,550
2013	52,207					\$ 4,291				47,916
2014	60,916					5,124				55,792
2015	<u>765,677</u>	<u>-</u>	<u>-</u>	<u>\$ 6,000</u>	<u>-</u>	<u>601,885</u>	<u>-</u>	<u>\$ 112,460</u>	<u>-</u>	<u>57,332</u>
	<u>963,626</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>611,300</u>	<u>-</u>	<u>112,460</u>	<u>-</u>	<u>245,866</u>
2016	<u>-</u>	<u>\$ 83,701,743</u>	<u>\$ 388,424</u>	<u>2,750</u>	<u>\$ 276,291</u>	<u>82,640,422</u>	<u>\$ 163,750</u>	<u>197,468</u>	<u>\$ 15,725</u>	<u>799,261</u>
	<u>\$ 963,626</u>	<u>\$ 83,701,743</u>	<u>\$ 388,424</u>	<u>\$ 8,750</u>	<u>\$ 276,291</u>	<u>\$ 83,251,722</u>	<u>\$ 163,750</u>	<u>\$ 309,928</u>	<u>\$ 15,725</u>	<u>\$ 1,045,127</u>

Analysis of 2016 Tax Levy

TAX YIELD

General Purpose Tax	\$ 83,701,743
Added Taxes (NJSA 54:4-63.1 et seq)	<u>388,424</u>
	<u>\$ 84,090,167</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 47,436,611
County Tax (Abstract)	6,657,855
Due County for Added and Omitted Taxes (54:4-63.1)	<u>30,920</u>
	\$ 54,125,386
Local Tax for Municipal Purposes	29,588,848
Add Additional Taxes Levied	<u>375,933</u>
	<u>29,964,781</u>
	<u>\$ 84,090,167</u>

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

Balance, December 31, 2015	\$ 317,688
Increased by:	
Transfer from Current Year Taxes Receivable	<u>15,725</u>
Balance, December 31, 2016	<u>\$ 333,413</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2015	<u>\$ 28,173</u>
Balance, December 31, 2016	<u>\$ 28,173</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2015</u>	Accrued <u>2016</u>	<u>Collected</u>	Balance, December 31, <u>2016</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 30,664	\$ 30,664	
Licenses		7,325	7,325	
Construction Code Official				
Fees and Permits		691,968	691,968	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		41,867	41,867	
Licenses		1,037	1,037	
Fire Prevention				
Fees and Permits		18,093	18,093	
Police Departments				
Fees and Permits		4,658	4,658	
Municipal Court				
Fines and Costs		401,113	401,113	
Interest and Costs on Taxes		151,486	151,486	
Interest on Deposits and				
Investments		59,077	59,077	
Recycling Program		22,973	22,973	
Recreation Fees		21,655	21,655	
Uniform Fire Safety		110,494	110,494	
PILOT Senior Citizen Complex		88,960	88,960	
Energy Receipts Tax		1,797,423	1,797,423	
Consolidated Municipal Property Tax Relief Aid		184,234	184,234	
Interlocal Health Agreement- Hackensack		37,917	26,250	\$ 11,667
Franchise Fees- Verizon		143,558	143,558	
Franchise Fees- Cablevision		190,467	190,467	
Site Rental - Cablevision		83,229	83,229	-
Rental of Tennis Courts		20,000	20,000	
Cell Tower Rent	-	42,113	42,113	-
	<u>\$ -</u>	<u>\$ 4,150,311</u>	<u>\$ 4,138,644</u>	<u>\$ 11,667</u>
			<u>\$ 4,138,644</u>	
Cash Receipts			<u>\$ 4,138,644</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, <u>2016</u>	Balance After Modification	Expended	Balance Lapsed
Salaries and Wages				
Mayor & Council	\$ 1,099	\$ 1,099	\$ -	\$ 1,099
General Administration	5,598	5,598	-	5,598
Municipal Clerk	17,004	17,004	-	17,004
Financial Administration	32,092	32,092	-	32,092
Revenue Administration	22,587	22,587	-	22,587
Tax Assessment Administration	4,544	4,544	-	4,544
Legal Services	9,059	9,059	-	9,059
Planning Board	50	50	-	50
Site Plan	1,250	1,250	-	1,250
Zoning Board of Adjustment	536	536	-	536
Police Department	135,014	135,014	-	135,014
Fire Official	28,061	28,061	-	28,061
Fire Department	68,333	68,333	23,084	45,249
Prosecutor	2,308	2,308	-	2,308
Municipal Court	6,197	6,197	-	6,197
Public Defender	4,715	4,715	-	4,715
Streets and Roads Maintenance	182,653	182,653	2,272	180,381
Solid Waste	208,287	208,287	2,209	206,078
Board of Health	10,314	10,314	-	10,314
Welfare/Administration of Public Asst.	538	538	-	538
Recreation Services and Programs	3,490	3,490	-	3,490
Community Affairs-Senior Citizens	582	582	-	582
Maintenance of Parks	84,355	84,355	-	84,355
Public Library	-	4,463	-	4,463
Building Code	50,380	50,380	-	50,380
Rent Level	50	50	-	50
Barrier Free Board	50	50	-	50
Shade Tree	50	50	-	50
Interlocal Health Services- Hackensack	-	5,000	-	5,000
Accumulated Leave Compensation	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total Salaries and Wages	<u>1,029,196</u>	<u>1,038,659</u>	<u>177,565</u>	<u>861,094</u>
Other Expenses				
General Administration	27,844	33,337	33,173	164
Grant Consultant	2,780	8,780	6,000	2,780
Mayor & Council	2,000	2,000	-	2,000
Municipal Clerk	19,626	19,626	1,155	18,471
Financial Administration	20,531	38,972	38,932	40
Audit Services	46,879	59,819	59,819	-
Tax Collection	19,405	21,227	4,307	16,920
Tax Assessment Administration	10,456	13,109	1,243	11,866
Legal Services	57,343	70,550	69,854	696
Engineering	21,392	40,620	29,161	11,459
Planning Board	500	500	-	500
Zoning Board	250	250	-	250
Police Department	10,136	36,309	32,289	4,020
Police Cars	3,296	69,472	66,171	3,301
Office of Emergency Management	896	15,763	14,336	1,427
First Aid Organization	17,045	17,590	15,545	2,045
Fire Official	10	10	-	10
Fire Department	23,273	113,676	80,093	33,583
Fire Hydrant Service	3,454	23,583	20,129	3,454
LOSAP	2,856	2,856	-	2,856
Municipal Court	1,628	4,868	3,498	1,370

