

BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2018

BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018

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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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The notes to the Borough of Bergenfield’s financial statements do not disclose the other post-employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In addition, as discussed in Note 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, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 28 percent and 25 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the omission of the 2018 note disclosures regarding the other post-employment benefit obligations and the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Bergenfield as of December 31, 2018 and 2017, 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, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

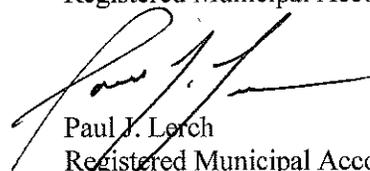
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 8, 2019 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 the effectiveness of the Borough of Bergenfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Bergenfield's internal control over financial reporting and compliance.


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


Paul J. Lorch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 8, 2019

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

ASSETS	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	A-4	\$14,342,985	\$ 17,183,788
Cash - Change Funds	A-5	3,850	3,850
Due from the State of New Jersey			
Senior and Veteran's Discounts	A-7		10,744
Grants Receivable	A-29	<u>1,249,873</u>	<u>905,116</u>
		<u>15,596,708</u>	<u>18,103,498</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	949,789	1,309,102
Delinquent Property Taxes- Special Improvement District	A-26	9,800	15,145
Tax Title Liens	A-9	732,684	349,391
Property Acquired for Taxes (at Assessed Valuation)	A-10	28,173	28,173
Other Liens Receivable	A-17	2,500	2,500
Due from Animal Control Fund	B-4	7,102	6,767
Due from Other Trust Fund- FSA	B-9	2,500	2,500
Due from Other Trust Fund- Net Payroll	B-12	14,648	
Due from Other Trust Fund- Trust	B-8		14,916
Due from Other Trust Fund- Escrow	B-5	<u>42</u>	<u>32</u>
		<u>1,747,238</u>	<u>1,728,526</u>
Deferred Charges			
Emergency Authorization	A-30	<u>-</u>	<u>3,820</u>
Total Assets		<u>\$ 17,343,946</u>	<u>\$ 19,835,844</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-12	1,916,115	\$ 1,991,969
Encumbrances Payable	A-13	1,223,152	1,160,062
Encumbrances Payable - Reserve for Grants	A-14	64,107	311,317
Accounts Payable	A-24	15,821	213,601
Reserve for Tax Appeals	A-15	1,634,418	1,604,543
Tax Overpayments	A-16	3,472	
Tax Overpayments- Special Improvement District	A-28	1,818	1,818
Prepaid Taxes	A-20	401,077	3,021,019
Prepaid Taxes- Special Improvement District	A-27	12,652	6,451
Due from the State of New Jersey Senior and Veteran's Discounts	A-7	2,505	
Due County for Added & Omitted Taxes	A-18	27,336	65,269
Reserve for:			
Master Plan	A-23	2,570	2,570
Appropriated Reserve for Grants	A-21	773,762	504,327
Unappropriated Reserve for Grants	A-22		86,507
Due to Special Improvement District	A-25	11,452	46,608
Due to Other Trust Fund	B-8	200	-
		<u>6,090,457</u>	<u>9,016,061</u>
Reserve for Receivables and Other Assets	A	1,747,238	1,728,526
Fund Balance	A-1	<u>9,506,251</u>	<u>9,091,257</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 17,343,946</u>	 <u>\$ 19,835,844</u>

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 3,700,000	\$ 2,700,000
Miscellaneous Revenue Anticipated	A-2	5,050,032	4,727,374
Receipts from Delinquent Taxes	A-2	960,396	935,717
Receipts from Current Taxes	A-2	85,725,680	84,476,203
Non-Budget Revenue	A-2	427,298	597,683
Other Credits to Income			
Cancel Appropriated Reserve Balances	A-21	720	1
Cancel Accounts Payable	A-24	116,889	
Interfunds Returned, Net	A	-	7,308
Statutory Excess - Animal Control	A-1, B-2	7,102	6,767
Unexpended Balances of Appropriation Reserves	A-12	<u>1,853,750</u>	<u>1,649,123</u>
		<u>97,841,867</u>	<u>95,100,176</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	13,895,150	13,873,777
Other Expenses	A-3	16,178,562	15,838,640
Deferred Charges and Statutory Expenditures - Municipal	A-3	3,800,993	3,004,294
Capital Improvements	A-3	938,908	659,720
Municipal Debt Service	A-3	2,748,384	2,624,935
County Taxes Payable	A-18	6,991,974	6,991,908
Local District School Taxes Payable	A-19	49,157,916	48,375,738
Other Debits to Income			-
Refund Prior Year Revenue	A-4	10,677	9,022
Senior and Veteran's Discounts Disallowed Prior Year	A-7	4,232	5,500
Interfunds Advanced	A	<u>77</u>	<u>24,215</u>
Total Expenditures		<u>93,726,873</u>	<u>91,407,749</u>
Excess in Revenue		4,114,994	3,692,427
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-1	<u>-</u>	<u>3,820</u>
Statutory Excess to Fund Balance		4,114,994	3,696,247
Fund Balance, Beginning of Year	A-1	<u>9,091,257</u>	<u>8,095,010</u>
		13,206,251	11,791,257
Decreased by			
Utilization as Anticipated Revenue	A-1	<u>3,700,000</u>	<u>2,700,000</u>
Fund Balance, End of Year	A	<u>\$ 9,506,251</u>	<u>\$ 9,091,257</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 3,700,000	-	\$ 3,700,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	30,000		30,814	\$ 814
Other	A-2	8,000		10,446	2,446
Fees and Permits	A-2	55,000		60,949	5,949
Fines and Costs					
Municipal Court	A-11	330,000		338,656	8,656
Interest and Costs on Taxes	A-11	150,000		181,365	31,365
Interest on Investments and Deposits	A-2	50,000		215,187	165,187
PILOT Senior Citizen Complex	A-11	77,000		90,978	13,978
Site Rental - Cablevision	A-11	80,000		96,164	16,164
Franchise Fees - Cablevision	A-11	183,200		183,200	-
Franchise Fees - Verizon	A-11	145,800		145,817	17
Rental of Tennis Courts	A-11	17,000		9,000	(8,000)
Cell Tower Rental Fee	A-11	40,000		91,804	51,804
Recycling Program	A-11	30,000		21,908	(8,092)
Recreation Fees	A-11	20,000		28,036	8,036
Energy Receipts Tax	A-11	1,807,735		1,807,735	-
Consolidated Municipal Property Tax Relief Aid	A-11	173,922		173,922	-
Uniform Construction Code Fees	A-11	500,000		609,251	109,251
Uniform Fire Safety Act	A-11	60,000		104,812	44,812
Recycling Tonnage Grant - Reserve	A-22	39,699		39,699	-
Driving Enforcement Fund	A-29		\$ 3,046	3,046	-
Municipal Alliance	A-29	15,279		15,279	-
Clean Communities- Reserve	A-22/29	41,808	40,010	81,818	-
Distracted Driving Grant	A-29		6,600	6,600	-
Bulletproof Vest Partnership Grant	A-29		2,638	2,638	-
Sustainable Jersey Small Grants Program	A-22/A-29	10,000		10,000	-
Bergen County- Stigma Free Initiative	A-29	2,000		2,000	-
Bergen County - CDBG Hughes Road & Madison Ave Impvts	A-29	86,885		86,883	(2)
Bergen County ADA Cooperative Curb Ramp Program	A-29		368,000	368,000	
NJ Department of Transportation- West Central Ave	A-29	236,000	-	234,025	(1,975)
Total Miscellaneous Revenues	A-1	4,189,328	420,294	5,050,032	440,410
Receipts from Delinquent Taxes	A-1, A-8	750,000	-	960,396	210,396
Amount to be Raised by Taxes to Support Municipal Budget		29,362,132		30,432,554	1,070,422
Minimum Library Tax		943,236	-	943,236	-
Total Amount to be Raised by Taxes for Support Municipal Budget	A-2	30,305,368	-	31,375,790	1,070,422
Total General Revenues		\$ 38,944,696	\$ 420,294	\$ 41,086,218	\$ 1,721,228
Non-Budget Revenue	A-2,A-1			427,298	
				\$ 31,803,088	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 85,725,680
Less: Allocated to School and County Taxes	A-18,A-19	<u>56,149,890</u>
Balance for Support of Municipal Budget Appropriations		29,575,790
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,800,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 31,375,790</u>
Licenses- Other		
Borough Clerk	A-11	\$ 9,460
Board of Health	A-11	<u>986</u>
	A-2	<u>\$ 10,446</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 35,402
Fire Department	A-11	23,095
Police Department	A-11	<u>2,452</u>
	A-2	<u>\$ 60,949</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-5	\$ 449
Cash Receipts	A-11	<u>214,738</u>
	A-2	<u>\$ 215,187</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

