

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 7, 2019**

**NEW ISSUE  
SERIAL BONDS**

**RATING: Moody's: "Aa2"**

*In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with its Tax Certificate described herein, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.*

**\$11,700,000 GENERAL IMPROVEMENT BONDS  
BOROUGH OF BERGENFIELD  
COUNTY OF BERGEN, NEW JERSEY  
(Book-Entry Only) (Callable)**

**Dated: February 15, 2019**

**Due: February 15, as shown below**

The \$11,700,000 General Improvement Bonds (the "Bonds") of the Borough of Bergenfield, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS – Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on February 15 of each of the years set forth below, and interest on the Bonds is payable on each February 15 and August 15, commencing August 15, 2019 in each year until maturity or prior redemption.

The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS – Prior Redemption" herein.

The Bonds are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and the interest thereon. The Borough is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

**MATURITY SCHEDULE, INTEREST RATES AND YIELDS**

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>
2020	\$ 1,000,000			2025	\$ 1,200,000		
2021	1,000,000			2026	1,200,000		
2022	1,200,000			2027	1,200,000		
2023	1,200,000			2028	1,250,000		
2024	1,200,000			2029	1,250,000		

*The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about February 26, 2019.*

**ELECTRONIC BIDS VIA PARITY AND  
SEALED PROPOSALS WILL BE RECEIVED  
UNTIL 11:00 O'CLOCK A.M. ON FEBRUARY 14, 2019  
AT THE MUNICIPAL BUILDING  
198 N. WASHINGTON AVENUE  
BERGENFIELD, NEW JERSEY 07621**

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and the information contained herein is subject to completion or amendment in accordance with applicable law. The Borough will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

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

**MAYOR**

Norman Schmelz

**BOROUGH COUNCIL**

Ora C. Kornbluth – Council President

Arvin Amatorio

Buddy Deauna

Thomas Lodato

Rafael Marte

Hernando Rivera

**BOROUGH ADMINISTRATOR**

Corey Gallo

**BOROUGH CLERK**

Marie Quinones

**CHIEF FINANCIAL OFFICER**

Richard Cahill

**BOROUGH ATTORNEY**

John Schettino, Esq.  
Hackensack, New Jersey

**BOROUGH AUDITOR**

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

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**BOND COUNSEL**

Rogut McCarthy LLC  
Cranford, New Jersey

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

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

The Underwriter has reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or the Underwriter.

**TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTION.....	1
THE BONDS .....	1
SECURITY AND SOURCE OF PAYMENT.....	4
AUTHORIZATION FOR THE BONDS .....	4
PURPOSE OF THE BONDS .....	4
NO DEFAULT.....	5
MARKET PROTECTION – BOND AND NOTE FINANCING.....	5
CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT.....	5
MUNICIPAL BUDGET .....	8
ASSESSMENT AND COLLECTION OF TAXES .....	12
TAX MATTERS .....	13
STATEMENT OF LITIGATION .....	14
LEGALITY FOR INVESTMENT .....	14
RATING.....	15
UNDERWRITING.....	15
MUNICIPAL ADVISOR.....	15
DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS .....	15
SECONDARY MARKET DISCLOSURE .....	16
PREPARATION OF OFFICIAL STATEMENT.....	18
APPROVAL OF OFFICIAL STATEMENT .....	18
ADDITIONAL INFORMATION .....	18
MISCELLANEOUS .....	19
Economic and Demographic Information Relating to the Borough of Bergenfield .....	Appendix A
Independent Auditor’s Report and Financial Statements .....	Appendix B
Proposed Form of Bond Counsel Opinion .....	Appendix C

**OFFICIAL STATEMENT  
OF THE BOROUGH OF BERGENFIELD  
IN THE COUNTY OF BERGEN, NEW JERSEY  
relating to**

**\$11,700,000 GENERAL IMPROVEMENT BONDS**

**INTRODUCTION**

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Bergenfield (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$11,700,000 General Improvement Bonds (the "Bonds") dated February 15, 2019. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and the Borough Clerk and may be distributed in connection with the Bonds.

This Preliminary Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriter and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

**THE BONDS**

**General Description**

The Bonds will be dated and bear interest from February 15, 2019 and will mature on February 15 in the years and in the principal amounts as set forth on the cover page. Interest on the Bonds is payable on each February 15 and August 15, commencing August 15, 2019 (each, an "Interest Payment Date"), in each year until maturity or prior redemption at the respective interest rates set forth on the cover page of this Official Statement. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as securities depository, by the Chief Financial Officer, as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See "Book-Entry Only System" herein.

## **Book-Entry Only System**

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

### **Prior Redemption**

The Bonds maturing on or before February 15, 2026 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 15, 2027 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after February 15, 2026, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Bond Registrar/Paying Agent shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Bond Registrar/Paying Agent at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. Such mailing is not a condition precedent to redemption and the failure to mail or to receive any redemption notice will not affect the validity of the redemption proceedings. If any Bond subject to redemption is part of a greater principal amount of the Bonds not to be redeemed, such entire amount shall be surrendered to the Bond Registrar/Paying Agent and, for that portion of the Bond not to be redeemed, a new Bond shall be issued in the name of the registered owner in an amount equal to the principal amount of the Bond surrendered less the amount to be redeemed.

## **SECURITY AND SOURCE OF PAYMENT**

The Bonds are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Bonds are direct obligations of the Borough and, unless paid from other sources, the Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Borough is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board in the Division of Local Government Services in the State of New Jersey Department of Community Affairs (the "Local Finance Board").

## **AUTHORIZATION FOR THE BONDS**

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"). The Bonds also are authorized by various bond ordinances adopted by the Borough Council of the Borough and by virtue of resolutions adopted by the Borough Council of the Borough on January 15, 2019.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Borough.

## **PURPOSE OF THE BONDS**

The proceeds of the Bonds will be used to (i) currently refund \$7,538,400 of the Borough's \$9,300,000 outstanding bond anticipation notes maturing on February 28, 2019 and (ii) provide funding for unfunded capital projects in the amount of \$4,161,600.

The projects to be funded by the sale are listed below:

<u>Ord No.</u>	<u>Description</u>	<u>Amount</u>
15-2475	Various Public Improvements	\$ 430,400
16-2490	Various Public Improvements	5,224,600
17-2507	Various Public Improvements	2,245,000
18-2524	Various Public Improvements	<u>3,800,000</u>
		<u>\$ 11,700,000</u>

**NO DEFAULT**

No principal or interest payments on Borough indebtedness are past due. The Borough has never defaulted in the payment of any bonds or notes.

**MARKET PROTECTION – BOND AND NOTE FINANCING**

The Borough does not contemplate issuing any additional bonds, or any tax anticipation notes during the remainder of 2019. The Borough may issue bond anticipation notes as needed during the remainder of 2019.

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

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

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

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

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director of the Division (the “Director”), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Borough's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

## Debt Limits

The net authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The average equalized valuation basis of the Borough is set by statute as the average for the last 3 years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Borough has not exceeded its statutory debt limit. On December 31, 2018 (Unaudited) the statutory net debt as a percentage of average equalized valuation was 0.912%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	<u>\$26,496,210</u>	<u>\$277,736</u>	<u>\$26,218,474</u>

## Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

## Short-Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

## School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Borough's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

### **The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)**

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

### **Investment of Municipal Funds**

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) U.S. Government money market mutual funds; (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities and repurchase agreements fully collateralized by securities set forth in (1) and (3) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-

90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 *et seq.*, or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in Government Obligations, Federal Government Agency Obligations, certain short-term investment-grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency Obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Borough has no investments in derivatives.