BOROUGH OF BERGENFIELD
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, <u>2016</u>	Balance After Modification	Expended	Balance Lapsed
Streets and Roads Maintenance	\$ 32,857	\$ 65,277	\$ 31,897	\$ 33,380
Buildings and Grounds	1,017	62,481	50,446	12,035
Solid Waste Collection	7,890	80,471	60,152	20,319
Vehicle Maintenance	7,482	23,875	18,315	5,560
Board of Health	4,893	8,158	3,273	4,885
Environmental Committee	218	218	-	218
Ecology	100	100	-	100
Animal Control Services	10	10	-	10
Welfare/Administration of Public Asst.	250	250	-	250
Recreation Services and Programs	3,580	18,686	15,542	3,144
Maintenance of Parks	46,782	55,196	8,670	46,526
Community Affairs- Senior Citizens	271	416	145	271
Celebration of Public Events	22,015	22,015	1,000	21,015
Building Inspector	11,659	12,291	795	11,496
Construction Code Official	1,714	1,714	-	1,714
Rent Leveling Board	200	200	-	200
Barrier Free Board	400	400	-	400
Shade Tree Board	455	455	-	455
Electricity & Gasoline	45,780	64,803	16,986	47,817
Street Lighting	-	22,571	22,495	76
Telephone	11,907	15,551	4,855	10,696
Water	-	14,509	1,641	12,868
Gasoline	130,848	132,668	36,548	96,120
Sanitary Landfill - Tipping Fees	93,094	302,559	167,952	134,607
Sanitary Landfill - Recycling Tax	-	8,782	4,192	4,590
Contingent	1,043	1,043	-	1,043
Social Security System	24,006	24,006	-	24,006
Defined Contribution Retirement Plan	10,000	10,000	10,000	-
Contribution to Free Public Library	54,054	49,591	32,336	17,255
Sewage Processing and Disposal-BCUA	2	2	-	2
Sewage Processing and Disposal- Tenafly	-	8,000	7,405	595
Liability Insurance	2,814	10,462	-	10,462
Group Insurance Plan for Employees- Gen Gov't	13,188	99,153	96,339	2,814
Worker Compensation Insurance	532	136,615	136,083	532
Group Insurance	10,462	313,218	301,814	11,404
Declared State of Emergency- Snow Removal	1,469	28,797	26,974	1,823
Road Improvement Program	-	100,000	100,000	-
Interlock Health Care Services	20,000	15,000	-	15,000
	<u>852,592</u>	<u>2,302,460</u>	<u>1,631,560</u>	<u>670,900</u>
Total Other Expenses				
Grand Total	<u>\$ 1,881,788</u>	<u>\$ 3,341,119</u>	<u>\$ 1,809,125</u>	<u>\$ 1,531,994</u>
2015 Appropriation Reserves		\$ 1,881,788		
Encumbrances Transferred to 2015 Reserves		<u>1,459,331</u>		
		<u>\$ 3,341,119</u>		
Cash Disbursed			\$ 1,645,537	
Transfer to Accounts Payable			<u>163,588</u>	
			<u>\$ 1,809,125</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2015	\$ 1,459,331
Increased by:	
Charges to 2016 Budget Appropriations	<u>1,321,972</u>
	2,781,303
Decreased by:	
Transferred to 2015 Appropriation Reserves	<u>1,459,331</u>
Balance, December 31, 2016	<u>\$ 1,321,972</u>

STATEMENT OF ENCUMBRANCES PAYABLE- RESERVE FOR GRANTS

Balance, December 31, 2015	\$ 457,808
Increased by:	
Charges to 2016 Reserve for Grants- Appropriated	<u>447,968</u>
	905,776
Decreased by:	
Transfer to Reserve for Grants- Appropriated	<u>457,808</u>
Balance, December 31, 2016	<u>\$ 447,968</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2015	\$ 1,435,736
Increased by:	
Transfer from Budget Appropriations	\$ 100,000
Transfer from Current Collections	<u>175,000</u>
	<u>275,000</u>
	1,710,736
Decreased by:	
Cash Paid to Appellants	<u>273,590</u>
Balance, December 31, 2016	<u>\$ 1,437,146</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2015	\$	8,386
Increased by:		
Cash Receipts		<u>137,038</u>
		145,424
Decreased by:		
Refunded		<u>139,727</u>
Balance, December 31, 2016	\$	<u>5,697</u>