Reference

ANALYSIS OF NON-BUDGET REVENUES

FEMA	\$ 34,143
Borough Auction	5,484
Bergen County JIF Dividend	34,985
Police Alarms	18,100
Seasonal Field Fees/Park Rentals	2,195
Sewer Connection Fee	5,800
Zoning	1,481
Memo Bills	1,210
Towing	3,200
Insurance Refund- Prior Year	4,865
Cost of Sale Taxes	3,483
Prior Year Police Outside Detail	86,360
Police Outside Duty Admin Fees	42,874
Dwelling Inspection	81,721
DMV Inspection Fees	545
Returned Check Fee	1,220
Transaction Fee- Tax Collection	13,937
BOE- Gas Reimbursement- Prior Year	18,257
Workers Comp- DPW Refund	9,472
Police Salary and Wages- Prior Year	3,042
Dumpster Fees/Garbage Can Fees	3,159
Miscellaneous	<u>51,765</u>
	A-1, A-4 \$ <u>427,298</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 206,000	\$ 206,000	\$ 203,100	\$ 2,900	
Other Expenses	143,950	158,950	151,435	7,515	
Grant Consultant	36,000	36,000	36,000	-	
Mayor & Council					
Salaries and Wages	42,000	42,000	40,900	1,100	
Other Expenses	1,000	1,000	275	725	
Municipal Clerk					
Salaries and Wages	220,000	222,000	216,097	5,903	
Other Expenses	71,400	71,400	59,420	11,980	
Financial Administration (Treasury)					
Salaries and Wages	240,000	223,000	213,059	9,941	
Other Expenses	51,200	51,200	31,522	19,678	
Audit Services					
Other Expenses	75,000	75,000	75,000	-	
Revenue Administration (Tax Collection)					
Salaries and Wages	114,000	114,000	110,751	3,249	
Other Expenses	20,990	35,990	34,101	1,889	
Tax Assessment Administration					
Salaries and Wages	28,700	58,700	56,550	2,150	
Other Expenses	23,375	26,375	24,677	1,698	
Legal Services (Legal Department)					
Other Expenses	265,000	271,000	268,155	2,845	
Insurance					
Unemployment Insurance	30,000	30,000	30,000	-	
Workers Compensation Insurance	570,000	570,000	566,554	3,446	
Liability Insurance	425,000	440,000	429,556	10,444	
Group Insurance Plan for Employees	5,821,400	5,821,400	5,426,636	394,764	
Other Insurance	20,000	20,000	15,000	5,000	
Engineering Services - Other Expenses	160,000	160,000	68,780	91,220	
Planning Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	500	500		500	
Site Plan					
Salaries and Wages	1,250	1,250	1,200	50	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<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)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 1,250	\$ 1,450	\$ 1,400	\$ 50	
Other Expenses	10,250	10,250	-	10,250	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	7,534,300	7,534,300	7,094,371	439,929	
Other Expenses	179,430	179,430	164,305	15,125	
Other Expenses - Acquisition of Police Vehicles	45,000	45,000	36,192	8,808	
Office of Emergency Management					
Salaries and Wages	5,000	9,600	5,000	4,600	
Other Expenses	8,500	8,500	4,454	4,046	
First Aid Organization					
Other Expenses	86,500	86,500	83,369	3,131	
Fire Official					
Salaries and Wages	137,500	137,500	104,672	32,828	
Other Expenses	18,750	18,750	18,613	137	
Fire Department					
Salaries and Wages	690,000	677,000	595,195	81,805	
Other Expenses	187,200	187,200	187,010	190	
Fire Hydrant Service	250,000	250,000	236,480	13,520	
Municipal Prosecutors Office					
Other Expenses	30,000	30,000	29,167	833	
Municipal Court					
Salaries and Wages	141,750	145,750	143,287	2,463	
Other Expenses	16,300	16,300	10,568	5,732	
Public Defender (P.L. 1997, C. 256)					
Other Expenses	7,000	7,000	4,320	2,680	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,016,000	1,016,000	972,655	43,345	
Other Expenses	227,000	227,000	210,778	16,222	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 137,500	\$ 137,500	\$ 114,129	23,371	
Solid Waste Collection					
Salaries and Wages	2,327,900	2,184,100	2,033,493	\$ 150,607	
Other Expenses	207,500	207,500	200,505	6,995	
Vehicle Maintenance (Including Police)					
Other Expenses	98,000	148,000	133,568	14,432	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	281,500	235,500	199,743	35,757	
Other Expenses	143,055	163,055	158,612	4,443	
Environmental Committee					
Other Expenses	500	500	150	350	
Ecology					
Other Expenses	100	100		100	
Welfare/Administration of Public Assistance					
Salaries and Wages	8,000	8,000	6,866	1,134	
Other Expenses	250	250		250	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	135,000	135,000	113,245	21,755	
Other Expenses	68,100	68,100	35,156	32,944	
Community Affairs - Senior Citizens					
Salaries and Wages	21,100	21,100	19,273	1,827	
Other Expenses	30,000	30,000	18,390	11,610	
Maintenance of Parks					
Salaries and Wages	560,000	560,000	466,257	93,743	
Other Expenses	92,500	92,500	81,222	11,278	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 47,000	\$ 47,000	\$ 46,794	\$ 206	
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	362,500	367,500	361,417	6,083	
Other Expenses	22,800	22,800	18,138	4,662	
Construction Code Official					
Other Expenses	1,500	1,500	902	598	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	200	200		200	
Barrier-Free					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	400	400	-	400	
Shade Tree Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	550	550	95	455	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	230,000	235,000	222,515	12,485	
Street Lighting	245,000	245,000	196,148	48,852	
Telephone	60,000	60,000	57,986	2,014	
Water	70,000	90,000	65,866	24,134	
Gasoline	225,000	250,000	246,945	3,055	

**BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 900,000	\$ 900,000	\$ 865,391	\$ 34,609	-
Total Operations Within "CAPS"	25,439,450	25,439,450	23,628,210	1,811,240	-
Contingent	2,500	2,500	-	2,500	-
Total Operations Including Contingent Within "CAPS"	25,441,950	25,441,950	23,628,210	1,813,740	-
Detail:					
Salaries and Wages	14,498,750	13,895,150	12,958,331	936,819	-
Other Expenses (Including Contingent)	10,943,200	11,546,800	10,669,879	876,921	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Prior Year Bills					
Other Expenses - F&G Mechanical	1,601	1,601	1,601	-	
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	40,000	40,000	25,548	14,452	
Social Security Syst. (O.A.S.I.)	615,000	615,000	573,695	41,305	
Police and Fireman's Retirement System	1,682,967	1,682,967	1,682,967	-	
Public Employees Retirement System	757,605	757,605	757,605	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	3,097,173	3,097,173	3,041,416	55,757	-
Total General Appropriations for Municipal Purposes Within "CAPS"	28,539,123	28,539,123	26,669,626	1,869,497	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,375,301	1,375,301	1,334,026	41,275	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal - BCUA					
Operation and Maintenance Costs	\$ 2,028,712	\$ 2,028,712	\$ 2,028,712		-
Debt Service Costs	756,349	756,349	756,349		-
Sewerage Processing and Disposal - Tenafly	8,500	8,500	8,500		-
PUBLIC SAFETY					
Fire Department					
LOSAP - Other Expenses	65,000	65,000	59,657	\$ 5,343	
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	33,000	33,000	33,000		-
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		-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance	15,279	15,279	15,279		
Municipal Alliance - Local Share	3,820	3,820	3,820		
Clean Communities	41,808	41,808	41,818		
Recycling Tonnage	39,699	39,699	39,699		
Sustainable Jersey Grant - PSE&G	10,000	10,000	10,000		
Bergen County Stigma - Free Initiative	2,000	2,000	2,000		
Bulletproof Vest Partnership - USDOJ		2,638	2,638		
Drunk Driving Enforcement Fund		3,046	3,046		
Distracted Driving Grant	-	6,600	6,600		
	<u>-</u>	<u>6,600</u>	<u>6,600</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>4,579,468</u>	<u>4,631,762</u>	<u>4,585,144</u>	<u>46,618</u>	<u>-</u>
Detail:					
Salaries and Wages					
Other Expenses	<u>4,579,468</u>	<u>4,631,762</u>	<u>4,585,144</u>	<u>46,618</u>	<u>-</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 250,000	\$ 250,000	\$ 250,000		
US Dept. of Housing - -Hughes Rd/Madison Ave	86,885	86,885	86,883		\$ 2
NJDOT - West Central Avenue	236,000	236,000	234,025		1,975
County of Bergen - Handicap Ramps	-	368,000	368,000	-	-
Total Capital Improvement Excluded from "CAPS"	572,885	940,885	938,908	-	1,977
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	515,000	515,000	515,000		
Payment of Bond Anticipation Notes and Capital Notes	2,000,000	2,000,000	2,000,000		
Interest on Bonds	36,000	36,000	35,397		603
Interest on Notes	184,000	184,000	183,840		160
Loan Repayments for Principal and Interest	14,400	14,400	14,147	-	253
Total Municipal Debt Service Excluded from "CAPS"	2,749,400	2,749,400	2,748,384	-	1,016
Deferred Charges - Unfunded	700,000	700,000	700,000		
Deferred Charge Emergency Authorization	3,820	3,820	3,820	-	-
Total Deferred Charges-Municipal Excluded from "CAPS"	703,820	703,820	703,820	-	-
Total General Appropriations Excluded from "CAPS"	8,605,573	9,025,867	8,976,256	\$ 46,618	2,993
Total General Appropriations	37,144,696	37,564,990	35,645,882	1,916,115	2,993
Reserve for Uncollected Taxes	1,800,000	1,800,000	1,800,000	-	-
Total General Appropriations	\$38,944,696	\$39,364,990	\$ 37,445,882	\$ 1,916,115	\$ 2,993
<u>Reference</u>	A-2	A-3	A-1	A, A-1	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-3	\$ 38,944,696	
Added by N.J.S.A. 40A:4-87	A-3	<u>420,294</u>	
		<u>\$ 39,364,990</u>	
Cash Disbursed	A-4		\$ 33,365,102
Reserve for Uncollected Taxes	A-2		1,800,000
Deferred Charge- Emergency	A-30		3,820
Encumbrances Payable	A-13		1,223,152
Transfer to Snow Removal Trust Fund	B-7		100,000
Transfer to Reserve for Tax Appeals	A-15		100,000
Transfer to Grants Appropriated	A-21		<u>853,808</u>
			<u>\$ 37,445,882</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, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	\$ <u>333,988</u>	\$ <u>314,683</u>
		<u>333,988</u>	<u>314,683</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-1	<u>27,730</u>	<u>28,050</u>
		<u>27,730</u>	<u>28,050</u>
OTHER TRUST FUND			
Cash	B-1	3,259,086	3,960,007
Due From Current Fund - Other Trust	B-8	<u>200</u>	<u>-</u>
		<u>3,259,286</u>	<u>3,960,007</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	1,363,616	1,386,318
Contribution Receivable	B	<u>74,779</u>	<u>59,657</u>
		<u>1,438,395</u>	<u>1,445,975</u>
Total Assets		<u>\$ 5,059,399</u>	<u>\$ 5,748,715</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
LIABILITIES AND RESERVES			
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Compensation Insurance	B-6	\$ 333,988	\$ 314,683
		<u>333,988</u>	<u>314,683</u>
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-4	7,102	6,767
Due to State of New Jersey	B-3	5	52
Reserve for Animal Control Expenditures	B-2	<u>20,623</u>	<u>21,231</u>
		<u>27,730</u>	<u>28,050</u>
OTHER TRUST FUND			
Due to Current Fund - Other Trust Flex Spending	B-9	2,500	2,500
Due to Current Fund - Escrow Trust	B-5	42	32
Due to Current Fund - Trust Other	B-8	-	14,916
Due to Current Fund- Payroll	B-12	14,648	
Reserve for:			
Payroll Deductions and Withholdings	B-10	117,334	114,471
Miscellaneous Deposits	B-7	<u>3,124,762</u>	<u>3,828,088</u>
		<u>3,259,286</u>	<u>3,960,007</u>
LENGTH OF SERVICE AWARD PROGRAM			
TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>1,438,395</u>	<u>1,445,975</u>
Total Liabilities and Reserves		<u>\$ 5,059,399</u>	<u>\$ 5,748,715</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Cash	C-2, C-3	\$ 4,933,930	\$ 4,951,850
Deferred Charges to Future Taxation			
Funded	C-4	1,634,610	2,161,979
Unfunded	C-5	<u>24,861,600</u>	<u>12,361,600</u>
 Total Assets		 <u>\$ 31,430,140</u>	 <u>\$ 19,475,429</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-12	\$ 1,555,000	\$ 2,070,000
EDA Loan Payable	C-11	79,610	91,979
Bond Anticipation Notes Payable	C-7	9,300,000	9,192,000
Contracts Payable	C-9	3,106,071	3,020,186
Improvement Authorizations			
Funded	C-6	1,597,727	1,118,068
Unfunded	C-6	14,830,765	2,541,511
Reserve for Payment of Bonds	C-10	277,736	277,736
Capital Improvement Fund	C-8	347,988	897,988
Fund Balance	C-1	<u>335,243</u>	<u>265,961</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 31,430,140</u>	 <u>\$ 19,475,429</u>