## **MUNICIPAL BUDGET**

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

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

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

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

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

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 *et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement;

expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Borough) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Borough's appropriation and tax levy increases for 2011 to 2018, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and available "CAP" banks and without conducting a referendum to exceed the cap limits. The Borough's 2019 budget has not been introduced as of the date of this Official Statement but is expected to be in compliance with both "CAPS" taking into account applicable adjustments and available "CAP" banks and without conducting a referendum to exceed the cap limit.

### **Miscellaneous Revenues**

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation of like amount. The fiscal years for such grants rarely coincide with the municipality's fiscal year. However, grant revenue is generally not realized until received in cash.

## Real Estate Taxes

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

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget.

The reserve requirement is calculated as follows:

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

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected taxes by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "Assessment And Collection of Taxes - Tax Collection Procedure" herein for a brief discussion of Chapter 99.

## Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the municipality. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

## Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between

sub-account line items within the same account at any time during the year, subject to approval by the governing body.

### **Operation of Utilities**

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Fiscal Year**

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Borough operated on a State fiscal year from July 1, 1994 to June 30, 2010. The Borough transitioned from a State fiscal year back to a calendar year with the 2010 transition year for the period July 1, 2010 to December 31, 2010.

### **Budget Process**

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

### **Capital Budget**

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period of the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

## ASSESSMENT AND COLLECTION OF TAXES

### Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Borough, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Borough. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

In response to the \$10,000 annual limitation on an individual's federal income tax deduction for state and local taxes paid (beginning in 2018 and ending in 2025) contained in the federal "Tax Cuts and Jobs Act", Pub. L. No. 115-97, New Jersey Governor Murphy signed into law Senate Bill No. 1893 ("S-1893") on May 4, 2018. S-1893, which took effect on July 3, 2018, subject to implementing regulations being adopted by various State agencies, authorizes municipalities, counties and school districts ("local units") to establish one or more charitable funds, each for specific public purposes, and permits certain donations to those charitable funds to be credited toward the donor's property tax obligation. Moneys held in a charitable fund are immediately available to pay debt service. The Internal Revenue Service (the "IRS") issued proposed regulations denying the deductibility (except for a de minimis amount) for federal income tax purposes of property tax credit donation mechanisms authorized by S-1893 and similar laws adopted in other states. The Borough makes no representations as to whether the proposed IRS regulations will be adopted in their present form or changed. Further, the Borough makes no representations as to whether any local units will establish charitable funds pursuant to S-1893 or how S-1893 will be implemented.

### Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Bergen County Tax Board, appeal may be made to the Tax Court of New Jersey, for a further hearing. Further, an assessment in excess of \$1,000,000 can be appealed directly to the Tax Court of New Jersey. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Bonds, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

### **Tax Opinions**

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals. For other Federal tax information, see "Tax Matters - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Bonds should be aware that ownership of governmental obligations, such as the Bonds, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Bonds. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

### **Proposals for Tax Changes**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and

state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

#### **STATEMENT OF LITIGATION**

There is no litigation pending or threatened restraining or enjoining the issuance or the delivery of the Bonds or the levy or the collection of taxes to pay the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes. There is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain lawsuits, none of a kind unusual for a Borough of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its bondholders. All of the Borough's tort actions are being defended by municipal joint insurance funds (which provide pooled private insurance coverage and self-insurance coverage to its members). The Borough is also insured for liability in excess of the limits provided by the municipal joint insurance funds. Pending municipal real estate appeals are limited in number and, based upon the Borough's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not in any way endanger the Borough's ability to pay its bondholders.

#### **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Borough, including the Bonds, and such Bonds are authorized security for any and all public deposits.

## **RATING**

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "Aa2" to the Bonds.

The rating reflects only the view of the Rating Agency and an explanation of the significance of the rating may only be obtained from the Rating Agency at the following address: 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The Borough forwarded to the Rating Agency certain information and materials concerning the Bonds and the Borough. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, the rating may have an adverse effect on the marketability or market price of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased at a public sale from the Borough for resale by \_\_\_\_\_ (the "Underwriter").

## **MUNICIPAL ADVISOR**

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

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS**

### **Absence of Litigation**

Upon delivery of the Bonds, the Borough shall furnish a certificate of the Borough Attorney, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough, or adversely affect the power of the Borough to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

### **Legal Matters**

The legality of the Bonds will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough, enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Form of Bond Counsel Opinion" herein.

### **Certificates of Borough Officials**

The original purchasers of the Bonds shall also receive a certificate, dated as of the date of delivery of the Bonds and signed by the Chief Financial Officer and the Borough Clerk that (a) as of the date of the Official Statement furnished by the Borough in relation to the Bonds, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Borough is not guaranteed as to accuracy, completeness or fairness, such officers have no reason to believe and do not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officers, since the date of said Official Statement and since the date of the sale of the Bonds, there has been no material transactions not in the ordinary course of affairs entered into by the Borough and no material adverse change in the general affairs of the Borough or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Bonds. In addition, the original purchasers of the Bonds shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Bonds and receipt of payment therefor and a certificate, dated as of the date of delivery of the Bonds and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of the said officers to their respective offices, is being contested.

### **SECONDARY MARKET DISCLOSURE**

The Borough has agreed, pursuant to a resolution adopted on January 15, 2019, to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB. Specifically, the Borough will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than seven months after the end of the Borough's fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2018, provide or cause to be provided, annual financial information with respect to the Borough consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Borough and (ii) certain financial information and operating data consisting of information concerning the Borough's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance of the type contained under the headings "Budget Information", "Financial Information" and "Debt Information" in Appendix A hereof. The audited financial statements will be prepared in accordance with mandated State

statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.

(B) Provide or cause to be provided in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds ;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough);
- (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(C) Provide or cause to be provided, in a timely manner, notice of a failure of the Borough to provide required annual financial information on or before the date specified above.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Borough fails to comply with the above-described undertaking, any Bondholder or beneficial owner of the Bonds may pursue an action for specific performance to enforce the rights of all Bondholders and beneficial owners with respect to such undertaking; *provided, however*, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds or any liability by the Borough for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Bondholders and beneficial owners of the Bonds.

The Borough reserves the right to terminate its obligation to provide annual financial information and notice of material events, as set forth above, if and when the Borough no longer remains an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12.

The undertaking may be amended by the Borough from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Borough, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Bondholders and the beneficial owners of the Bonds.

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with Rule 15c2-12, in a timely manner, under previous filing requirements, a material event notice in connection with an underlying rating change in 2014. Such notice of material event has since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Borough appointed Phoenix Advisors, LLC, in May of 2015 to serve as continuing disclosure agent.

#### **PREPARATION OF OFFICIAL STATEMENT**

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants, takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

The firm of Lerch, Vinci & Higgins, LLP, assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which Lerch, Vinci & Higgins, LLP, considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

#### **APPROVAL OF OFFICIAL STATEMENT**

Prior to the delivery of the Bonds, the Borough Council of the Borough will have adopted a resolution approving this Official Statement, deeming it a "final official statement" for purposes of Rule 15c2-12 and directing the Chief Financial Officer to deliver a reasonable number of copies thereof in final form to the Underwriter for their use in the sale, resale or distribution of the Bonds.

#### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Borough of Bergenfield, Municipal Building, 198 N. Washington Avenue, Bergenfield, New Jersey, Richard Cahill, Chief Financial Officer, (201) 387-4055 ext. 4053.

**MISCELLANEOUS**

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

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

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

By: /s/ \_\_\_\_\_  
Richard Cahill  
Chief Financial Officer

By: /s/ \_\_\_\_\_  
Marie Quinones  
Borough Clerk

Dated:

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**APPENDIX A**

**ECONOMIC AND DEMOGRAPHIC INFORMATION  
RELATING TO THE BOROUGH OF BERGENFIELD**

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## **GENERAL INFORMATION**

### **Size and Geographical Location**

The Borough of Bergenfield is a suburban community located in central Bergen County and encompasses three square miles. The Borough is situated approximately eight miles northwest of the George Washington Bridge which connects New Jersey to New York Borough. The Borough was incorporated in 1894 from the area known as Schraalenburgh, which once included the boroughs later known as Dumont, Haworth, New Milford and part of Cresskill.

### **Form of Government**

The Borough of Bergenfield is governed by a Mayor and Council consisting of the Mayor and six council members all elected in partisan elections. The Council members serve three-year terms which are staggered so that two seats are contested annually. The Mayor serves a four year term.

The administration and direction of the operation of the Borough is coordinated by the Borough Administrator subject to the approval of the Mayor and Council. All department directors report to the Administrator who serves as the chief personnel officer, budget officer and liaison between the public, operating departments and the governing body. The purchasing procedure has been centralized under the direction of a certified purchasing agent. The use of cooperative purchasing contracts with the State of New Jersey and Bergen County has resulted in significant cost savings.

The administration and operations of the Borough are provided by the following five Departments: Finance, Health, Public Works, Police and Fire. Each of the departments, with the exception of the Volunteer Fire Department, are directed by a full-time experienced professional. The Borough encourages the development of this professional staff and has recruited on a nationwide basis to attract the highest degree of professional management.

### **Protection**

The Borough maintains a well-trained professional police force of forty-eight uniformed officers including 7 detectives, the Chief as well as other administrative personnel. The Department has won national acclaim for its juvenile crime prevention programs. The Borough has provided the Department with marked and unmarked vehicles, motorcycles, four-wheel drive vehicles, a surveillance van and an emergency response vehicle.

The Volunteer Fire Department with sixty-five members is assisted by four paid firefighters, one paid ambulance driver and one paid inspector, ensuring the highest level of fire safety possible at all times. The Borough has provided the Department with two aerial apparatus, four pumpers, one emergency rescue vehicle, Chief's vehicles, one utility vehicle and one fire prevention vehicle.

The Bergenfield Volunteer Ambulance Corps consists of forty trained volunteer emergency medical technicians operating three fully equipped ambulances. The ambulance service is enhanced by the coordination of paramedic teams from three local hospitals. Bergenfield's Ambulance Service is unique in that every member is a volunteer and a licensed emergency medical technician.

## Public Works

The Department consists of four operating divisions under the direction of the Superintendent of Public Works. The Road and Sewer Division maintains all public roads, sewers and shade trees within the Borough. The Borough has consistently excelled in the maintenance of its infrastructure. The Sanitation Division provides collection of all trash and recycling, as well as collection of bulk refuse to every property. The Parks Division maintains seventeen parks and playgrounds. These facilities range from small neighborhood playgrounds to the large 30.56-acre Memorial Field. Facilities are annually upgraded with extra concern for safety.

## Educational System

The Borough's school district, coterminous with the Borough, is a type II school district, an independent legal entity administered by a five member Board of Education elected by the voters of the school district. The school district is not a part of any regional or consolidated school district, and neither receives nor sends students, except for a limited number of special education students. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. The school system is comprised of five elementary schools, one middle school, and one high school.

## Utilities

The Borough is fully served by utilities, with natural gas and electric provided by Public Service Electric and Gas Company and water provided by United Water of New Jersey. The sewer system, which includes the entire Borough, is connected to the Bergen County Utilities Authority ("BCUA") treatment plant in Little Ferry. The Borough makes quarterly payments to the BCUA based upon usage by the Borough of the BCUA's system. The Borough collects the sanitary sewerage charges from individual property owners as part of the general Borough property tax levy. The Borough and each of the other customers of the BCUA are legally required to provide annually their assessed portion of the BCUA's annual operating expenses, debt service and reserve requirements.

## Population

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

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>
Borough of Bergenfield	25,568	24,458	26,247	26,764	27,927
County of Bergen	845,385	825,380	884,118	905,116	948,406
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	9,005,644

Source: U.S. Census Bureau

## Estimated Income as of 2017

	<b>Median Household Income</b>	<b>Median Family Income</b>	<b>Per Capita Income</b>
Borough of Bergenfield	\$ 90,962	\$ 103,996	\$ 35,353
County of Bergen	88,487	107,465	44,978
State of New Jersey	73,702	90,757	37,538

Source: U.S. Census Bureau, 2013-2017 American Community Survey – 5 Year Estimates

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Labor Force, Employment and Unemployment

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

	<b>Total Labor Force</b>	<b>Employed Labor Force</b>	<b>Total Unemployed</b>	<b>Unemployment Rate</b>
<u>Borough of Bergenfield</u>				
2017	14,866	14,321	545	3.7%
2016	14,877	14,303	574	3.9%
2015	14,868	14,240	628	4.2%
2014	14,688	13,962	726	4.9%
2013	14,366	13,366	1,000	7.0%
<u>County of Bergen</u>				
2017	483,324	464,527	18,797	3.9%
2016	484,167	463,988	20,179	4.2%
2015	485,316	463,223	22,093	4.6%
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
<u>State of New Jersey</u>				
2017	4,518,800	4,309,700	209,100	4.6%
2016	4,524,300	4,299,900	224,400	5.0%
2015	4,530,500	4,267,900	262,600	5.8%
2014	4,518,700	4,218,400	300,300	6.6%
2013	4,537,800	4,166,000	371,800	8.2%

Source: New Jersey Department of Labor, Division of Planning & Research

**BUDGET INFORMATION**

**Summary of the Borough of Bergenfield Budgets  
Current Fund  
(as adopted)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Anticipated Revenues					
Fund Balance	\$ 3,700,000	\$ 2,700,000	\$ 2,664,028	\$ 1,900,000	\$ 1,950,000
Miscellaneous Revenues	4,189,328	3,937,814	4,009,888	4,114,221	3,882,192
Receipts from Delinquent Taxes	750,000	700,000	700,000	700,000	700,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>30,305,368</u>	<u>30,068,905</u>	<u>29,588,848</u>	<u>29,110,577</u>	<u>28,651,522</u>
	<u>\$ 38,944,696</u>	<u>\$ 37,406,719</u>	<u>\$ 36,962,764</u>	<u>\$ 35,824,798</u>	<u>\$ 35,183,714</u>
Appropriations					
Salaries and Wages	\$ 14,098,750	\$ 14,487,702	\$ 13,809,064	\$ 13,671,350	\$ 13,334,448
Other Expenses	15,922,668	15,231,496	15,247,686	14,805,590	14,652,787
Deferred Charges and Statutory Expenditures	3,800,993	2,946,494	2,856,586	2,708,823	2,662,991
Capital Improvement Fund	572,885	331,402	750,000	439,000	125,000
Municipal Debt Service	2,749,400	2,659,625	2,649,428	2,650,035	2,858,488
Reserve for Uncollected Taxes	<u>1,800,000</u>	<u>1,750,000</u>	<u>1,650,000</u>	<u>1,550,000</u>	<u>1,550,000</u>
	<u>\$ 38,944,696</u>	<u>\$ 37,406,719</u>	<u>\$ 36,962,764</u>	<u>\$ 35,824,798</u>	<u>\$ 35,183,714</u>