STATEMENT OF OTHER LIENS RECEIVABLE

Balance, December 31, 2015	\$	<u>2,500</u>
Balance, December 31, 2016	\$	<u>2,500</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2015	\$	23,380
Increased by:		
2016 Levy		
General County Tax (Abstract)	\$	6,589,981
County Open Space Preservation		67,874
Due County for Added and Omitted Taxes		<u>30,920</u>
		<u>6,688,775</u>
		6,712,155
Decreased by:		
Payments		<u>6,681,235</u>
Balance, December 31, 2016	\$	<u>30,920</u>

BOROUGH OF BERGENFIELD
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Increased by:	
Levy - Calendar Year	<u>\$ 47,436,611</u>
Decreased by:	
Payments	<u>\$ 47,436,611</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2015	\$ 276,291
Increased by:	
Collection of 2017 Taxes	<u>428,942</u>
	705,233
Decreased by:	
Apply to 2016 Tax Receivable	<u>276,291</u>
Balance, December 31, 2016	<u>\$ 428,942</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATED RESERVES**

	Balance, December 31, <u>2015</u>	Transfer from Current Year <u>Appropriations</u>	Cancel Prior Year <u>Encumbrance</u>	<u>Cancellation</u>	Restore Prior Appropriated <u>Grant Reserve</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2016</u>
U.S. Department of Housing (CDBG) - Main St Sewers			\$ 100,000			\$ 100,000	
U.S. Department of Housing (CDBG) - Carlson Place Impvts.		\$ 76,000				76,000	
Bergen County Open Space- Tunis R Cooper Roof Repair	\$ 24,000					-	\$ 24,000
Bergen County Open Space- Twin Boro Field Rehab	6,062		61,340	\$ 6,062		61,340	-
Bergen County Open Space- Multi-Field Lighting		80,000				80,000	-
Bergen County Open Space- Memorial Field Lighting		62,254				62,254	-
NJ Dept. of Transportation- Merritt Ave/Phelps Ave			49,151	44,052		5,099	-
NJ Dept. of Transportation- Safe Routes	250,000						250,000
NJDOT- Woodbine and Front Street		149,000				-	149,000
NJ DOT- West Church St. Drainage/CSX			200,000			200,000	-
Pedestrian Safety, Education & Enforcement Fund		16,000					16,000
Sustainable Jersey Small Grants Program		2,000				181	1,819
Municipal Alliance		30,558			4,601	17,341	8,616
Municipal Alliance- Local Match		7,640				6,039	1,601
Body Armor Grant			7,534			7,534	
Highlands Council- TDR Feasibility Study	40,000					-	40,000
Recycling Tonnage Grant	26,996		38,394		\$ 6,685	66,677	5,398
Clean Communities	66,106	43,047	1,220			10,282	100,091
Alcohol Education and Rehabilitation	1,860	1,355				450	2,765
Drunk Driving Enforcement Fund	7,925	-	169	-	-	530	7,564
	<u>\$ 422,949</u>	<u>\$ 467,854</u>	<u>\$ 457,808</u>	<u>\$ 54,715</u>	<u>\$ 6,685</u>	<u>\$ 693,727</u>	<u>\$ 606,854</u>
						\$ 245,759	
						<u>447,968</u>	
						<u>\$ 693,727</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2015</u>	Cash <u>Receipts</u>	Anticipated as 2016 Budget <u>Revenue</u>	Balance, December 31, <u>2016</u>
South Presbyterian Church	\$ 125			\$ 125
Drunk Driving Enforcement Fund		\$ 5,342		5,342
Clean Communities	43,047	49,212	\$ 43,047	49,212
Alcohol Education- Municipal Court	1,355	242	1,355	242
Recycling Tonnage		27,725		27,725
Body Armor Fund	<u>-</u>	<u>4,109</u>	<u>-</u>	<u>4,109</u>
	<u>\$ 44,527</u>	<u>\$ 86,630</u>	<u>\$ 44,402</u>	<u>\$ 86,755</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2015	<u>\$ 2,570</u>
Balance, December 31, 2016	<u>\$ 2,570</u>

EXHIBIT A-24

STATEMENT OF ACCOUNTS PAYABLE

Increased by:	
Transfer from 2015 Appropriation Reserves	<u>\$ 163,588</u>
Balance, December 31, 2016	<u>\$ 163,588</u>

BOROUGH OF BERGENFIELD
STATEMENT OF DUE TO SPECIAL IMPROVEMENT DISTRICT

Balance, December 31, 2015		\$ 216,918
Increased by:		
Collection of Assessment Receivable		<u>8,485</u>
		225,403
Decreased by:		
Payments	\$ 121,950	
Amounts Transferred to Over-Payments for Over-Billing	<u>80,773</u>	
		<u>\$ 202,723</u>
Balance, December 31, 2016		<u>\$ 22,680</u>

EXHIBIT A-26

STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE

Balance, December 31, 2015		\$ 8,485
Decreased by:		
Cash Receipts		<u>8,485</u>
Balance, December 31, 2016		<u>\$ -</u>

EXHIBIT A-27

STATEMENT OF PREPAID SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2015		\$ 3,535
Increased by:		
Collection of 2017 Taxes		<u>1,898</u>
Balance, December 31, 2016		<u>\$ 5,433</u>