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of \$15,561,600 and \$3,169,600, respectively. (Exhibit C-13)

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ 265,961	\$ 175,602
Increased by:			
Cancellation of Improvement Authorization	C-6	46	
Premium on Sale of Notes	C-2	<u>79,236</u>	<u>90,359</u>
		345,243	265,961
Decreased by:			
Appropriation to Finance Improvement Authorization	C-6	<u>10,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 335,243</u>	<u>\$ 265,961</u>

NOTES TO FINANCIAL STATEMENTS

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

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 or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the 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, 2018 AND 2017**

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, 2017 balances to conform to the December 31, 2018 presentation.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018 and 2017 the Borough Council increased the original budget by \$420,294 and \$379,337. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

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

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, 2018 and 2017, the book value of the Borough's deposits were \$22,901,569 and \$26,442,228 and bank and brokerage firm balances of the Borough's deposits amounted to \$22,890,806 and \$26,498,641, 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>2018</u>	<u>2017</u>
Insured	\$ 22,890,806	\$ 26,498,641

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, 2018 and 2017, the Borough’s bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2018 and 2017, the Borough had the following investments:

	<u>Fair Value</u>
<u>2018</u>	
<u>Investment:</u> LOSAP (Unaudited)	\$ <u>1,363,616</u>
<u>2017</u>	
<u>Investment:</u> LOSAP (Unaudited)	\$ <u>1,386,318</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2018 and 2017, \$1,363,616 and \$1,386,318 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2018</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,363,616</u>
<u>2017</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,386,318</u>

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

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

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2018 and 2017 consisted of the following:

<u>Current Fund</u>	<u>2018</u>	<u>2017</u>
Property Taxes	\$ 949,789	\$ 1,309,102
Special Improvement District Taxes	9,800	15,145
Tax Title Liens	<u>732,684</u>	<u>349,391</u>
	<u>\$ 1,692,273</u>	<u>\$ 1,673,638</u>

In 2018 and 2017, the Borough collected \$960,396 and \$935,717 from delinquent taxes, which represented 73% and 89%, respectively of the prior year delinquent taxes receivable balance.

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

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>2018</u>		<u>2017</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	\$ 24,292	\$ 200	\$ 24,215	
Animal Control Fund		7,102		\$ 6,767
Other Trust Fund- Escrow		42		32
Other Trust Fund-FSA		2,500		2,500
Other Trust Fund- Net Payroll		14,648		
Other Trust Fund	<u>200</u>	<u>-</u>	<u>-</u>	<u>14,916</u>
	<u>\$ 24,492</u>	<u>\$ 24,492</u>	<u>\$ 24,215</u>	<u>\$ 24,215</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned in one fund that are 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 charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2018</u>			
There were none.			
<u>2017</u>			
Current Fund			
Emergency Authorization	\$3,820	\$3,820	\$-0-

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	2018		2017	
	<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	\$ 8,256,378	\$ 5,409,320	\$ 8,175,397	\$ 3,700,000
Non-Cash Surplus	<u>1,249,873</u>	<u>-</u>	<u>915,860</u>	<u>-</u>
	<u>\$ 9,506,251</u>	<u>\$ 5,409,320</u>	<u>\$ 9,091,257</u>	<u>\$ 3,700,000</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, 2018 and 2017.

	2018				Balance, December 31, 2018
	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
Land	\$ 5,166,563				\$ 5,166,563
Buildings and Building Improvements	9,353,475			\$ 86,666	9,440,141
Construction In Progress	17,395	\$ 155,062		(86,666)	85,791
Machinery and Equipment	<u>12,420,005</u>	<u>1,229,576</u>	<u>\$ (192,000)</u>	<u>-</u>	<u>13,457,581</u>
	<u>\$ 26,957,438</u>	<u>\$ 1,384,638</u>	<u>\$ (192,000)</u>	<u>\$ -</u>	<u>\$ 28,150,076</u>
	2017				Balance, December 31, 2017
	<u>Balance December 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
Land	\$ 5,196,563		\$ (30,000)		\$ 5,166,563
Buildings and Building Improvements	8,773,825	\$ 579,650			9,353,475
Construction In Progress		17,395			17,395
Machinery and Equipment	<u>11,663,425</u>	<u>756,580</u>	<u>-</u>	<u>-</u>	<u>12,420,005</u>
	<u>\$ 25,633,813</u>	<u>\$ 1,353,625</u>	<u>\$ (30,000)</u>	<u>\$ -</u>	<u>\$ 26,957,438</u>

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

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>2018</u>	<u>2017</u>
Issued		
General		
Bonds, Notes and Loans	\$ 10,934,610	\$ 11,353,979
Less Funds Temporarily Held to Pay Bonds and Notes	<u>277,736</u>	<u>277,736</u>
Net Debt Issued	<u>10,656,874</u>	<u>11,076,243</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>15,561,600</u>	<u>3,169,600</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 26,218,474</u>	<u>\$ 14,245,843</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 .912% and .516% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	<u>\$ 26,496,210</u>	<u>\$ 277,736</u>	<u>\$ 26,218,474</u>
Total	<u>\$ 26,496,210</u>	<u>\$ 277,736</u>	<u>\$ 26,218,474</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	<u>\$ 14,523,579</u>	<u>\$ 277,736</u>	<u>\$ 14,245,843</u>
Total	<u>\$ 14,523,579</u>	<u>\$ 277,736</u>	<u>\$ 14,245,843</u>

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

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>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 100,577,523	\$ 96,580,587
Net Debt	<u>26,218,474</u>	<u>14,245,843</u>
Remaining Borrowing Power	<u>\$ 74,359,049</u>	<u>\$ 82,334,744</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>2018</u>	<u>2017</u>
\$3,020,000, 2015 Refunding Bonds, due in annual installments of \$505,000 to \$535,000 through August 1, 2021, interest at 1.710%	<u>\$ 1,555,000</u>	<u>\$ 2,070,000</u>
	<u>\$ 1,555,000</u>	<u>\$ 2,070,000</u>

General Intergovernmental Loans Payable

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

	<u>2018</u>	<u>2017</u>
\$227,500, 2004 Loan, due in Semi-annual installments of \$12,617 to \$13,936 through September 2024, interest at 2%	<u>\$ 79,610</u>	<u>\$ 91,979</u>
	<u>\$ 79,610</u>	<u>\$ 91,979</u>

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

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, 2018 is as follows:

Calendar Year	General		Loans		Total
	Principal	Interest	Principal	Interest	
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	-	-	13,393	753	14,146
2023	-	-	13,663	484	14,147
2024	-	-	13,936	209	14,145
Total	<u>\$ 1,555,000</u>	<u>\$ 53,695</u>	<u>\$ 79,610</u>	<u>\$ 5,268</u>	<u>\$ 1,693,573</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund					
Bonds Payable	\$ 2,070,000		\$ 515,000	\$ 1,555,000	\$ 505,000
Intergovernmental Loans Payable	91,979	-	12,369	79,610	12,617
General Capital Fund Long-Term Liabilities	<u>\$ 2,161,979</u>	<u>\$ -</u>	<u>\$ 527,369</u>	<u>\$ 1,634,610</u>	<u>\$ 517,617</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Bonds Payable	\$ 2,545,000		\$ 475,000	\$ 2,070,000	\$ 515,000
Intergovernmental Loans Payable	178,965	-	86,986	91,979	12,369
General Capital Fund Long-Term Liabilities	<u>\$ 2,723,965</u>	<u>\$ -</u>	<u>\$ 561,986</u>	<u>\$ 2,161,979</u>	<u>\$ 527,369</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

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

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>2017</u>						
<u>General Capital Fund</u>						
Various Public Improvements	2.00%	2/28/2018	\$ 6,198,000	\$ 9,192,000	\$ 6,198,000	\$ 9,192,000
Total			\$ 6,198,000	\$ 9,192,000	\$ 6,198,000	\$ 9,192,000

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, 2018 AND 2017

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>2018</u>			
	Utility Infrastructure Repairs	\$ 580,109	2019
	Acquisition of Two Fire Trucks	1,398,650	2019
	2018 Road Resurfacing	177,527	2019
<u>2017</u>			
	Safe Routes to School	\$ 212,442	2018
	Utility Infrastructure Repairs	580,109	2018
	Inflow and Infiltration Sanitary Sewer Repairs	265,659	2018
	NJ DOT Woodbine Street/Front Street	141,654	2018
	31 Yard Automizer with Chasis Garbage Truck	304,015	2018
	Sewer Jet/Catch Basin Cleaner	376,700	2018
	Road Resurfacing	579,799	2018
	CDBG Bergen Ave Improvements	111,043	2018
	Bergen County Cooperative Grant Program	242,692	2018

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,868,578 and \$1,929,031 at December 31, 2018 and 2017, 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, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$1,385,147 and \$1,653,121, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

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

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, 2018 and 2017 were as follows:

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

(1) Information for 2018 was not made available from the State of New Jersey.