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Source: Borough of Bergenfield 2018 Adopted Budget and Annual Audits

## FINANCIAL INFORMATION

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

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$ 9,091,257	\$ 3,700,000
2016	8,095,010	2,700,000
2015	7,342,085	2,664,028
2014	6,371,445	1,900,000
2013	6,368,084	1,950,000

Source: Borough Annual Audit Reports

### Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2017	\$ 86,004,543	\$ 84,876,203	98.69%
2016	84,090,167	83,077,713	98.80%
2015	82,430,424	81,552,113	98.93%
2014	80,788,939	79,654,535	98.60%
2013	80,155,046	78,853,012	98.38%

Source: Borough Annual Audit Reports.

### Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2017	\$ 349,391	\$ 1,309,102	\$ 1,658,493	1.93%
2016	333,413	1,045,127	1,378,540	1.64%
2015	317,688	963,626	1,281,314	1.55%
2014	302,206	1,086,861	1,389,067	1.72%
2013	290,555	1,121,607	1,412,162	1.76%

Source: Borough Annual Audit Reports.

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

<u>Year</u>	<u>Amount</u>
2017	\$ 28,173
2016	28,173
2015	28,173
2014	28,173
2013	28,173

Source: Borough Annual Audit Reports.

**Ten Largest Taxpayers**

The ten largest taxpayers in the Borough and their 2018 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Rabinowitz, Charles (Trustee)	\$ 19,000,000
Tower Ivy Lane, LLC	18,850,000
Knickerbocker Country Club	17,000,000
Olster Bergenfield Properties	16,500,000
Tower Omni 2015 LLC	13,500,000
St. James Apts, VAP International	10,900,000
Pathmark Stores, LLC	10,215,400
Legion Manor Assoc., LLC	10,000,000
New Bridge Shopping Center LLC	7,100,000
Keepers Bergenfield LLC	5,496,700
	<u>\$ 128,562,100</u>

Source: Tax Assessor.

**Assessed Valuation  
Land Improvements by Class**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Industrial</u>	<u>Total</u>
2018	\$ 6,917,400	\$ 2,240,220,200	\$ 264,923,200	\$ 115,243,800	\$ 42,302,100	\$ 2,669,606,700
2017	7,257,700	2,218,874,700	267,250,300	114,531,300	42,302,100	2,650,216,100
2016	7,673,200	2,205,008,400	268,446,900	115,874,000	42,589,900	2,639,592,400
2015	7,187,600	2,196,822,200	269,567,700	116,438,800	42,589,900	2,632,606,200
2014	7,228,800	2,195,867,700	270,292,300	116,438,800	44,003,400	2,633,831,000

Source: Tax Duplicate.

**Assessed Valuations  
Net Valuation Taxable**

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2018	\$ 2,669,606,700	\$ 96,840	\$ 2,669,703,540	93.66%	\$ 2,857,758,807
2017	2,650,216,100	96,840	2,650,312,940	95.04%	2,766,941,136
2016	2,639,592,400	98,340	2,639,690,740	97.49%	2,714,961,138
2015	2,632,606,200	98,340	2,632,704,540	98.34%	2,684,336,177
2014	2,633,831,000	900,000	2,634,731,000	103.10%	2,563,061,673

Source: Tax Duplicate and Abstract of Ratables of Bergen County

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2018	\$ 3.238	\$ 1.135	\$ 1.842	\$ 0.261
2017	3.222	1.135	1.826	0.261
2016	3.171	1.120	1.798	0.253
2015	3.122	1.104	1.773	0.245
2014	3.065	1.087	1.753	0.225

Source: Tax Collector

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2018	\$ 86,427,922	\$ 30,305,368	\$ 49,157,916	\$ 6,964,638
2017	86,004,543	30,636,897	48,375,738	6,991,908
2016	84,090,167	29,964,781	47,436,611	6,688,775
2015	82,430,424	29,333,450	46,657,008	6,439,966
2014	80,788,939	28,686,772	46,194,008	5,908,159

Source: Tax Collector

## DEBT INFORMATION

### Debt Statements

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

### Debt Incurring Capacity As of December 31, 2018 (Unaudited)

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 2,873,643,507
3 1/2% Borrowing Margin	100,577,523
Net Debt Issued, Outstanding and Authorized	26,218,474
Remaining Municipal Borrowing Capacity	74,359,049
Local School	
4% Borrowing Margin	114,945,740
Debt Issued, Outstanding and Authorized	-
Remaining School Borrowing Capacity	114,945,740

### Gross and Statutory Net Debt as of

<u>Year</u>	<u>Gross Debt</u> <u>Amount</u>	<u>Statutory Net Debt</u> <u>Amount</u>	<u>Percentage</u>
2018 (Unaudited)	\$ 26,496,210	\$ 26,218,474	0.912%
2017	14,523,579	14,245,843	0.516%
2016	14,146,621	13,862,829	0.512%
2015	11,468,971	11,191,262	0.423%
2014	11,271,507	10,827,270	0.415%

Source: Borough of Bergenfield Audit Reports and 2018 Annual Debt Statement.

**BOROUGH OF BERGENFIELD**  
**Statement of Indebtedness**  
**As of December 31, 2018 (Unaudited)**

**GENERAL PURPOSES**

Bonds Issued and Outstanding	\$ 1,555,000
Bond Anticipation Notes	9,300,000
Loans	79,610
Bonds and Notes Authorized But Not Issued	<u>15,561,600</u>

TOTAL GROSS DEBT \$ 26,496,210

**STATUTORY DEDUCTIONS**

Municipal Purpose	<u>277,736</u>
-------------------	----------------

TOTAL NET DEBT \$ 26,218,474

**OVERLAPPING DEBT**

County of Bergen (Note 1)	\$ 20,330,740
Bergen County Utilities Authority (Note 2)	<u>5,941,655</u>

TOTAL OVERLAPPING DEBT \$ 26,272,395

**GROSS DEBT**

Per Capita (2017 - 27,927)	\$ 949
Percent of Net Valuation Taxable (2018 - \$2,669,703,540)	0.99%
Percent of Estimated True Value of Real Property (2018 - \$2,857,758,807)	0.93%

**NET MUNICIPAL DEBT**

Per Capita (2017 - 27,927)	\$ 939
Percent of Net Valuation Taxable (2018 - \$2,669,703,540)	0.98%
Percent of Estimated True Value of Real Property (2018 - \$2,857,758,807)	0.92%

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

Per Capita (2017 - 27,927)	\$ 1,890
Percent of Net Valuation Taxable (2018 - \$2,669,703,540)	1.98%
Percent of Estimated True Value of Real Property (2018 - \$2,857,758,807)	1.85%

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

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

Source: Borough of Bergenfield 2018 Annual Debt Statement.