EXHIBIT A-28

STATEMENT OF TAX OVERPAYMENTS SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2015		\$ 1,316
Increased by:		
Transfer from Amounts Due to SID		<u>80,773</u>
Balance, December 31, 2016		<u>\$ 82,089</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2016</u>
U.S. Department of Housing (CDBG) - Main St Sewers	\$ 100,000				\$ 100,000
U.S. Department of Housing (CDBG) - Carlson Place Impvts.		\$ 76,000	\$ 76,000		
Bergen County Open Space- Twin Boro Field Rehab	67,402		61,314	\$ 6,088	-
Bergen County Open Space- Tunis R Cooper Roof Repair	24,000				24,000
Bergen County Open Space- Coopers Pond	51,000		51,000		-
Bergen County Open Space- Multi-Field Lighting		80,000	80,000		-
Bergen County Open Space- Memorial Field Lighting		62,254	62,254		-
NJDOT - Merritt Ave/Phelps Ave	74,750		42,391	32,359	-
NJDOT- Emergency Repairs West Church Street Drainage	50,713				50,713
NJDOT- Woodbine and Front Street		149,000	149,000		-
NJDOT- Safe Routes to School Program	250,000				250,000
Highlands Council- TDR Feasibility Study	40,000				40,000
Sustainable Jersey Small Grants Program		2,000	2,000		-
Pedestrian Safety, Education & Enforcement Fund		16,000	16,000		-
Municipal Alliance Grant	-	30,558	10,678	4,601	15,279
	<u>\$ 657,865</u>	<u>\$ 415,812</u>	<u>\$ 550,637</u>	<u>\$ 43,048</u>	<u>\$ 479,992</u>

EXHIBIT A-30

STATEMENT OF DEFERRED CHARGES

	Added in <u>2016</u>	Balance, December 31, <u>2016</u>
Emergency Authorization (40A:4-47)	<u>\$ 3,820</u>	<u>\$ 3,820</u>
	<u>\$ 3,820</u>	<u>\$ 3,820</u>

TRUST FUND

BOROUGH OF BERGENFIELD
STATEMENT OF TRUST CASH AND INVESTMENTS

	<u>Unemployment</u> <u>Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2015	\$ 303,655	\$ 31,261	\$ 4,124,732
Increased by Receipts:			
Borough's Share of Dog Licenses		\$ 9,362	
Cat License Fees		1,055	
Budget Appropriation	\$ 30,000		
Employee Contributions	16,265		
State Dog License Fees		1,990	
Interest on Deposits			\$ 64
Receipts from Payroll Agency			11,371,491
Miscellaneous Reserves			2,625,609
Net Payroll	-	-	9,233,205
	<u>46,265</u>	<u>12,407</u>	<u>23,230,369</u>
	349,920	43,668	27,355,101
Decreased by Disbursements:			
Payment to State of New Jersey -			
State Dog License Fees		2,015	
Unemployment Claims	29,228		
Expenditures under R.S. 4:19-15.11		1,684	
Miscellaneous Reserves			2,637,156
Payroll Deductions Payable			11,137,731
Net Payroll			9,233,205
Payments made on Behalf of Current Fund			775
Payments to Current Fund	-	11,546	15,862
	<u>29,228</u>	<u>15,245</u>	<u>23,024,729</u>
Balance, December 31, 2016	<u>\$ 320,692</u>	<u>\$ 28,423</u>	<u>\$ 4,330,372</u>

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

Balance, December 31, 2015		\$ 20,710
Increased by:		
Dog License Fees	\$ 8,112	
Cat License Fees	1,055	
Miscellaneous and Late Fees	<u>1,250</u>	
		<u>10,417</u>
		31,127
Decreased by:		
Expenditures Under R.S. 4:19-15.11		
Cat and Dog License Fees- Realized as Current Fund		
Budgeted Revenue	1,037	
Statutory Excess Due to Current Fund	7,308	
Cash Disbursements	<u>1,684</u>	
		<u>10,029</u>
Balance, December 31, 2016		<u>\$ 21,098</u>

Animal License Fees Collected

<u>Year</u>	
2014	\$ 10,284
2015	<u>10,814</u>
	<u>\$ 21,098</u>

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

Balance, December 31, 2015	\$	42
Increased by:		
State Fees Collected		1,990
		2,032
Decreased by:		
Payments to State		2,015
Balance, December 31, 2016	\$	17

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2015	\$	10,509
Increased by:		
Statutory Excess		7,308
Decreased by:		
Payments Made to Current Fund		10,509
Balance, December 31, 2016	\$	7,308

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

Balance, December 31, 2015	\$ 6
Increased by:	
Interest on Deposits and Investments	64
	70
Decreased by:	
Payments to Current Fund	70
Balance, December 31, 2016	\$ -

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
UNEMPLOYMENT TRUST FUND

Balance, December 31, 2015	\$ 303,655
Increased by:	
Budget Appropriation	\$ 30,000
Employee Contributions	16,265
	46,265
	349,920
Decreased by:	
Unemployment Insurance Benefit Claims	29,228
Balance, December 31, 2016	\$ 320,692

BOROUGH OF BERGENFIELD
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2016</u>
POAA	\$ 3,071	\$ 1,764	\$ 2,221	\$ 2,614
Fire Code Penalties	51,913	14,833	11,886	54,860
Construction Code Penalties	162,015	4,311	1,302	165,024
Developers Escrow	237,793	126,781	93,695	270,879
Street Openings	33,780	4,000	-	37,780
Police Donations	1,138	-	-	1,138
Confiscated Funds	6,255	-	-	6,255
Tree Replacement	15,965	4,150	2,265	17,850
Sewer Bond	1,000	-	-	1,000
Holiday at the Pond	6,025	5,000	4,551	6,474
Police Outside Detail	97,787	261,771	228,218	131,340
Tax Title Lien Redemption	291,027	1,003,066	1,002,744	291,349
Premiums on Tax Title Liens	1,095,100	866,500	925,400	1,036,200
Family Fun Day	18,043	10,000	14,834	13,209
Environmental Program	1,711	-	-	1,711
Accumulated Absence Liability Trust Fund	1,839,625	175,000	211,875	1,802,750
Goodwill/Elm St. Relief	12,389	1,578	-	13,967
Flexible Spending Account	2,968	21,065	20,098	3,935
Recreation	2,420	25	-	2,445
Snow Removal	109,979	-	8,251	101,728
Veteran's Park Donations	31,460	-	-	31,460
Federal Forfeiture of Funds	<u>87,570</u>	<u>125,765</u>	<u>109,816</u>	<u>103,519</u>
TOTALS	<u>\$ 4,109,034</u>	<u>\$ 2,625,609</u>	<u>\$ 2,637,156</u>	<u>\$ 4,097,487</u>