	Balance, December 31, <u>2016</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	<u>Due Within One Year</u>
<u>2017</u>					
Compensated Absences	\$ 2,159,892		\$ 230,861	\$ 1,929,031	
Net Pension Liability- PERS	23,441,250		4,529,596	18,911,654	
Net Pension Liability- PFRS	37,169,084		7,811,779	29,357,305	
Net OPEB Obligation	57,874,002		8,253,427	49,620,575	
Net OPEB Obligation- Other for Prescription and Dental	<u>2,201,500</u>	<u>\$ 25,878,871</u>	<u>-</u>	<u>28,080,371</u>	<u>-</u>
	<u>\$ 122,845,728</u>	<u>\$ 25,878,871</u>	<u>\$ 20,825,663</u>	<u>\$ 127,898,936</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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

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

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

Other Pension Funds

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

The cost of living increase for 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.

Measurement Focus and Basis of Accounting

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

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

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 1,682,967	\$ 752,613	\$ 25,548
2017	1,586,461	762,513	22,177
2016	1,540,777	680,809	

In addition for the years ended December 31, 2018, 2017 and 2016 the Borough contributed for long-term disability insurance premiums (LTDI) \$4,991, \$1,577 and \$-0-, respectively for PERS and \$-0- for PFRS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$15,571,794 and \$18,911,654, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .00079 percent, which was a decrease of .08045 percent from its proportionate share measured as of June 30, 2017 of .08124 percent.

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

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)

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$806,659 and \$1,297,333, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$752,613 and \$762,513, respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<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	\$ 296,956	\$ 80,293	\$ 445,304	
Changes of Assumptions	2,565,974	4,979,032	3,810,047	\$ 3,796,078
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		146,064	128,776	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>289,860</u>	<u>635,550</u>	<u>373,153</u>	<u>385,964</u>
Total	<u>\$ 3,152,790</u>	<u>\$ 5,840,939</u>	<u>\$ 4,757,280</u>	<u>\$ 4,182,042</u>

At December 31, 2018 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>
2019	\$ (156,790)
2020	(183,530)
2021	(1,037,796)
2022	(956,564)
2023	(353,469)
Thereafter	<u>-</u>
	<u>\$ (2,688,149)</u>

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

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)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
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, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

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

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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

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

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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, 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 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>19,579,737</u>	\$ <u>15,571,794</u>	\$ <u>12,209,386</u>
	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>23,461,190</u>	\$ <u>18,911,654</u>	\$ <u>15,121,326</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

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, 2018 and 2017, the Borough reported a liability of \$25,189,074 and \$29,357,305, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .18615 percent, which was a decrease of .00446 percent from its proportionate share measured as of June 30, 2017 of .19061 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$1,988,834 and \$2,798,674, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$1,682,967 and \$1,586,461, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>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	\$ 256,266	\$ 104,238	\$ 190,453	\$ 172,303
Changes of Assumptions	2,162,143	6,455,525	3,620,083	4,807,868
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		137,807	560,206	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>770,193</u>	<u>1,141,616</u>	<u>1,186,982</u>	<u>900,279</u>
Total	<u>\$ 3,188,602</u>	<u>\$ 7,839,186</u>	<u>\$ 5,557,724</u>	<u>\$ 5,880,450</u>

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

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, 2018 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>
2019	\$ (447,177)
2020	(447,174)
2021	(1,648,524)
2022	(1,562,302)
2023	(545,407)
Thereafter	<u>-</u>
	<u>\$ (4,650,584)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
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, 2017 and July 1, 2016 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, 2018 AND 2017

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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

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

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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>33,712,450</u>	\$ <u>25,189,074</u>	\$ <u>18,158,842</u>
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>38,680,667</u>	\$ <u>29,357,305</u>	\$ <u>21,697,103</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

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 of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,421,519 and \$3,288,265, respectively. For the years ended December 31, 2018 and 2017, 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 \$405,273 and \$402,229, respectively, which are more or less than the actual contributions the State made on behalf of the Borough of \$202,637 and \$164,427, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .18615 percent, which was a decrease of .00446 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .19061 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2017 is \$20.4 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.03%.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016.

Actuarial Methods and Assumptions

In the July 1, 2017 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$531.1 million for fiscal year 2017.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$2,342,708, \$2,313,165 and \$2,127,350, 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, 2018, 2017 and 2016 were \$117,509, \$104,045 and \$88,774, respectively.

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

The information pertaining to GASB 75 for the State fiscal year ending June 30, 2018 was not made available from the State of New Jersey.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2017, the Borough reported a liability of \$49,620,575 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to June 30, 2017. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2017. As of the measurement date of June 30, 2017 the Borough's proportionate share was .24305 percent.

For the years ended December 31, 2017, the Plan has determined the Borough's OPEB expense to be \$2,759,158, based on the actuarial valuations which is more than the actual contributions reported in the Borough's financial statements of \$2,313,165. At December 31, 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		
Changes of Assumptions		\$ 5,507,462
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 8,503	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	4,456,657
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 8,503</u>	<u>\$ 9,964,119</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ (1,413,232)
2019	(1,413,232)
2020	(1,413,232)
2021	(1,413,233)
2022	(1,415,358)
2023	(1,415,358)
Thereafter	<u>(1,471,971)</u>
	<u>\$ (9,955,616)</u>

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions

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

	<u>2017</u>
Inflation Rate	2.50%
Salary Increases*	
Initial Fiscal Year Applied Through	2026
Rate	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	3.58%

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2017 calculated using the discount rate of 3.58%, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.58%, or 1-percentage-point higher 4.58% than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
<u>2017</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 58,528,947</u>	<u>\$ 49,620,575</u>	<u>\$ 42,551,932</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

The following presents the Borough’s proportionate share of the OPEB net liability as of December 31, 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2017</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 41,236,147</u>	<u>\$ 49,620,575</u>	<u>\$ 60,538,072</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2017. A sensitivity analysis specific to the Borough’s net OPEB liability was not provided by the pension system.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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.

Borough Administered Post-Retirement Health Benefits Program

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

Plan Description

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

Benefits Provided

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Employees Covered by Postemployment Benefits

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

Active Employees	137
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>125</u>
	<u>262</u>

At December 31, 2018 and 2017, the Borough’s total OPEB liabilities were \$28,232,956 and \$28,080,370, respectively. Net OPEB liability was measured as of December 31, 2018, and the OPEB liability was determined by an actuarial valuation as of January 1, 2018.

For the year ended December 31, 2018, the Borough has determined its OPEB expense to be \$1,267,390 based on the actuarial valuations which is more than the actual contributions reported in the Borough’s financial statements of \$728,234. At December 31, 2018, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 386,571
Changes of Assumptions		
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	-
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ -</u>	<u>\$ 386,571</u>

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ (55,225)
2020	(55,225)
2021	(55,225)
2022	(55,225)
2023	(55,225)
Thereafter	<u>(110,446)</u>
	<u>\$ (386,571)</u>

Actuarial Assumptions

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

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

The discount rate was based on S&P Municipal Bond 20 Year High Grade Bond Index for 2018.

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2018 salaries were reported as \$12,394,631.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability 2018
	<u>2018</u>
Balance - Beginning of Year	\$ 28,080,371
Changes for the Year:	
Service Cost	
Interest on the Total OPEB Liability	313,743
Changes of Benefit Terms	1,008,872
Differences Between Expected and Actual Experience	(441,796)
Changes in Assumptions	
Benefit Payments	<u>(728,234)</u>
Net Changes	<u>152,585</u>
Balance - End of Year	\$ <u>28,232,956</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
2018			
Net OPEB Liability	<u>\$ 32,669,049</u>	<u>\$ 28,232,956</u>	<u>\$ 23,796,862</u>

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

<u>2018</u>	<u>1% Decrease (7.0% to 4.0%)</u>	<u>Healthcare Cost Trend Rates (8.0% to 5.0%)</u>	<u>1% Increase (9.0% to 6.0%)</u>
Net OPEB Liability	<u>\$ 26,565,827</u>	<u>\$ 28,232,956</u>	<u>\$ 30,146,728</u>

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, 2018 AND 2017**

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 December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 30,000	\$ 17,915	\$ 28,610	\$ 333,988
2017	30,000	17,643	53,652	314,683
2016	30,000	16,265	29,228	320,692

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, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$1,634,418 and \$1,604,543, 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, 2018 and 2017, 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, 2018 and 2017, the Borough had no estimated arbitrage earnings due to the IRS.

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

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 \$1,289 and \$1,269 for 2018 and 2017, respectively, for each eligible volunteer member into the Plan.

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

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

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, 2018 AND 2017**

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2018 and 2017, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2018 and 2017 the Borough abated property taxes totaling \$437,130 and \$434,970, respectively, under this law. The Borough received \$90,978 and \$89,457 in PILOT payments under this program for the years ended December 31, 2018 and 2017, respectively.

NOTE 19 SUBSEQUENT EVENTS

Serial Bonds

On January 15, 2019 the Borough adopted a resolution for the issuance of \$11,700,000 General Improvement Bonds for the purpose of funding various capital improvements of the Borough. On February 14, 2019 the Borough awarded the sale of said bonds to UBS Financial Services at an interest rate of 2.00-3.00%. These bonds dated February 15, 2019 will mature over 10 years with the first maturity due February 15, 2020.