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**APPENDIX B**

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
OF THE BOROUGH OF BERGENFIELD,  
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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SHERYL M. NICOLosi, CPA  
ROBERT LERCH, CPA

## **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, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017 and 2016, or changes in financial position, or, where applicable for the years then ended.

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

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 25 percent and 21 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2017 and 2016.

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

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Bergenfield as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the years then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2018 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.

By/s/

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

Fair Lawn, New Jersey  
May 31, 2018

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Cash	\$17,183,788	\$ 13,951,293
Cash - Change Funds	3,850	3,850
Due from the State of New Jersey		
Senior and Veteran's Discounts	10,744	13,494
Grants Receivable	<u>905,116</u>	<u>863,246</u>
	<u>18,103,498</u>	<u>14,831,883</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes	1,309,102	1,045,127
Delinquent Property Taxes- Special Improvement District	15,145	
Tax Title Liens	349,391	333,413
Property Acquired for Taxes (at Assessed Valuation)	28,173	28,173
Other Liens Receivable	2,500	2,500
Revenue Accounts Receivable	-	11,667
Due from Animal Control Fund	6,767	7,308
Due from Other Trust Fund- FSA	2,500	
Due from Other Trust Fund- Trust	14,916	
Due from Other Trust Fund- Escrow	<u>32</u>	<u>-</u>
	<u>1,728,526</u>	<u>1,428,188</u>
Deferred Charges		
Emergency Authorization	<u>3,820</u>	<u>3,820</u>
Total Assets	<u>\$ 19,835,844</u>	<u>\$ 16,263,891</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Appropriation Reserves	1,991,969	\$ 2,097,204
Encumbrances Payable	1,160,062	1,321,972
Encumbrances Payable - Reserve for Grants	311,317	447,968
Accounts Payable	213,601	163,588
Reserve for Tax Appeals	1,604,543	1,437,146
Tax Overpayments		5,697
Tax Overpayments- Special Improvement District	1,818	82,089
Prepaid Taxes	3,021,019	428,942
Prepaid Taxes- Special Improvement District	6,451	5,433
Due County for Added & Omitted Taxes	65,269	30,920
Reserve for:		
Master Plan	2,570	2,570
Appropriated Reserve for Grants	504,327	606,854
Unappropriated Reserve for Grants	86,507	86,755
Due to Special Improvement District	46,608	22,680
Due to Other Trust- Net Payroll	-	603
Due to Other Trust- Payroll Deduction	-	172
Due to Other Trust Fund	-	100
	<u>9,016,061</u>	<u>6,740,693</u>
Reserve for Receivables and Other Assets	1,728,526	1,428,188
Fund Balance	<u>9,091,257</u>	<u>8,095,010</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 19,835,844</u>	<u>\$ 16,263,891</u>

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

	<u>2017</u>	<u>2016</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 2,700,000	\$ 2,664,028
Miscellaneous Revenue Anticipated	4,727,374	4,598,922
Receipts from Delinquent Taxes	935,717	611,300
Receipts from Current Taxes	84,476,203	82,902,713
Non-Budget Revenue	597,683	674,043
Other Credits to Income		
Cancel Appropriated Reserve Balances	1	54,715
Interfunds Returned, Net	7,308	50,897
Statutory Excess - Animal Control	6,767	7,308
Unexpended Balances of Appropriation Reserves	<u>1,649,123</u>	<u>1,531,994</u>
	<u>95,100,176</u>	<u>93,095,920</u>
<b>EXPENDITURES</b>		
Budget Appropriations		
Operations		
Salaries and Wages	13,873,777	13,804,064
Other Expenses	15,838,640	15,317,652
Deferred Charges and Statutory Expenditures - Municipal	3,004,294	2,840,386
Capital Improvements	659,720	892,254
Municipal Debt Service	2,624,935	2,647,312
County Taxes Payable	6,991,908	6,688,775
Local District School Taxes Payable	48,375,738	47,436,611
Other Debits to Income		-
Restore Prior Year Appropriated Reserve for Grants		6,685
Refund Prior Year Revenue	9,022	
Senior and Veteran's Discounts Disallowed Prior Year	5,500	6,000
Interfunds Advanced	24,215	-
Cancellation of Grants Receivable Balances	<u>-</u>	<u>43,048</u>
Total Expenditures	<u>91,407,749</u>	<u>89,682,787</u>
Excess in Revenue	3,692,427	3,413,133
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>3,820</u>	<u>3,820</u>
Statutory Excess to Fund Balance	3,696,247	3,416,953
Fund Balance, Beginning of Year	<u>8,095,010</u>	<u>7,342,085</u>
	11,791,257	10,759,038
Decreased by		
Utilization as Anticipated Revenue	<u>2,700,000</u>	<u>2,664,028</u>
Fund Balance, End of Year	<u>\$ 9,091,257</u>	<u>\$ 8,095,010</u>

The Accompanying Notes are an Integral Part of These Financial Statements

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

	<u>2017</u>		<u>2016</u>	
	<u>Budget After Modification</u>	<u>Actual</u>	<u>Budget After Modification</u>	<u>Actual</u>
FUND BALANCE ANTICIPATED	\$ 2,700,000	\$ 2,700,000	\$ 2,664,028	2,664,028
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	30,000	33,064	30,000	30,664
Other	8,000	9,213	8,000	8,362
Fees and Permits	60,000	57,148	60,000	64,618
Fines and Costs				
Municipal Court	325,000	364,081	298,000	401,113
Interest and Costs on Taxes	150,000	202,424	180,000	151,486
Interest on Investments and Deposits	40,000	88,976	30,000	59,141
PILOT Senior Citizen Complex	77,000	89,457	76,300	88,960
Site Rental - Cablevision	80,000	88,815	80,000	83,229
Franchise Fees - Cablevision	182,000	182,618	190,000	190,467
Franchise Fees - Verizon	145,000	145,189	105,000	143,558
Rental of Tennis Courts	20,000	17,000	20,000	20,000
Cell Tower Rental Fee	40,000	60,754	125,000	42,113
Recycling Program	20,000	51,843	45,000	22,973
Recreation Fees	20,000	33,632	20,000	21,655
Energy Receipts Tax	1,807,735	1,807,735	1,797,423	1,797,423
Consolidated Municipal Property Tax Relief Aid	173,922	173,922	184,234	184,234
Uniform Construction Code Fees	500,000	635,241	400,000	691,968
Uniform Fire Safety Act	60,000	99,921	50,000	110,494
Hackensack Interlocal Agreement- Health Services		11,667	37,917	26,250
Sustainable Jersey Small Grants Program			2,000	2,000
Recycling Tonnage Grant - Reserve	27,725	27,725		
Driving Enforcement Fund - Reserve	5,342	5,342		
Municipal Alliance	15,279	15,279	30,558	30,558
Body Armor Grant - Reserve	8,224	8,224		
Clean Communities- Reserve	49,212	49,212	43,047	43,047
Alcohol Ed- Reserve	242	242	1,355	1,355
Drive Sober or Get Pulled Over Grant	5,500	5,500		
Distracted Driving Grant	5,280	5,280		
Bulletproof Vest Partnership Grant	2,025	2,025		
Mayor's Wellness Program	1,000	1,000		
Pedestrian Safety, Education and Enforcement Fund	15,000	15,000	16,000	16,000
New Jersey Forest Service - CSIP	30,000	30,000		
South Presbyterian Church- Police Dept Safety Program Reserve	125	125		
Bergen County - CDBG Bergen Ave Improvements	81,402	81,402		
Bergen County Open Space Trust - Multi-Field Lighting			80,000	80,000
Bergen County Open Space Trust - Memorial Field Lighting			62,254	62,254
US Department of Housing - CDBG - Carlson Place Improvements			76,000	76,000
NJ Department of Transportation - Woodbine and Front Street			149,000	149,000
NJ Department of Transportation- West Central Ave	172,818	172,818		
NJ Department of Transportation- Woodbine Ave	<u>155,500</u>	<u>155,500</u>	<u>-</u>	<u>-</u>
Total Miscellaneous Revenues	<u>4,313,331</u>	<u>4,727,374</u>	<u>4,197,088</u>	<u>4,598,922</u>
Receipts from Delinquent Taxes	<u>700,000</u>	<u>935,717</u>	<u>700,000</u>	<u>611,300</u>
Amount to be Raised by Taxes to Support Municipal Budget	29,152,761	29,942,413	28,688,687	29,527,166
Minimum Library Tax	<u>916,144</u>	<u>916,144</u>	<u>900,161</u>	<u>900,161</u>
Total Amount to be Raised by Taxes for Support Municipal Budget	<u>30,068,905</u>	<u>30,858,557</u>	<u>29,588,848</u>	<u>30,427,327</u>
Total General Revenues	<u>\$ 37,782,236</u>	<u>\$ 39,221,648</u>	<u>\$ 37,149,964</u>	<u>38,301,577</u>