Cash Receipts \$ 2,625,609

Cash Disbursements \$ 2,637,156

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

Increased by:	
Payments to Current Fund	\$ <u>100</u>
Balance, December 31, 2016	\$ <u><u>100</u></u>

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

Balance, December 31, 2015	\$ 9,299
Decreased by:	
Payments Made to Current Fund	<u>9,299</u>
Balance, December 31, 2016	\$ <u><u>-</u></u>

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

Balance, December 31, 2015	\$ 6,393
Decreased by:	
Payments Made to Current Fund	<u>6,393</u>
Balance, December 31, 2016	\$ <u><u>-</u></u>

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

Increased by:	
Cash Receipts	\$11,371,491
Decreased by:	
Cash Disbursements	<u>11,137,731</u>
Balance, December 31, 2016	<u>\$ 233,760</u>

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

Increased by:	
Cash Receipts	<u>\$ 9,233,205</u>
Decreased by:	
Cash Disbursements	<u>\$ 9,233,205</u>

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

Increased by:	
Cash Disbursements on Behalf of Current Fund	<u>\$ 603</u>
Balance, December, 31, 2016	<u>\$ 603</u>

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE- DUE FROM CURRENT FUND
OTHER TRUST FUND**

Increased by:	
Cash Disbursements on Behalf of Current Fund	<u>\$ 172</u>
Balance, December, 31, 2016	<u>\$ 172</u>

GENERAL CAPITAL FUND

BOROUGH OF BERGENFIELD
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2015		\$ 3,800,948
Increased by:		
Bond Anticipation Notes	\$ 6,198,000	
Note Principal Paid by Budget Appropriation	1,983,128	
Capital Improvement Fund	225,000	
Excess Bond Refunding Proceeds	<u>430</u>	
		<u>8,406,558</u>
		12,207,506
Decreased by:		
Improvement Authorizations	1,711,547	
Contracts Payable	1,505,146	
Bond Anticipation Notes	5,523,000	
Payments to Current Fund	<u>31,998</u>	
		<u>8,771,691</u>
Balance, December 31, 2016		<u>\$ 3,435,815</u>

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

		Balance, December 31, <u>2016</u>
Contracts Payable		\$ 1,303,368
Capital Improvement Fund		802,988
Fund Balance		175,602
Reserve for Payment of Bonds		277,736
Excess Note Proceeds		6,056
 Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
2289/2337/2343	Expansion of Free Public Library	74,492
2318	Various Capital Improvements	206,567
2324	Purchase of Real Property	27,765
2355	Various Public Improvements and Acquisition of Equipment	416,214
2371	Various Public Improvements- Municipal Building	4,191
2393	Various Public Improvements	48,000
2398	Various Public Improvements	68,574
2405	Various Public Improvements	37,415
2435	Various Public Improvements	17,912
2448	Various Public Improvements	308,352
2453	Various Public Improvements	22,958
2461	Various Public Improvements	366,613
2475	Various Public Improvements	956,368
2490	Various Public Improvements	(1,745,356)
2497	Various Public Improvements	<u>60,000</u>
		 <u>\$ 3,435,815</u>