Debt Authorized

On March 19, 2019 the Borough adopted a bond ordinance authorizing the issuance of \$2,565,000 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, 2017		\$17,183,788
Increased by Receipts:		
Taxes Receivable	\$82,550,022	
Homestead Benefit	996,774	
Special Improvement District- Taxes Receivable	167,344	
Non-Budget Revenue	427,298	
Revenue Accounts Receivable	4,199,595	
Due from State of New Jersey	127,278	
Tax Overpayments	106,319	
Prepaid Taxes	401,077	
Grants Receivable	351,064	
Prepaid Taxes- SID	6,201	
Receipts From Animal Control Fund	6,767	
Receipts From Other Trust	284,586	
Receipts From Other Trust- Escrow	439	
		<u>89,624,764</u>
		106,808,552
Decreased by Disbursements:		
2018 Budget Appropriations	33,365,102	
2017 Appropriation Reserves	1,296,562	
County Taxes Payable	7,029,907	
Local School District Taxes Payable	49,157,916	
Tax Overpayments	102,847	
Refund Prior Year Revenue	10,677	
Reserve for Tax Appeals	70,125	
Reserve for Grants- Appropriated	763,203	
Due to Special Improvement District	202,500	
Accounts Payable	82,610	
Payments to Other Trust	369,470	
Payments to Other Trust- Net Payroll	14,648	
		<u>92,465,567</u>
Balance, December 31, 2018		<u>\$14,342,985</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF CHANGE FUND**

Balance, December 31, 2017		\$ <u>3,850</u>
Balance, December 31, 2018		\$ <u>3,850</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

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

EXHIBIT A-7

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

Balance, December 31, 2017, Due From		\$ 10,744
Increased by:		
Senior Citizens Deductions Per Tax Billings	\$ 17,500	
Veterans Deductions Per Tax Billings	111,500	
Senior Citizens Deductions Allowed by Tax Collector	2,750	
Veterans Deductions Allowed by Tax Collector	2,000	
Senior Citizen Deductions Allowed by Tax Collector- 2017	<u>250</u>	
		<u>134,000</u>
		144,744
Decreased by:		
Cash Received from State	127,278	
Veteran's Deductions Disallowed by Tax Collector-2018	14,500	
Senior Citizens' Deductions Disallowed by Tax Collector- 2017	4,482	
Senior Citizens' Deductions Disallowed by Tax Collector- 2018	<u>989</u>	
		<u>147,249</u>
Balance, December 31, 2018, Due To		\$ <u>(2,505)</u>

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

Year	Balance,	2018 Levy	Added in 2018	Senior	Collected In		Homestead Benefit	Senior	Cancelled	Transferred to Tax Title Liens	Balance,
	December 31, 2017			Citizens' and Veterans' Deductions Disallowed	2017	2018		Citizens' and Veterans' Deductions Allowed			December 31, 2018
2011	\$ 40,276									\$ 40,276	
2012	44,550									44,550	
2013	45,465									45,465	
2014	53,742					\$ 7,767				45,975	
2015	56,830					10,000				46,830	
2016	59,139					10,662				47,565	\$ 912
2017	<u>1,009,100</u>	<u>-</u>	<u>-</u>	<u>\$ 4,482</u>	<u>-</u>	<u>931,967</u>	<u>-</u>	<u>\$ 250</u>	<u>\$ 9,432</u>	<u>48,330</u>	<u>23,603</u>
	<u>1,309,102</u>	<u>-</u>	<u>-</u>	<u>4,482</u>	<u>-</u>	<u>960,396</u>	<u>-</u>	<u>250</u>	<u>9,432</u>	<u>318,991</u>	<u>24,515</u>
2018	<u>-</u>	<u>\$ 86,445,001</u>	<u>\$ 339,002</u>	<u>15,489</u>	<u>\$ 3,021,019</u>	<u>81,589,626</u>	<u>\$ 996,774</u>	<u>\$ 133,750</u>	<u>\$ 68,747</u>	<u>\$ 64,302</u>	<u>925,274</u>
	<u>\$ 1,309,102</u>	<u>\$ 86,445,001</u>	<u>\$ 339,002</u>	<u>\$ 19,971</u>	<u>\$ 3,021,019</u>	<u>\$ 82,550,022</u>	<u>\$ 996,774</u>	<u>\$ 134,000</u>	<u>\$ 78,179</u>	<u>\$ 383,293</u>	<u>\$ 949,789</u>

Analysis of 2018 Tax Levy

TAX YIELD

General Purpose Tax	\$ 86,445,001	
Added Taxes (NJSA 54:4-63.1 et seq)	<u>339,002</u>	
		<u>\$ 86,784,003</u>

TAX LEVY

Local District School Tax (Abstract)	\$ 49,157,916	
County Tax (Abstract)	6,964,638	
Due County for Added and Omitted Taxes (54:4-63.1)	<u>27,336</u>	
		56,149,890
Local Tax for Municipal Purposes	30,305,368	
Add Additional Taxes Levied	<u>328,745</u>	
		<u>30,634,113</u>
		<u>\$ 86,784,003</u>

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

Balance, December 31, 2017		\$ 349,391
Increased by:		
Transfer from Prior Years Taxes Receivable	\$ 318,991	
Transfer from Current Year Taxes Receivable	<u>64,302</u>	
		<u>383,293</u>
Balance, December 31, 2018		<u>\$ 732,684</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2017	<u>\$ 28,173</u>
Balance, December 31, 2018	<u>\$ 28,173</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2017</u>	Accrued <u>2018</u>	<u>Collected</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 30,814	\$ 30,814	
Licenses		9,460	9,460	
Construction Code Official				
Fees and Permits		609,251	609,251	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		35,402	35,402	
Licenses		986	986	
Fire Prevention				
Fees and Permits		23,095	23,095	
Police Departments				
Fees and Permits		2,452	2,452	
Municipal Court				
Fines and Costs		338,656	338,656	
Interest and Costs on Taxes		181,365	181,365	
Interest on Deposits and				
Investments		214,738	214,738	
Recycling Program		21,908	21,908	
Recreation Fees		28,036	28,036	
Uniform Fire Safety		104,812	104,812	
PILOT Senior Citizen Complex		90,978	90,978	
Energy Receipts Tax		1,807,735	1,807,735	
Consolidated Municipal Property Tax Relief Aid		173,922	173,922	
Interlocal Health Agreement- Hackensack				
Franchise Fees- Verizon		145,817	145,817	
Franchise Fees- Cablevision		183,200	183,200	
Site Rental - Cablevision		96,164	96,164	-
Rental of Tennis Courts		9,000	9,000	
Cell Tower Rent	-	91,804	91,804	-
	<u>-</u>	<u>\$ 4,199,595</u>	<u>\$ 4,199,595</u>	<u>\$ -</u>
			<u>\$ 4,199,595</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Mayor & Council	\$ 10,458	\$ 10,458	\$ 9,625	\$ 833
General Administration	2,000	2,000	-	2,000
Municipal Clerk	7,255	7,255		7,255
Financial Administration	24,619	24,619		24,619
Revenue Administration	10,843	6,543		6,543
Tax Assessment Administration	1,542	1,542		1,542
Planning Board	50	50		50
Site Plan	50	50		50
Zoning Board of Adjustment	50	50		50
Police Department	239,381	239,381		239,381
Office of Emergency Management	438	438		438
Fire Official	50,269	50,269		50,269
Fire Department	29,216	29,216	772	28,444
Municipal Court	3,348	3,348	1,053	2,295
Streets and Roads Maintenance	119,082	103,081	5,530	97,551
Solid Waste	94,345	94,345	12,165	82,180
Board of Health	489	489		489
Welfare/Administration of Public Assistance	1,000	1,000		1,000
Recreation Services and Programs	32,338	32,338		32,338
Community Affairs-Senior Citizens	2,909	2,909	942	1,967
Maintenance of Parks	88,914	68,914		68,914
Building Inspector	2,099	2,099	2,099	-
Rent Level	50	50		50
Barrier Free Board	50	50		50
Shade Tree	50	50	-	50
Total Salaries and Wages	720,845	680,544	32,186	648,358
Other Expenses				
General Administration	29,966	45,889	14,696	31,193
Grant Consultant	3,000	3,000	3,000	-
Mayor & Council	1,000	1,000	-	1,000
Municipal Clerk	14,603	14,749	572	14,177
Financial Administration	21,136	23,503	5,385	18,118
Audit Services	19,063	76,762	59,655	17,107
Tax Collection	1,153	7,604	4,247	3,357
Tax Assessment Administration	511	17,359	14,348	3,011
Legal Services	21,122	50,029	43,460	6,569
Engineering	49,392	67,509	18,898	48,611
Planning Board	500	500		500
Zoning Board	10,250	10,250		10,250
Police Department	20,198	29,943	15,376	14,567
Police Cars	528	528		528
Office of Emergency Management	3,966	7,566	3,600	3,966
First Aid Organization	3,762	4,427	665	3,762
Fire Official	153	916	828	88
Fire Department	22,492	80,010	61,688	18,322
Fire Hydrant Service	3,671	3,671		3,671
Public Defender	1,000	2,500	1,600	900
Municipal Court	8,696	9,005	314	8,691

BOROUGH OF BERGENFIELD
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Streets and Roads Maintenance	\$ 154,269	\$ 133,793	\$ 3,057	\$ 130,736
Solid Waste Collection	89,448	101,257	12,117	89,140
Buildings and Grounds		73,710	47,222	26,488
Vehicle Maintenance	14,663	29,296	10,261	19,035
Board of Health	8,359	9,506	8,752	754
Environmental Committee	250	250		250
Ecology	100	100		100
Welfare/Administration of Public Asst.	250	250		250
Recreation Services and Programs	31,339	38,015	6,676	31,339
Maintenance of Parks	16,256	19,837	1,856	17,981
Community Affairs- Senior Citizens	7,993	7,993	-	7,993
Celebration of Public Events	1,186	5,246	4,010	1,236
Building Inspector	8,659	8,793	146	8,647
Construction Code Official	1,660	1,660		1,660
Rent Leveling Board	200	200		200
Barrier Free Board	128	127		127
Shade Tree Board	2	2		2
Electricity & Gasoline	9,151	52,042	20,856	31,186
Street Lighting	67,431	85,812	15,740	70,072
Telephone	8,054	13,147	4,600	8,547
Water	22,625	22,625		22,625
Gasoline	75,355	67,580	20,256	47,324
Sanitary Landfill - Tipping Fees	92,698	296,509	142,316	154,193
Sanitary Landfill - Recycling Tax	2,090	8,163	4,132	4,031
Sewerage Processing - Tenafly		8,500	7,295	1,205
Contingent	327	327		327
Social Security System	37,266	37,266		37,266
PERS		24,007	24,005	2
Defined Contribution Retirement Plan	19,323	19,323	17,981	1,342
Contribution to Free Public Library	51,994	51,994	279	51,715
LOSAP	266	266		266
Prosecutor	808	4,307	3,400	907
Liability Insurance	11,672	106,179	95,507	10,672
Group Insurance Plan for Employees- Gen Gov't	210,200	540,611	336,796	203,815
Worker Compensation Insurance	15,571	154,178	138,607	15,571
Declared State of Emergency- Snow Removal	75,369	91,896	91,896	-
	<u>1,271,124</u>	<u>2,471,487</u>	<u>1,266,095</u>	<u>1,205,392</u>
Total Other Expenses				
Grand Total	<u>\$ 1,991,969</u>	<u>\$ 3,152,031</u>	<u>\$ 1,298,281</u>	<u>\$ 1,853,750</u>
2017 Appropriation Reserves		\$ 1,991,969		
Encumbrances Transferred to 2017 Reserves		<u>1,160,062</u>		
		<u>\$ 3,152,031</u>		
Cash Disbursed			\$ 1,296,562	
Transfer to Accounts Payable			<u>1,719</u>	
			<u>\$ 1,298,281</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2017	\$ 1,160,062
Increased by:	
Charges to 2018 Budget Appropriations	<u>1,223,152</u>
	2,383,214
Decreased by:	
Transferred to 2017 Appropriation Reserves	<u>1,160,062</u>
Balance, December 31, 2018	<u>\$ 1,223,152</u>