The Accompanying Notes are an Integral Part of These Financial Statements

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**2017 STATEMENT OF EXPENDITURES**

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATIONS - WITHIN "CAPS"	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 201,000	\$ 201,000	\$ 199,000	\$ 2,000	
Other Expenses	151,450	151,450	121,484	29,966	
Grant Consultant	36,000	36,000	33,000	3,000	
Mayor & Council					
Salaries and Wages	42,000	42,000	31,542	10,458	
Other Expenses	1,000	1,000	-	1,000	
Municipal Clerk					
Salaries and Wages	179,000	212,000	204,745	7,255	
Other Expenses	71,100	71,100	56,497	14,603	
Financial Administration (Treasury)					
Salaries and Wages	233,000	233,000	208,381	24,619	
Other Expenses	46,800	46,800	25,664	21,136	
Audit Services					
Other Expenses	82,000	82,000	62,937	19,063	
Revenue Administration (Tax Collection)					
Salaries and Wages	114,000	113,500	102,657	10,843	
Other Expenses	22,300	22,800	21,647	1,153	
Tax Assessment Administration					
Salaries and Wages	30,100	30,100	28,558	1,542	
Other Expenses	22,800	22,800	22,289	511	
Legal Services (Legal Department)					
Other Expenses	250,000	250,000	228,878	21,122	
Insurance					
Unemployment Insurance	30,000	30,000	30,000	-	
Workers Compensation Insurance	570,000	570,000	554,429	15,571	
Liability Insurance	425,000	425,000	413,328	11,672	
Group Insurance Plan for Employees	5,803,650	5,803,650	5,593,450	210,200	
Other Insurance	10,000	10,000	10,000	-	
Engineering Services - Other Expenses	160,000	210,000	160,608	49,392	
Planning Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	500	500		500	
Site Plan					
Salaries and Wages	1,250	1,250	1,200	50	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 1,250	\$ 1,250	\$ 1,200	\$ 50	
Other Expenses	10,250	10,250		10,250	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	7,556,300	7,523,300	7,283,919	239,381	
Other Expenses	179,150	179,150	158,952	20,198	
Other Expenses - Acquisition of Police Vehicles	22,000	22,000	21,472	528	
Office of Emergency Management					
Salaries and Wages	5,000	5,000	4,562	438	
Other Expenses	12,500	12,500	8,534	3,966	
First Aid Organization					
Other Expenses	86,500	86,500	82,738	3,762	
Fire Official					
Salaries and Wages	136,000	136,000	85,731	50,269	
Other Expenses	19,350	19,350	19,197	153	
Fire Department					
Salaries and Wages	680,000	650,000	620,784	29,216	
Other Expenses	175,500	205,500	183,008	22,492	
Fire Hydrant Service	250,000	250,000	246,329	3,671	
Municipal Prosecutors Office					
Other Expenses	18,000	20,500	19,692	808	
Municipal Court					
Salaries and Wages	134,000	140,000	136,652	3,348	
Other Expenses	18,800	18,800	10,104	8,696	
Public Defender (P.L. 1997, C. 256)					
Other Expenses	8,000	8,000	7,000	1,000	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,061,702	1,061,702	942,620	119,082	
Other Expenses	255,000	255,000	100,731	154,269	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 137,500	\$ 147,500	\$ 147,500	-	
Solid Waste Collection					
Salaries and Wages	2,242,000	2,083,575	1,989,230	\$ 94,345	
Other Expenses	230,000	217,500	128,052	89,448	
Vehicle Maintenance (Including Police)					
Other Expenses	78,000	128,000	113,337	14,663	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	371,500	371,500	371,011	489	
Other Expenses	64,450	64,450	56,091	8,359	
Environmental Committee					
Other Expenses	500	500	250	250	
Ecology					
Other Expenses	100	100		100	
Welfare/Administration of Public Assistance					
Salaries and Wages	8,000	8,000	7,000	1,000	
Other Expenses	250	250		250	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	150,000	150,000	117,662	32,338	
Other Expenses	62,600	62,600	31,261	31,339	
Community Affairs - Senior Citizens					
Salaries and Wages	21,100	21,100	18,191	2,909	
Other Expenses	20,000	20,000	12,007	7,993	
Maintenance of Parks					
Salaries and Wages	565,000	535,000	446,086	88,914	
Other Expenses	92,500	92,500	76,244	16,256	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 49,000	\$ 49,000	\$ 47,814	\$ 1,186	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Building Inspector					
Salaries and Wages	330,500	354,500	352,401	2,099	
Other Expenses	27,100	27,100	18,441	8,659	
Construction Code Official					
Other Expenses	1,850	1,850	190	1,660	
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	272	128	
Shade Tree Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	550	675	673	2	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	230,000	230,000	220,849	9,151	
Street Lighting	245,000	245,000	177,569	67,431	
Telephone	65,000	65,000	56,946	8,054	
Water	75,000	75,000	52,375	22,625	
Gasoline	250,000	250,000	174,645	75,355	