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

Balance, December 31, 2015		\$ 3,286,111
Decreased by:		
Paid by 2016 Budget Appropriation:		
Bonds	\$ 475,000	
Green Trust Loan	11,886	
Waste Water Loan	<u>75,260</u>	
		<u>562,146</u>
Balance, December 31, 2016		<u>\$ 2,723,965</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2015	Authorized 2016	Cancellation	Notes Paid by Budget	Balance, December 31, 2016	Analysis of Balance December 31, 2016		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2405	Various Public Improvements	\$ 755,908			\$ 755,908				
2424	Various Public Improvements	800,942			800,942				
2448	Various Public Improvements	1,330,411			226,278	\$ 1,104,133	\$ 1,104,133		
2453	Various Public Improvements	1,308,944		\$ 576	100,000	1,208,368	1,208,368		
2461	Various Public Improvements	1,325,063			100,000	1,225,063	1,225,063		
2475	Various Public Improvements	2,659,860		5,480	-	2,654,380	2,654,380		
2490	Various Public Improvements	-	\$ 5,225,000	344	-	5,224,656	-	\$ 1,745,356	\$ 3,479,300
		<u>\$ 8,181,128</u>	<u>\$ 5,225,000</u>	<u>\$ 6,400</u>	<u>\$ 1,983,128</u>	<u>\$ 11,416,600</u>	<u>\$ 6,191,944</u>	<u>\$ 1,745,356</u>	<u>\$ 3,479,300</u>
							\$ 6,198,000		
							Less: Excess Note Proceeds		
						\$ 576	Ord. #2453		
						5,480	Ord. #2461		
								6,056	
							<u>\$ 6,191,944</u>		
							Improvement Authorizations Unfunded	\$ 5,133,591	
							Less: Unexpended Bond Anticipation Note Proceeds		
							Ord. #2428	\$ 308,352	
							Ord. #2453	22,958	
							Ord. #2461	366,613	
							Ord. #2475	956,368	
								<u>1,654,291</u>	
								<u>\$ 3,479,300</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Number	Date	Amount	2016 Authorization										
			Balance, December 31, 2015		Capital Improvement Fund	Deferred Charges to Future Charges Unfunded	Cancel Contract Payable	Paid or Charged	Cancellation	Balance, December 31, 2016			
			Funded	Unfunded						Funded	Unfunded		
2289/2337/2343	Expansion of Free Public Library	12/18/01	\$ 3,305,000	\$ 74,492								\$ 74,492	
2318	Various Public Improvements	12/29/03	682,123	213,074				\$ 6,507				206,567	
2324	Purchase of Real Property	05/18/04	1,650,000	27,765								27,765	
2323/2340/2341													
2342/2441	Various Public Improvements	5/18/2004	1,381,000				\$ 23,080	23,080					
2355/2447	Various Public Improvements & Acquisition of Equipment	05/17/05	1,573,000	416,214								416,214	
2371	Various Improvements to Municipal Bldg	04/04/06	432,000	4,191								4,191	
2372	Various Public Improvements	05/23/06	304,800	1,329					\$ 1,329			-	
2383	Various Public Improvements	10/17/06	1,171,200	6,529						6,529		-	
2393	Various Public Improvements	11/20/2007						48,000				48,000	
2398	Various Public Improvements	11/20/07	1,325,284	73,827				3,394	3,394	5,253		68,574	
2405/2446	Various Public Improvements	05/20/08	1,395,160		\$ 37,415							37,415	
2435	Various Public Improvements	12/07/10	188,765	28,160				205	10,453			17,912	
2448	Various Public Improvements	12/6/2011	1,500,000		308,352			12,370	12,370			\$ 308,352	
2453	Various Public Improvements	8/7/2012	1,375,000	-	85,462			103,025	164,953	576		-	22,958
2461	Various Public Improvements	9/7/2013	1,392,700	-	370,159			135,376	138,922			-	366,613
2475	Various Public Improvements	3/17/2015	2,800,000	-	1,517,225			79,503	634,880	5,480		-	956,368
2490	Various Public Improvements	4/5/2016	5,500,000			\$ 275,000	\$ 5,225,000		2,020,356	344			3,479,300
2497	Police Vehicle Camera Systems	7/19/2016	60,000			60,000						60,000	
			<u>\$ 845,581</u>	<u>\$ 2,318,613</u>	<u>\$ 335,000</u>	<u>\$ 5,225,000</u>	<u>\$ 404,953</u>	<u>\$ 3,014,915</u>	<u>\$ 19,511</u>	<u>\$ 961,130</u>	<u>\$ 5,133,591</u>		
									Cash Disbursed	\$ 1,711,547			
									Contracts Payable	1,303,368			
										<u>\$ 3,014,915</u>			

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

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Original Date</u>	<u>Amount of Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
2405	Various Public Improvements	3/3/2010	\$ 800,000	3/2/2015	3/2/2016	1.00 %	\$ 755,908		\$ 755,908	
2424	Various Public Improvements	3/3/2010	1,309,500	3/2/2015	3/2/2016	1.00 %	801,680		801,680	
2448	Various Public Improvements	5/2/2012	1,428,000	3/2/2015 3/2/2016	3/2/2016 2/28/2017	1.00 % 0.70 %	1,330,412	\$ 1,104,133	1,330,412	\$ 1,104,133
2453	Various Public Improvements	3/1/2013	1,309,000	3/2/2015 3/28/2016	3/2/2016 2/28/2017	1.00 % 0.70 %	1,309,000	1,208,944	1,309,000	- 1,208,944
2461	Various Public Improvements	2/28/2014	1,326,000	3/2/2015 3/2/2016	3/2/2016 2/28/2017	1.00 % 0.70 %	1,326,000	1,225,063	1,326,000	1,225,063
2475	Various Public Improvements	3/2/2016	2,659,860	3/2/2016	2/28/2017	0.70 %	-	2,659,860	-	2,659,860
							<u>\$ 5,523,000</u>	<u>\$ 6,198,000</u>	<u>\$ 5,523,000</u>	<u>\$ 6,198,000</u>
							Renewals	\$ 3,538,140	\$ 3,538,140	
							Issued for Cash	2,659,860		
							Paid with Excess Note Proceeds		1,732	
							Paid by Budget Appropriation	-	1,983,128	
								<u>\$ 6,198,000</u>	<u>\$ 5,523,000</u>	