EXHIBIT A-14

STATEMENT OF ENCUMBRANCES PAYABLE- RESERVE FOR GRANTS

Balance, December 31, 2017	\$ 311,317
Increased by:	
Charges to 2018 Reserve for Grants- Appropriated	<u>64,107</u>
	375,424
Decreased by:	
Transfer to Reserve for Grants- Appropriated	<u>311,317</u>
Balance, December 31, 2018	<u>\$ 64,107</u>

EXHIBIT A-15

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2017	\$ 1,604,543
Increased by:	
Transfer from Budget Appropriations	<u>100,000</u>
	1,704,543
Decreased by:	
Cash Paid to Appellants	<u>70,125</u>
Balance, December 31, 2018	<u>\$ 1,634,418</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Cash Receipts	\$	106,319
Decreased by:		
Refunded		<u>102,847</u>
Balance, December 31, 2018	\$	<u>3,472</u>

STATEMENT OF OTHER LIENS RECEIVABLE

Balance, December 31, 2017	\$	<u>2,500</u>
Balance, December 31, 2018	\$	<u>2,500</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2017	\$	65,269
Increased by:		
2018 Levy		
General County Tax (Abstract)	\$	6,678,862
County Open Space Preservation		285,776
Due County for Added and Omitted Taxes		<u>27,336</u>
		<u>6,991,974</u>
		7,057,243
Decreased by:		
Payments		<u>7,029,907</u>
Balance, December 31, 2018	\$	<u>27,336</u>

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

Increased by:	
Levy - Calendar Year	<u>\$ 49,157,916</u>
Decreased by:	
Payments	<u>\$ 49,157,916</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2017	\$ 3,021,019
Increased by:	
Collection of 2019 Taxes	<u>401,077</u>
	3,422,096
Decreased by:	
Apply to 2018 Tax Receivable	<u>3,021,019</u>
Balance, December 31, 2018	<u>\$ 401,077</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATED RESERVES**

	Balance, December 31, <u>2017</u>	Transfer from Current Year <u>Appropriations</u>	Cancel Prior Year <u>Encumbrance</u>	<u>Cancellation</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2018</u>
Bergen County Open Space- Tunis R Cooper Roof Repair	\$ 24,000			\$ 24,000		
U.S. Department of Housing (CDBG)- Bergen Ave Improvements	-		\$ 81,402	-	\$ 81,402	
U.S. Department of Housing (CDBG) - ADA Cooperative Curb Ramp Program		\$ 368,000			334,434	\$ 33,566
NJ Dept. of Transportation- Safe Routes	37,558		212,442		212,442	37,558
NJ DOT- West Central Avenue I	172,818					172,818
NJ DOT- West Central Avenue II		234,025				234,025
U.S. Department of Housing (CDBG) - Hughes Road and Madison		86,883				86,883
Pedestrian Safety, Education & Enforcement Fund	15,000				9,840	5,160
Municipal Alliance- 2018	14,468		1,011	3,660	11,819	-
Municipal Alliance- Local Match- 2018	3,619			720	2,899	-
Municipal Alliance- 2019		15,279			840	14,439
Municipal Alliance- Local Match- 2019		3,820			280	3,540
Body Armor Grant	5,182				5,182	-
Highlands Council- TDR Feasibility Study	40,000			40,000		-
Recycling Tonnage Grant	20,201	39,699	11,372		55,412	15,860
Clean Communities	118,462	81,818	4,850		61,397	143,733
Alcohol Education and Rehabilitation	3,007				674	2,333
NJ Forest Service	30,000				30,000	-
Drive Sober or Get Pulled Over Grant	5,500				5,500	-
Sustainable Jersey		10,000				10,000
Bergen County Stigma Free Initiative		2,000			1,856	144
Bulletproof Vest Partnership	2,025	2,638				4,663
Distracted Driver Grant		6,600			6,600	-
Drunk Driving Enforcement Fund	12,487	3,046	240	-	6,733	9,040
	<u>\$ 504,327</u>	<u>\$ 853,808</u>	<u>\$ 311,317</u>	<u>\$ 68,380</u>	<u>\$ 827,310</u>	<u>\$ 773,762</u>
				Grants Receivable	\$ 67,660	
				Operations	720	
					<u>\$ 68,380</u>	
				Cash Disbursements	\$ 763,203	
				Encumbrances-Grants	64,107	
					<u>\$ 827,310</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2017</u>	Cash Receipts	Anticipated as 2018 Budget Revenue	Balance, December 31, <u>2018</u>
Clean Communities	\$ 41,808	\$ -	\$ 41,808	\$ -
Recycling Tonnage	39,699		39,699	-
Sustainable Energy- PSE&G	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
	<u>\$ 86,507</u>	<u>\$ -</u>	<u>\$ 86,507</u>	<u>\$ -</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2017	<u>\$ 2,570</u>
Balance, December 31, 2018	<u>\$ 2,570</u>

EXHIBIT A-24

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2017	\$ 213,601
Increased by:	
Transfer from 2017 Appropriation Reserves	<u>1,719</u>
	215,320
Decreased by:	
Cash Disbursed	\$ 82,610
Cancellation to Operations	<u>116,889</u>
	<u>199,499</u>
Balance, December 31, 2018	<u>\$ 15,821</u>

BOROUGH OF BERGENFIELD
STATEMENT OF DUE TO SPECIAL IMPROVEMENT DISTRICT

Balance, December 31, 2017	\$ 46,608
Increased by:	
Collection of Assessment Receivable	<u>167,344</u>
	213,952
Decreased by:	
Payments	<u>202,500</u>
Balance, December 31, 2018	<u>\$ 11,452</u>

STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE

Balance, December 31, 2017	\$ 15,145
Increased by:	
Net Tax Levy for 2018	<u>161,999</u>
	177,144
Decreased by:	
Collections	<u>167,344</u>
Balance, December 31, 2018	<u>\$ 9,800</u>

STATEMENT OF PREPAID SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2017	\$ 6,451
Increased by:	
Collection of 2019 Taxes	<u>6,201</u>
Balance, December 31, 2018	<u>\$ 12,652</u>

STATEMENT OF TAX OVERPAYMENTS SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2017	<u>\$ 1,818</u>
Balance, December 31, 2018	<u>\$ 1,818</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2017</u>	Accrued in 2018	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2018</u>
U.S. Department of Housing (CDBG) - Bergen Ave Imprvts.	\$ 81,402		\$ 81,402		
U.S. Department of Housing (CDBG) - Hughes Road and Madison		\$ 86,883			\$ 86,883
Bergen County Open Space- Tunis R Cooper Roof Repair	24,000			\$ 24,000	-
Bergen County Open Space- Memorial Field Lighting	62,254		62,254		-
Bergen County Open Space- Multi-Field Lighting	80,000		80,000		-
Bergen County ADA Cooperative Curb Ramp Program		368,000			368,000
Drive Sober or Get Pulled Over	5,500		5,500		-
Bulletproof Partnership Grant	2,025	2,638			4,663
New Jersey Forest Service- CSIP	30,000				30,000
NJDOT- Emergency Repairs West Church Street Drainage	50,713		50,713		-
NJDOT- West Central Ave	172,818				172,818
NJDOT- Woodbine Ave	76,125				76,125
NJDOT- Safe Routes to School Program	250,000				250,000
NJDOT- West Central Ave		234,025			234,025
Highlands Council- TDR Feasibility Study	40,000			40,000	-
Pedestrian Safety, Education & Enforcement Fund	15,000		7,920		7,080
Distract Driving Grant		6,600	6,600		-
Drunk Driving Enforcement Fund		3,046	3,046		-
Clean Communities		40,010	40,010		-
Sustainable Jersey		5,000	-		5,000
Bergen County Stigma Free Initiative		2,000	2,000		-
Municipal Alliance Grant	15,279	15,279	11,619	3,660	15,279
	<u>\$ 905,116</u>	<u>\$ 763,481</u>	<u>\$ 351,064</u>	<u>\$ 67,660</u>	<u>\$ 1,249,873</u>

EXHIBIT A-30

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, <u>2017</u>	Added in <u>2018</u>	Raised in <u>2018 Budget</u>	Balance, December 31, <u>2018</u>
Emergency Authorization (40A:4-47)	\$ 3,820	\$ -	\$ 3,820	\$ -
	<u>\$ 3,820</u>	<u>\$ -</u>	<u>\$ 3,820</u>	<u>\$ -</u>

TRUST FUND

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

	<u>Unemployment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2017	\$ 314,683	\$ 28,050	\$ 3,960,007
Increased by Receipts:			
Borough's Share of Dog Licenses		\$ 8,276	
Cat License Fees		986	
Budget Appropriation	\$ 30,000		
Employee Contributions	17,915		
State Dog License Fees		1,735	
Interest on Deposits			\$ 449
Due to Current Fund			14,648
Receipts from Current Fund			369,470
Receipts from Payroll Agency			7,494,085
Miscellaneous Reserves			3,813,968
Net Payroll	-	-	9,225,512
	<u>47,915</u>	<u>10,997</u>	<u>20,918,132</u>
	362,598	39,047	24,878,139
Decreased by Disbursements:			
Payment to State of New Jersey -			
State Dog License Fees		1,782	
Unemployment Claims	28,610		
Expenditures under R.S. 4:19-15.11		1,782	
Miscellaneous Reserves			4,617,294
Payroll Deductions Payable			7,491,222
Net Payroll			9,225,512
Payments to Current Fund	-	7,753	285,025
	<u>28,610</u>	<u>11,317</u>	<u>21,619,053</u>
Balance, December 31, 2018	<u>\$ 333,988</u>	<u>\$ 27,730</u>	<u>\$ 3,259,086</u>

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

Balance, December 31, 2017		\$	21,231
Increased by:			
Dog License Fees	\$	7,249	
Cat License Fees		986	
Miscellaneous and Late Fees		<u>1,027</u>	
			<u>9,262</u>
			30,493
Decreased by:			
Expenditures Under R.S. 4:19-15.11			
Cat and Dog License Fees- Realized as Current Fund			
Budgeted Revenue		986	
Statutory Excess Due to Current Fund		7,102	
Cash Disbursements		<u>1,782</u>	
			<u>9,870</u>
Balance, December 31, 2018		<u>\$</u>	<u>20,623</u>