**BOROUGH OF BERGENFIELD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 940,000	\$ 940,000	\$ 847,302	\$ 92,698	-
 Total Operations Within "CAPS"	25,375,352	25,317,052	23,511,718	1,805,334	-
 Contingent	2,500	2,500	2,173	327	-
 Total Operations Including Contingent Within "CAPS"	<u>25,377,852</u>	<u>25,319,552</u>	<u>23,513,891</u>	<u>1,805,661</u>	-
 Detail:					
Salaries and Wages	14,487,702	13,873,777	13,153,370	720,407	-
Other Expenses (Including Contingent)	<u>10,890,150</u>	<u>11,445,775</u>	<u>10,360,521</u>	<u>1,085,254</u>	-
 Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
 STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	41,500	41,500	22,177	19,323	
Social Security Syst. (O.A.S.I.)	610,000	610,000	572,734	37,266	
Police and Fireman's Retirement System	1,586,461	1,586,461	1,586,461	-	
Public Employees Retirement System	<u>704,713</u>	<u>762,513</u>	<u>762,513</u>	-	-
 Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>2,942,674</u>	<u>3,000,474</u>	<u>2,943,885</u>	<u>56,589</u>	-
 Total General Appropriations for Municipal Purposes Within "CAPS"	<u>28,320,526</u>	<u>28,320,026</u>	<u>26,457,776</u>	<u>1,862,250</u>	-
 OPERATIONS - EXCLUDED FROM "CAPS"					
 EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,375,300	1,375,300	1,323,306	51,994	

**BOROUGH OF BERGENFIELD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal - BCUA					
Operation and Maintenance Costs	\$ 1,833,165	\$ 1,833,165	\$ 1,833,165		-
Debt Service Costs	709,126	709,126	709,126		
Sewerage Processing and Disposal - Tenafly	8,000	8,500	8,500		-
PUBLIC SAFETY					
Fire Department					
LOSAP - Other Expenses	65,000	65,000	64,734	\$ 266	
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	33,000	33,000	30,910	2,090	
OTHER COMMON OPERATING FUNCTIONS					
Reserve for Tax Appeals	100,000	100,000	100,000		-
DECLARED STATE OF EMERGENCY - SNOW REMOVAL	100,000	100,000	24,631	75,369	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
NJ Forest Service - CSIP	30,000	30,000	30,000		-
Alcohol Ed & Rehab Fund	242	242	242		
Municipal Alliance	-	15,279	15,279		
Municipal Alliance - Local Share		3,820	3,820		
Body Armour Grant	4,109	8,224	8,224		
Pedestrian Safety Grant	-	15,000	15,000		-
Drive Sober or Get Pulled Over Grant		5,500	5,500		
Clean Communities	49,212	49,212	49,212		
Police Safety	125	125	125		
Recycling Tonnage	27,725	27,725	27,725		
Mayor's Wellness Program	1,000	1,000	1,000		
Bulletproof Vest Partnership - USDOJ		2,025	2,025		
Drunk Driving Enforcement Fund	5,342	5,342	5,342		
Distracted Driving Grant	-	5,280	5,280		-
	<u>4,341,346</u>	<u>4,392,865</u>	<u>4,263,146</u>	<u>129,719</u>	<u>-</u>
Total Operations - Excluded from "CAPS"					
Detail:					
Salaries and Wages					
Other Expenses	<u>4,341,346</u>	<u>4,392,865</u>	<u>4,263,146</u>	<u>129,719</u>	<u>-</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Appropriated</u>	<u>Expended</u>		Unexpended
	Budget	Budget After Modification	Paid or Charged	Balance Cancelled
			<u>Reserved</u>	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>				
Capital Improvement Fund	\$ 250,000	\$ 250,000	\$ 250,000	
US Dept. of Housing - Carlson Place Improvements	81,402	81,402	81,402	
NJDOT - West Central Avenue		172,818	172,818	
NJDOT - Woodbine & Front Street	-	<u>155,500</u>	<u>155,500</u>	-
 Total Capital Improvement Excluded from "CAPS"	 <u>331,402</u>	 <u>659,720</u>	 <u>659,720</u>	 <u>-</u>
 <b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>				
Payment of Bond Principal	475,000	475,000	475,000	
Payment of Bond Anticipation Notes and Capital Notes	2,000,000	2,000,000	2,000,000	
Interest on Bonds	45,000	45,000	43,519	\$ 1,481
Interest on Notes	45,000	45,000	42,904	2,096
Loan Repayments for Principal and Interest	14,625	14,625	14,147	478
Wastewater Loan Principal and Interest	<u>80,000</u>	<u>80,000</u>	<u>49,365</u>	<u>-</u>
 Total Municipal Debt Service Excluded from "CAPS"	 <u>2,659,625</u>	 <u>2,659,625</u>	 <u>2,624,935</u>	 <u>-</u>
 Deferred Charge Emergency Authorization	 <u>3,820</u>	 <u>3,820</u>	 <u>3,820</u>	 <u>-</u>
 Total General Appropriations Excluded from "CAPS"	 <u>7,336,193</u>	 <u>7,716,030</u>	 <u>7,551,621</u>	 <u>\$ 129,719</u>
 Total General Appropriations	 35,656,719	 36,036,056	 34,009,397	 1,991,969
 Reserve for Uncollected Taxes	 <u>1,750,000</u>	 <u>1,750,000</u>	 <u>1,750,000</u>	 <u>-</u>
 Total General Appropriations	 <u>\$37,406,719</u>	 <u>\$37,786,056</u>	 <u>\$ 35,759,397</u>	 <u>\$ 1,991,969</u>
 Budget as Adopted		\$37,406,719		
Emergency Authorization N.J.S.A. 40A:4-55.1		3,820		
Added by N.J.S.A. 40A:4-87		<u>375,517</u>		
		<u>\$37,786,056</u>		

**2016 STATEMENT OF EXPENDITURES**

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

	<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	\$ 201,000	\$ 201,000	\$ 199,477	\$ 1,523	
Other Expenses	139,850	139,850	112,899	26,951	
Grant Consultant	75,000	55,000	33,000	22,000	
Mayor & Council					
Salaries and Wages	42,000	42,000	40,734	1,266	
Other Expenses	2,000	2,000	-	2,000	
Municipal Clerk					
Salaries and Wages	174,000	174,000	160,313	13,687	
Other Expenses	68,750	68,750	59,930	8,820	
Financial Administration (Treasury)					
Salaries and Wages	166,000	171,000	167,714	3,286	
Other Expenses	51,800	51,800	19,729	32,071	
Audit Services					
Other Expenses	82,000	82,000	70,584	11,416	
Revenue Administration (Tax Collection)					
Salaries and Wages	132,000	127,000	117,581	9,419	
Other Expenses	32,650	32,650	16,634	16,016	
Tax Assessment Administration					
Salaries and Wages	55,100	55,100	28,304	26,796	
Other Expenses	23,250	23,250	7,741	15,509	
Legal Services (Legal Department)					
Other Expenses	270,000	270,000	184,836	85,164	
Insurance					
Unemployment Insurance	30,000	30,000	30,000	-	
Workers Compensation Insurance	565,000	565,000	550,257	14,743	
Liability Insurance	5,000	5,000	3,750	1,250	
Group Insurance Plan for Employees	5,512,243	5,512,243	5,366,322	145,921	
Other Insurance	415,000	415,000	407,112	7,888	
Engineering Services - Other Expenses	160,000	160,000	112,107	47,893	
Planning Board					
Salaries and Wages	1,250	1,250	969	281	
Other Expenses	500	500		500	
Site Plan					
Salaries and Wages	1,250	1,250		1,250	