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

Balance, December 31, 2015	\$ 912,988
Increased by:	
2016 Budget Appropriation	<u>225,000</u>
	1,137,988
Decrease by:	
Appropriation to Finance Improvement Authorization	<u>335,000</u>
Balance, December 31, 2016	<u>\$ 802,988</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2015	\$ 1,910,099
Increased by:	
Charges to Improvement Authorizations	<u>1,303,368</u>
	3,213,467
Decreased by:	
Cancellation	\$ 404,953
Cash Disbursements	<u>1,505,146</u>
	<u>1,910,099</u>
Balance, December 31, 2016	<u>\$ 1,303,368</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2015	\$ 275,977
Increased by:	
Excess Bond Refunding Proceeds	\$ 430
Cancellation Ord. #2372	<u>1,329</u>
	<u>1,759</u>
Balance, December 31, 2016	<u>\$ 277,736</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2015	\$ 31,998
Decreased by:	
Payments to Current Fund	<u>31,998</u>
Balance, December 31, 2016	<u>\$ -</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, 2016</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Wastewater Treatment Loan	1997/98	\$ 1,130,000	2017	\$ 74,861	4.0 - 5.0 %	<u>\$ 150,121</u>	<u>\$ 75,260</u>	<u>\$ 74,861</u>
						<u>\$ 150,121</u>	<u>\$ 75,260</u>	<u>\$ 74,861</u>
					Paid by Budget Appropriation		<u>\$ 75,260</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, 2016</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2015</u>		<u>Balance, December 31, 2016</u>	
			<u>Date</u>	<u>Amount</u>		<u>Decreased</u>	<u>2016</u>		
Ord. #2324 Purchase of Real Property	2003/04	\$ 227,500	2017	\$ 12,125	2.00%	\$ 115,990	\$ 11,886	\$ 104,104	
			2018	12,369					
			2019	12,617					
			2020	12,871					
			2021	13,130					
			2022	13,393					
			2023	13,663					
			2024	13,936					
					<u>\$ 115,990</u>	<u>\$ 11,886</u>	<u>\$ 104,104</u>		
					<u>\$ 115,990</u>	<u>\$ 11,886</u>	<u>\$ 104,104</u>		
						<u>\$ 11,886</u>			
					Paid by Budget Appropriation		<u>\$ 11,886</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, 2016</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
2015 Refunding Bonds	October 22, 2015	\$ 3,020,000	8/1/2017	\$ 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>\$ 3,020,000</u>	<u>\$ 475,000</u>	<u>\$ 2,545,000</u>
						<u>\$ 3,020,000</u>	<u>\$ 475,000</u>	<u>\$ 2,545,000</u>
					Budget Appropriation		<u>\$ 475,000</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>2015</u>	2016 <u>Authorizations</u>	<u>Cancellation</u>	Notes <u>Issued</u>	Balance, December 31, <u>2016</u>
2475	Various Public Improvements	\$ 2,659,860			\$ 2,659,860	
2490	Various Public Improvements	<u>-</u>	<u>\$ 5,225,000</u>	<u>\$ 344</u>	<u>-</u>	<u>\$ 5,224,656</u>
		<u>\$ 2,659,860</u>	<u>\$ 5,225,000</u>	<u>\$ 344</u>	<u>\$ 2,659,860</u>	<u>\$ 5,224,656</u>

PART II

GOVERNMENT AUDITING STANDARDS SECTION

YEAR ENDED DECEMBER 31, 2016



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, 2016, and the related notes to the financial statements, and have issued our report thereon dated May 17, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

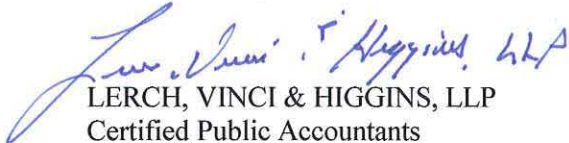
Compliance and Other Matters

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

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

Purpose of this Report

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


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
May 17, 2017

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	<u>Federal</u>	<u>Grant</u>	<u>Grant</u>	<u>2016</u>	<u>Balance,</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>Balance,</u>	<u>Cumulative</u>
	<u>CFDA</u>	<u>Year</u>	<u>Award</u>	<u>Receipts</u>	<u>December 31,</u>	<u>Realized</u>			<u>December 31,</u>	<u>Expenditures</u>
	<u>Number</u>	<u>Year</u>	<u>Amount</u>		<u>2015</u>				<u>2016</u>	
<u>U.S. Department of Housing and Urban Development</u>										
(Passed through County Dept. of Community Development)										
Community Devel. Block Grants										
Carlson Place Improvements	14.218	2016	\$ 76,000	\$ 76,000		\$ 76,000	\$ 76,000			\$ 76,000
<u>Law and Public Safety- Division of Highway Traffic Safety</u>										
Drunk Driving	20.601	2015	7,925		\$ 7,925		361		\$ 7,564	361
		2016		5,342	-	-	-	-	-	
Total					\$ 7,925	\$ 76,000	\$ 76,361	\$ -	\$ 7,564	

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

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

<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, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2016</u>	<u>Cumulative Expenditures</u>
*										
*										
<u>Department of Law & Public Safety</u>										
Body Armor Fund	1020-718-001-2009-090160	2016		\$ 4,109						
*										
*										
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765008-178900	2013	\$ 37,763		\$ 30,693		\$ 9,062		\$ 21,631	\$ 16,132
		2015	35,413	43,047	35,413				35,413	-
		2016	43,047	49,512		\$ 43,047			43,047	
									-	
Recycling Tonnage Grant	4900-752001-178810	2015	27,964	-	26,996		28,283	\$ 6,685 *	5,398	22,566
		2016		27,725					-	
*										
*										
<u>Department of Transportation of State and High</u>	20.205									
Merritt/Phelps Ave		2014	149,000	42,391						149,000
Safe Routes to School Program		2013	250,000		250,000				250,000	
Woodbine & Front		2016	149,000	149,000		149,000	-		149,000	
*										
*										
<u>Municipal Alliance Fund</u>	N/A	2016	30,558	10,678		30,558	17,341	(4,601) **	8,616	17,341
*										
<u>Sustainable Jersey Small Grants Program</u>	N/A	2016	2,000	2,000		2,000	181		1,819	181
*										
<u>Pedestrian Safety, Education & Enforcement Fur</u>	N/A	2016	16,000	16,000		16,000			16,000	
*										
*										
<u>Division of Judiciary- Municipal Court</u>										
Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2013	1,972		974		450		524	1,448
		2015	886		886				886	
		2016	1,355	242	-	1,355	-	-	1,355	
					<u>\$ 344,962</u>	<u>\$ 241,960</u>	<u>\$ 55,317</u>	<u>\$ 2,084</u>	<u>\$ 533,689</u>	*

*= Audit Adjustment

**= 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, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	<u>\$ 76,000</u>	<u>\$ 241,960</u>	<u>\$ 317,960</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF BERGENFIELD
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2016**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2016, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State/Total</u>
Dept. of Environmental Protection- Green Trust	4860-510-702440	\$ 104,104
Dept. of Environmental Protection- Wastewater	L-04387	<u>74,861</u>
		<u>\$ 178,965</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE ENDED DECEMBER 31, 2016**

Part II – Schedule of Financial Statement Findings

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

None

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 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, 2016**

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 2015-001

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

Current Status

Corrective action was taken.