Animal License Fees Collected

<u>Year</u>			
2016	\$	10,417	
2017		<u>10,206</u>	
			<u>\$ 20,623</u>

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

Balance, December 31, 2017	\$ 52
Increased by:	
State Fees Collected	<u>1,735</u>
	1,787
Decreased by:	
Payments to State	<u>1,782</u>
Balance, December 31, 2018	<u><u>\$ 5</u></u>

EXHIBIT B-4

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

Balance, December 31, 2017	\$ 6,767
Increased by:	
Statutory Excess	<u>7,102</u>
Decreased by:	
Payments Made to Current Fund	<u>6,767</u>
Balance, December 31, 2018	<u><u>\$ 7,102</u></u>

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

Balance, December 31, 2017	\$	32
Increased by:		
Interest on Deposits and Investments		449
Decreased by:		
Payments to Current Fund		439
Balance, December 31, 2018	\$	42

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
UNEMPLOYMENT TRUST FUND

Balance, December 31, 2017	\$	314,683
Increased by:		
Budget Appropriation	\$	30,000
Employee Contributions		17,915
		47,915
		362,598
Decreased by:		
Unemployment Insurance Benefit Claims		28,610
Balance, December 31, 2018	\$	333,988

BOROUGH OF BERGENFIELD
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2017</u>	Increased by	Cash Disbursements	Balance December 31, <u>2018</u>
POAA	\$ 4,438	\$ 2,130	\$ 198	\$ 6,370
Fire Code Penalties	52,304	5,669	10,203	47,770
Construction Code Penalties	117,653	8,400	3,284	122,769
Developers Escrow	239,201	94,356	114,535	219,022
Street Openings	40,780	3,000	1,000	42,780
Police Donations	1,138			1,138
Confiscated Funds	6,255			6,255
Tree Replacement	31,350	5,225	1,490	35,085
Sewer Bond	2,000			2,000
Holiday at the Pond	4,532		4,470	62
Police Outside Detail	121,915	358,585	287,733	192,767
Tax Title Lien Redemption	354,480	2,705,212	2,752,294	307,398
Premiums on Tax Title Liens	836,100	509,100	1,040,100	305,100
Family Fun Day	35,748	17,672	11,671	41,749
Environmental Program	1,711			1,711
Accumulated Absence Liability Trust Fund	1,653,121		267,974	1,385,147
Goodwill/Elm St. Relief	14,117	1,475		15,592
Flexible Spending Account	2,217	20,981	20,316	2,882
Recreation	2,445		445	2,000
Snow Removal	189,372	173,547	50,002	312,917
Veteran's Park Donations	26,541		10,159	16,382
Federal Forfeiture of Funds	89,815		41,420	48,395
Barrier Free - Play for All	855	8,616	-	9,471
	<u>\$ 3,828,088</u>	<u>\$ 3,913,968</u>	<u>\$ 4,617,294</u>	<u>\$ 3,124,762</u>
Total				
		Due from Current Fund	\$ 100,000	
		Cash Receipts	3,813,968	
			<u>\$ 3,913,968</u>	

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

Balance, December 31, 2017 (Due To)	\$ 14,916
Increased by:	
Receipts from Current Fund	<u>269,470</u>
	284,386
Decreased by:	
Payments to Current Fund	<u>284,586</u>
Balance, December 31, 2018 (Due From)	<u>\$ 200</u>

EXHIBIT B-9

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

Balance, December 31, 2017	<u>\$ 2,500</u>
Balance, December 31, 2018	<u>\$ 2,500</u>

EXHIBIT B-10

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2017	\$ 114,471
Increased by:	
Cash Receipts	<u>7,494,085</u>
	7,608,556
Decreased by:	
Cash Disbursements	<u>7,491,222</u>
Balance, December 31, 2018	<u>\$ 117,334</u>

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

Increased by:	
Cash Receipts	<u>\$ 9,225,512</u>
Decreased by:	
Cash Disbursements	<u>\$ 9,225,512</u>

EXHIBIT B-12

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

Increased by:	
Cash Receipts	<u>\$ 14,648</u>
Balance, December, 31, 2018	<u>\$ 14,648</u>

GENERAL CAPITAL FUND

BOROUGH OF BERGENFIELD
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2017		\$ 4,951,850
Increased by:		
Bond Anticipation Notes	\$ 9,300,000	
Note Principal Paid by Budget Appropriation	2,700,000	
Capital Improvement Fund	250,000	
Premium on Sale of Notes	<u>79,236</u>	
		<u>12,329,236</u>
		17,281,086
Decreased by:		
Improvement Authorizations	1,118,607	
Contracts Payable	2,036,549	
Bond Anticipation Notes	<u>9,192,000</u>	
		<u>12,347,156</u>
Balance, December 31, 2018		<u>\$ 4,933,930</u>

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

		Balance, December 31, <u>2018</u>
Contracts Payable		\$ 3,106,071
Capital Improvement Fund		347,988
Fund Balance		335,243
Reserve for Payment of Bonds		277,736
 Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
2289/2337/2343	Expansion of Free Public Library	74,492
2318	Various Capital Improvements	206,567
2324	Purchase of Real Property	27,765
2355/2447	Various Public Improvements	416,081
2341	Various Public Improvements	23,079
2398	Various Public Improvements	3,077
2405	Various Public Improvements	16,200
2448	Various Public Improvements	295,659
2453	Various Public Improvements	9,677
2461	Various Public Improvements	76,830
2475	Various Public Improvements	604,869
2490	Various Public Improvements	1,295,918
2507	Various Public Improvements	167,522
2524	Various Public Improvements	(2,799,144)
2527	Municipal Building Renovation	<u>448,300</u>
		 <u>\$ 4,933,930</u>

EXHIBIT C-4

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2017	\$ 2,161,979
Decreased by:	
Paid by 2018 Budget Appropriation:	
Bonds	\$ 515,000
Green Trust Loan	<u>12,369</u>
	<u>527,369</u>
Balance, December 31, 2018	<u>\$ 1,634,610</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, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
2453	Various Public Improvements	3/1/2013	\$ 1,309,000	2/28/2017	2/28/2018	2.00%	\$ 592,000		\$ 592,000	
2461	Various Public Improvements	2/28/2014	1,326,000	2/28/2017	2/28/2018	2.00%	1,000,000		1,000,000	
2475	Various Public Improvements	3/2/2016	2,659,860	2/28/2017 2/28/2018	2/28/2018 2/28/2019	2.00% 2.50%	2,600,000	\$ 2,192,000		\$ 2,192,000
2490	Various Public Improvements	2/28/2017	5,000,000	2/28/2017 2/28/2018	2/28/2018 2/28/2019	2.00% 2.50%	5,000,000	- 5,000,000	5,000,000	- 5,000,000
2507	Various Public Improvements	2/28/2018	2,108,000	2/28/2018	2/28/2019	2.50%	-	2,108,000	-	2,108,000
							<u>\$ 9,192,000</u>	<u>\$ 9,300,000</u>	<u>\$ 9,192,000</u>	<u>\$ 9,300,000</u>
						Renewals		\$ 7,192,000	\$ 7,192,000	
						Issued for Cash		2,108,000	-	
						Paid by Budget Appropriation		-	2,000,000	
								<u>\$ 9,300,000</u>	<u>\$ 9,192,000</u>	

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

Balance, December 31, 2017	\$	897,988
Increased by:		
2018 Budget Appropriation		<u>250,000</u>
		1,147,988
Decrease by:		
Appropriation to Finance Improvement Authorization		<u>800,000</u>
Balance, December 31, 2018	\$	<u>347,988</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2017	\$	3,020,186
Increased by:		
Charges to Improvement Authorizations		<u>3,106,071</u>
		6,126,257
Decreased by:		
Cancellation	\$ 983,637	
Cash Disbursements	<u>2,036,549</u>	
		<u>3,020,186</u>
Balance, December 31, 2018	\$	<u>3,106,071</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2017	\$	<u>277,736</u>
Balance, December 31, 2018	\$	<u>277,736</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, 2018</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2017</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>		<u>Decreased</u>	<u>2018</u>
2015 Refunding Bonds	October 22, 2015	\$ 3,020,000	8/1/2019	\$ 505,000	1.710%		
			8/1/2020	515,000			
			8/1/2021	535,000		<u>\$ 2,070,000</u>	<u>\$ 515,000</u> <u>\$ 1,555,000</u>
						<u>\$ 2,070,000</u>	<u>\$ 515,000</u> <u>\$ 1,555,000</u>
					Budget Appropriation		<u>\$ 515,000</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>2017</u>	2018 <u>Authorizations</u>	Notes Paid by Budget <u>Appropriation</u>	Notes <u>Issued</u>	Balance, December 31, <u>2018</u>
2490	Various Public Improvements	\$ 224,600				\$ 224,600
2507	Various Public Improvements	2,945,000		\$ 700,000	\$ 2,108,000	137,000
2524	Various Public Improvements		\$ 3,800,000			3,800,000
2527	Municipal Building Renovation	-	<u>11,400,000</u>	-	-	<u>11,400,000</u>
		<u>\$ 3,169,600</u>	<u>\$ 15,200,000</u>	<u>\$ 700,000</u>	<u>\$ 2,108,000</u>	<u>\$ 15,561,600</u>

PART II

GOVERNMENT AUDITING STANDARDS SECTION

YEAR ENDED DECEMBER 31, 2018



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
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RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the omission of the 2018 note disclosures regarding the other post-employment medical benefit obligation and related information related to the post-employment medical benefits and the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

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

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

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

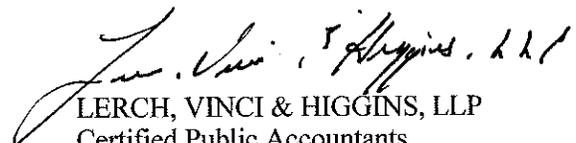
Compliance and Other Matters

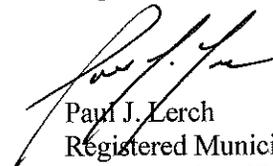
As part of obtaining reasonable assurance about whether the Borough of Bergenfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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

Purpose of this Report

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


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 8, 2019

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

	Federal CFDA Number	Grant Year	Grant Award Amount	2018 Receipts	Balance, December 31, 2017	Revenue Realized	Expenditures	Adjustment	Balance, December 31, 2018	Cumulative Expenditures
U.S. Department of Housing and Urban Development										
(Passed through County Dept. of Community Development)										
Community Devel. Block Grants										
	14.218									*
Hughes Road & Madison Ave Improvements		2018	\$ 86,883			\$ 86,883		\$ 86,883	*	*
ADA Cooperative Curb Ramp Program		2018	368,000			368,000	\$ 334,434	33,566	*	\$ 334,434
Bergen Ave Improvements		2017	81,402	\$ 81,402					*	*
Law and Public Safety- Division of Highway Traffic Safety										
Drunk Driving	20.601	2015	7,925		\$ 7,145		\$ 6,733	412	*	\$ 7,513
		2017	5,341		5,342		-	5,342	*	*
		2018	3,046	3,046		3,046		\$ 240	*	3,046
National Priority Safety Programs- Distracted Driving	20.616	2018	6,600	6,600		6,600	6,600	-	*	6,600
Public Assistance Grant										
FEMA	97.036	2018	34,143	34,143	-	34,143	34,143	-	-	34,143
Total					\$ 12,487	\$ 498,672	\$ 381,910	\$ 240	\$ 129,489	*

Adjustment represent cancellation of prior year order.