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

	<u>Fiscal Year 2016</u>		<u>Fiscal Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 2,664,028	2.88 %	\$ 1,900,000	2.10 %
Miscellaneous - From Other Than Local				
Property Tax Levies	4,889,711	5.27	5,196,455	5.75
Collection of Delinquent Taxes and Tax Title Liens	611,300	0.66	904,498	1.00
Collection of Current Tax Levy	82,902,713	89.42	80,662,113	89.27
Other Credits	<u>1,644,914</u>	<u>1.77</u>	<u>1,691,183</u>	<u>1.88</u>
Total Income	<u>92,712,666</u>	<u>100.00 %</u>	<u>90,354,249</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	35,501,668	39.59 %	34,229,567	39.13 %
County Taxes	6,688,775	7.46	6,439,966	7.36
Local District School Taxes	47,436,611	52.89	46,657,008	53.33
Other Expenditures - Debits	<u>55,733</u>	<u>0.06</u>	<u>157,068</u>	<u>0.18</u>
Total Expenditures	<u>89,682,787</u>	<u>100.00 %</u>	<u>87,483,609</u>	<u>100.00 %</u>
Excess in Revenue	3,029,879		2,870,640	
Adjustments to Income before Fund Balance:				
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>3,820</u>		<u>-</u>	
Statutory Excess to Fund Balance	3,033,699		2,870,640	
Fund Balance, Beginning of Year	<u>7,342,085</u>		<u>6,371,445</u>	
	10,375,784		9,242,085	
Less Utilization as Anticipated Revenue	<u>2,664,028</u>		<u>1,900,000</u>	
Fund Balance, End of Year	<u>\$ 7,711,756</u>		<u>\$ 7,342,085</u>	

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

COMPARATIVE SCHEDULE OF CALENDAR YEAR TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Calendar Year Tax Rate</u>	\$ <u>3.171</u>	\$ <u>3.122</u>	\$ <u>3.065</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.120	\$ 1.104	\$ 1.087
County- Regular Tax	0.250	0.242	0.222
County- Open Space	0.003	0.003	0.003
Local School	1.798	1.773	1.753

* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2016	<u>2,639,600,740</u>		
2015		<u>\$ 2,632,704,540</u>	
2014			<u>\$ 2,634,731,000</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>
2016	\$ 84,090,167	\$ 83,077,713	98.80%
2015	82,430,424	81,552,113	98.93%
2014	80,788,939	79,654,535	98.60%

**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>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
December 31, 2016	\$ 333,413	\$ 1,045,127	\$ 1,378,540	1.64%
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%

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, 2016	\$ 28,173
December 31, 2015	28,173
December 31, 2014	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, 2016	\$ 7,711,756	\$ 2,700,000
December 31, 2015	7,342,085	2,664,028
December 31, 2014	6,371,445	1,900,000

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

<u>Name</u>	<u>Title</u>	<u>Dates</u>
Norman Schmelz	Mayor	2019
Charles Steinel	Council President	2016
Arvin Amatorio	Councilperson	2017
Arvin Amatorio	Councilperson	2017
Hernando Rivera	Councilperson	2018
Ora Kornbluth	Councilperson	2019
P. Christopher Tully	Councilperson	2017
Marie Quinones	Borough Clerk	
Corey Gallo	Borough Administrator	
Rich Cahill	CFO	
Lidia Leszczynski	Tax Collector	
John Schettino	Municipal Attorney	
Harry Hillenius	Building Inspector/ Zoning Official	
Helene Herbert	Municipal Court Judge	
Michael Ravenda	Construction Code Official	
George Reggo	Tax Assessor	
Linda H. Schwager, Esq.	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 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 assets 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.

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.

Current Year Comments

Our audit of employees who have terminated with Borough revealed the following:

- One individual who terminated with Borough on August 30th 2016 and remained on health benefits until February 2017.
- One individual's accumulated leave payment was incorrectly calculated resulting in an over-payment.

It is recommended that all individuals who terminate with the Borough are removed from the health benefits in a timely manner. In addition, accumulated leave payments should be re-calculated prior to making payment to ensure accuracy.

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

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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:

Garbage Trucks – (2) Yard Automizer with Auto Car Chasis	Various Sanitary Sewer Improvements Carlson Place Improvements
Road/Program/Sidewalk/ADA Improvements	Improvements to Veteran's Memorial Park

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 4, 2016 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>
2016	7
2015	7
2014	7

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

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. Purchase orders be generated when the order is being placed for the goods and/or services.
- * 2. All checks issued from the Flexible Spending Account (FSA) contain two authorized signatures.
- * 3. The Borough update the fixed asset records in the Edmunds fixed asset computer software module to reflect all assets acquired/owned by the Borough.
- * 4. The Borough verify submission of the federal and state tax payments on the respective websites.
- 5. All individuals who terminate with the Borough are removed from the health benefits in a timely manner. In addition, accumulated leave payments should be re-calculated prior to making payment to ensure accuracy.

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