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

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

<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, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2018</u>	<u>Cumulative Expenditures</u>
* * *										
<u>Division of Criminal Justice</u>										
Body Armor Fund	1020-718-001-2009-090160	2017	\$ 8,224		\$ 5,182		\$ 5,182		-	\$ 3,042
Bulletproof Partnership	N/A	2017	2,025		2,025				\$ 2,025	*
		2018	2,638			\$ 2,638	-		2,638	*
* * *										
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765008-178900	2015	35,413		26,203		26,203		-	35,413
		2016	43,047		43,047		30,344		12,703	30,344
		2017	49,212		49,212		-		49,212	*
		2018	81,818	\$ 40,010		81,818	-		81,818	*
Recycling Tonnage Grant	4900-752001-178810	2017	27,725		20,201		20,201		-	27,725
		2018	39,699		-	39,699	23,839		15,860	7,524
* * *										
<u>Department of Transportation of State and High</u>	20.205									
Safe Routes to School Program		2013	250,000		37,558				37,558	212,442
West Central Ave		2017	172,818		172,818				172,818	*
West Central Ave		2018	234,025			234,025	-		234,025	155,500
West Church Street Drains		2016		50,713						*
* * *										
<u>Municipal Alliance Fund</u>	N/A	2017	15,279	10,808	14,468		10,808	\$ (3,660)	-	27,372
		2018	15,279	811	-	15,279	840		14,439	411
* * *										
<u>New Jersey Forest Service-CSIP</u>	N/A	2017	30,000		30,000		30,000		-	*
* * *										
<u>Sustainable Jersey Small Grants Program</u>	N/A	2018	10,000		-	10,000	-		10,000	1,999
* * *										
<u>Pedestrian Safety, Education & Enforcement Fu</u>	N/A	2017	15,000	7,920	15,000		9,840		5,160	9,600
* * *										
<u>Division of Highway Traffic Safety</u>										
Drive Sober or Get Pulled Over	N/A	2017	5,500	5,500	5,500		5,500		-	*
* * *										
<u>Division of Judiciary- Municipal Court</u>										
Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2013	1,972		524		524		-	1,972
		2015	886		886		150		736	*
		2016	1,355		1,355		-		1,355	*
		2017	242		242		-		242	*
					<u>\$ 424,221</u>	<u>\$ 383,459</u>	<u>\$ 163,431</u>	<u>\$ (3,660)</u>	<u>\$ 640,589</u>	*

*= Balance Cancelled

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

**BOROUGH OF BERGENFIELD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018**

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>\$ 498,672</u>	<u>\$ 383,459</u>	<u>\$ 882,131</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, 2018**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2018, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State/Total</u>
Dept. of Environmental Protection- Green Trust	L-04387	<u>\$ 79,610</u>

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Modified - Unaudited LOSAP and Omission of certain Footnote Disclosures
- 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, 2018**

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, 2018**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF BERGENFIELD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 3,700,000	3.78 %	\$ 2,700,000	2.84 %
Miscellaneous - From Other Than Local				
Property Tax Levies	5,477,330	5.60	5,325,057	5.60
Collection of Delinquent Taxes and Tax Title Liens	960,396	0.98	935,717	0.98
Collection of Current Tax Levy	85,725,680	87.62	84,476,203	88.83
Other Credits	<u>1,978,461</u>	<u>2.02</u>	<u>1,663,199</u>	<u>1.75</u>
Total Income	<u>97,841,867</u>	<u>100.00 %</u>	<u>95,100,176</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	37,561,997	40.07 %	36,001,366	39.38 %
County Taxes	6,991,974	7.46	6,991,908	7.65
Local District School Taxes	49,157,916	52.45	48,375,738	52.92
Other Expenditures - Debits	<u>14,986</u>	<u>0.02</u>	<u>38,737</u>	<u>0.05</u>
Total Expenditures	<u>93,726,873</u>	<u>100.00 %</u>	<u>91,407,749</u>	<u>100.00 %</u>
Excess in Revenue	4,114,994		3,692,427	
Adjustments to Income before Fund Balance: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>3,820</u>	
Statutory Excess to Fund Balance	4,114,994		3,696,247	
Fund Balance, Beginning of Year	<u>9,091,257</u>		<u>8,095,010</u>	
	13,206,251		11,791,257	
Less Utilization as Anticipated Revenue	<u>3,700,000</u>		<u>2,700,000</u>	
Fund Balance, End of Year	<u>\$ 9,506,251</u>		<u>\$ 9,091,257</u>	

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

COMPARATIVE SCHEDULE OF CALENDAR YEAR TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Calendar Year Tax Rate</u>	\$ <u>3.238</u>	\$ <u>3.222</u>	\$ <u>3.171</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.135	\$ 1.135	\$ 1.120
County- Regular Tax	0.251	0.251	0.250
County- Open Space	0.010	0.010	0.003
Local School	1.842	1.826	1.798

* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2018	\$ <u>2,669,703,540</u>		
2017		\$ <u>2,650,312,940</u>	
2016			\$ <u>2,639,600,740</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>
2018	\$ 86,784,003	\$ 85,725,680	98.78%
2017	86,004,543	84,876,203	98.69%
2016	84,090,167	83,077,713	98.80%

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Period Ended</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
December 31, 2018	\$ 732,684	\$ 949,789	\$ 1,682,473	1.94%
December 31, 2017	349,391	1,309,102	1,658,493	1.93%
December 31, 2016	333,413	1,045,127	1,378,540	1.64%

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, 2018	\$ 28,173
December 31, 2017	28,173
December 31, 2016	28,173

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Period Ended</u>	Fund <u>Balance</u>	Utilized In Budget of Succeeding <u>Year</u>
Current Fund	December 31, 2018	\$ 9,506,261	\$ 5,409,320
	December 31, 2017	9,091,257	3,700,000
	December 31, 2016	8,095,010	2,700,000

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

<u>Name</u>	<u>Title</u>	<u>Dates</u>
Norman Schmelz	Mayor	2019
Arvin Amatorio	Councilperson	2020
Thomas Lodato	Councilperson	2018
Hernando Rivera	Councilperson	2018
Ora Kornbluth	Councilperson	2019
Buddy Deauna	Councilperson	2019
Rafael Marte	Councilperson	2020
Corey Gallo	Borough Administrator	
Marie Quinones	Borough Clerk	
Richard Cahill	CFO	
Juan Ortiz	Tax Collector	
John Schettino	Municipal Attorney	
Harry Hillenius	Building Inspector/ Zoning Official	
Helene Herbert	Municipal Court Judge	
Michael Ravenda	Construction Code Official	
George Reggo	Tax Assessor	
Gregg F. Paster, 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

Current Year Comments

Our audit of the bidding revealed that the Borough made a purchase of fire gear through the use of a state contract and purchased fire trucks through the use of a national cooperative. In both instances auditor was unable to verify the pricing to the state contract for the fire gear and the fire trucks to the bid tabulation price sheet for the national cooperative. It is recommended that the Borough retain the pricing documents with the purchase order when making purchases through state contracts and national cooperatives.

Our audit of the tax title lien account balance revealed that the analysis of tax title lien premiums provided was not in agreement with the tax title lien adjusted bank account balance at December 31, 2018; difference of \$191,698. It is recommended that the difference between the tax title lien account analysis and the tax title lien adjusted bank account balance are reconciled to determine the nature of the difference.

Our audit of the fixed asset inventory revealed the following:

- There were several unrecorded fixed asset additions
- There were certain assets that were entered into the Edmunds fixed asset inventory system with the incorrect values
- There were certain infrastructure items that were entered into the Edmunds fixed asset inventory system as fixed asset additions
- Fixed asset disposals are not being updated in the Edmunds fixed asset inventory system

It is recommended that the Borough develop a formal process to track fixed asset additions and disposals in the Edmunds fixed asset inventory module.

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

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

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

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

Removal of Grass Clippings, Yard Waste, Stumps and Logs, Leaves and Christmas Trees
2018 Road Resurfacing Program
2018 Ford F-350 Regular Cab and Chassis

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2018 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 November 30, 2018 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>
2018	8
2017	7
2016	7

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

APPRECIATION

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

**BOROUGH OF BERGENFIELD
RECOMMENDATIONS**

It is recommended that:

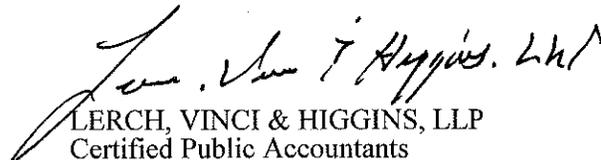
1. The Borough retain the pricing documents with the purchase order when making purchases through state contracts and national cooperatives.
2. The difference between the tax title lien account analysis and the tax title lien adjusted bank account balance are reconciled to determine the nature of the difference.
3. The Borough develop a formal process to track fixed asset additions and disposals in the Edmunds fixed asset inventory module.

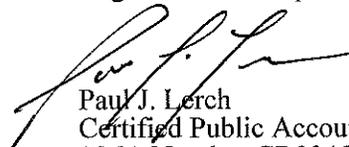
Status of Prior Year's Audit Findings/Recommendations

A review was performed on the prior year's recommendation and corrective action was taken.

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