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

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

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

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

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

	<u>Appropriated</u>		<u>Expended</u>		<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 - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 46,500	\$ 46,500	\$ 39,192	\$ 7,308	
Accumulated Leave Compensation	25,000	25,000	25,000	-	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Building Inspector					
Salaries and Wages	330,500	330,500	308,186	22,314	
Other Expenses	27,350	27,350	15,262	12,088	
Construction Code Official					
Other Expenses	1,850	1,850	968	882	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses	200	200		200	
Barrier-Free					
Salaries and Wages	1,250	1,250		1,250	
Other Expenses	400	400	304	96	
Shade Tree Board					
Salaries and Wages	1,250	1,250	1,108	142	
Other Expenses	550	550		550	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	250,000	250,000	186,010	63,990	
Street Lighting	245,000	245,000	208,629	36,371	
Telephone	70,000	70,000	53,754	16,246	
Water	75,000	75,000	75,000	-	
Gasoline	275,000	240,000	130,336	109,664	

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

	<u>Appropriated</u>		<u>Expended</u>		<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	\$ 925,000	\$ 925,000	\$ 858,749	\$ 66,251	-
Total Operations Within "CAPS"	24,735,857	24,752,057	23,083,668	1,668,389	-
Contingent	2,500	2,500	1,468	1,032	-
Total Operations Including Contingent Within "CAPS"	24,738,357	24,754,557	23,085,136	1,669,421	-
Detail:					
Salaries and Wages	13,809,064	13,804,064	13,049,168	754,896	-
Other Expenses (Including Contingent)	10,929,293	10,950,493	10,035,968	914,525	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	10,000	10,000	-	10,000	
Social Security Syst. (O.A.S.I.)	625,000	608,800	555,712	53,088	
Police and Fireman's Retirement System	1,540,777	1,540,777	1,540,777	-	
Public Employees Retirement System	680,809	680,809	680,809	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,856,586	2,840,386	2,777,298	63,088	-
Total General Appropriations for Municipal Purposes Within "CAPS"	27,594,943	27,594,943	25,862,434	1,732,509	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,376,000	1,376,000	1,314,510	61,490	

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

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

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

	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Reserved</u> <u>Cancelled</u>
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>				
Capital Improvement Fund	\$ 225,000	\$ 225,000	\$ 225,000	
US Dept. of Housing - Carlson Place Improvements	76,000	76,000	76,000	
Sanitation System - Acquisition of Equipment	100,000	100,000	100,000	
Road Improvement Program	200,000	200,000	118,438	\$ 81,562
Bergen County Open Space	-	142,254	142,254	
NJDOT - Woodbine & Front Street	<u>149,000</u>	<u>149,000</u>	<u>149,000</u>	<u>-</u>
Total Capital Improvement Excluded from "CAPS"	<u>750,000</u>	<u>892,254</u>	<u>810,692</u>	<u>81,562</u> <u>-</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>				
Payment of Bond Principal	475,000	475,000	475,000	
Payment of Bond Anticipation Notes and Capital Notes	1,983,128	1,983,128	1,983,128	
Interest on Bonds	40,100	40,453	40,453	-
Interest on Notes	55,300	55,300	55,230	\$ 70
Green Trust Loan Program				-
Loan Repayments for Principal and Interest	14,400	14,400	14,147	253
Wastewater Loan Principal and Interest	<u>81,500</u>	<u>81,147</u>	<u>79,354</u>	<u>-</u> <u>1,793</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>2,649,428</u>	<u>2,649,428</u>	<u>2,647,312</u>	<u>-</u> <u>2,116</u>
Total General Appropriations Excluded from "CAPS"	<u>7,717,821</u>	<u>7,908,841</u>	<u>7,542,030</u>	<u>364,695</u> <u>2,116</u>
Total General Appropriations	35,312,764	35,503,784	33,404,464	2,097,204 2,116
Reserve for Uncollected Taxes	<u>1,650,000</u>	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u> <u>-</u>
Total General Appropriations	<u>\$36,962,764</u>	<u>\$37,153,784</u>	<u>\$35,054,464</u>	<u>\$ 2,097,204</u> <u>\$ 2,116</u>
Budget as Adopted		\$36,962,764		
Emergency Authorization N.J.S.A. 40A:4-55.1		3,820		
Added by N.J.S.A. 40A:4-87		<u>187,200</u>		
		<u>\$37,153,784</u>		

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>		
Cash	\$ 314,683	\$ 320,692
	<u>314,683</u>	<u>320,692</u>
<b>ANIMAL CONTROL TRUST FUND</b>		
Cash	<u>28,050</u>	<u>28,423</u>
	<u>28,050</u>	<u>28,423</u>
<b>OTHER TRUST FUND</b>		
Cash	3,960,007	4,330,372
Due from Current Fund- Net Payroll	-	603
Due from Current Fund- Payroll Deductions	-	172
Due From Current Fund - Other Trust	<u>-</u>	<u>100</u>
	<u>3,960,007</u>	<u>4,331,247</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>		
Investments	1,386,318	1,148,657
Contribution Receivable	<u>59,657</u>	<u>64,734</u>
	<u>1,445,975</u>	<u>1,213,391</u>
Total Assets	<u>\$ 5,748,715</u>	<u>\$ 5,893,753</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES AND RESERVES</b>		
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>		
Reserve for Unemployment Compensation Insurance	\$ 314,683	\$ 320,692
	<u>314,683</u>	<u>320,692</u>
<b>ANIMAL CONTROL TRUST FUND</b>		
Due to Current Fund	6,767	7,308
Due to State of New Jersey	52	17
Reserve for Animal Control Expenditures	<u>21,231</u>	<u>21,098</u>
	<u>28,050</u>	<u>28,423</u>
<b>OTHER TRUST FUND</b>		
Due to Current Fund - Other Trust Flex Spending	2,500	-
Due to Current Fund - Escrow Trust	32	-
Due to Current Fund - Trust Other	14,916	-
Reserve for:		
Payroll Deductions and Withholdings	114,471	233,760
Miscellaneous Deposits	<u>3,828,088</u>	<u>4,097,487</u>
	<u>3,960,007</u>	<u>4,331,247</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>		
Reserve for LOSAP	<u>1,445,975</u>	<u>1,213,391</u>
Total Liabilities and Reserves	<u>\$ 5,748,715</u>	<u>\$ 5,893,753</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 4,951,850	\$ 3,435,815
Deferred Charges to Future Taxation		
Funded	2,161,979	2,723,965
Unfunded	<u>12,361,600</u>	<u>11,416,600</u>
 Total Assets	 <u>\$ 19,475,429</u>	 <u>\$ 17,576,380</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
General Serial Bonds	\$ 2,070,000	\$ 2,545,000
Wastewater Loan Payable	-	74,861
EDA Loan Payable	91,979	104,104
Bond Anticipation Notes Payable	9,192,000	6,198,000
Contracts Payable	3,020,186	1,303,368
Improvement Authorizations		
Funded	1,118,068	961,130
Unfunded	2,541,511	5,133,591
Reserve for Payment of Bonds	277,736	277,736
Capital Improvement Fund	897,988	802,988
Fund Balance	<u>265,961</u>	<u>175,602</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 19,475,429</u>	 <u>\$ 17,576,380</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$3,169,600 and \$5,224,656, respectively.

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

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 175,602	\$ 163,820
Increased by:		
Cancellation of Improvement Authorizations		11,782
Premium on Sale of Notes	<u>90,359</u>	<u>-</u>
Balance, December 31	<u>\$ 265,961</u>	<u>\$ 175,602</u>

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

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 5,166,563	\$ 5,196,563
Construction in Progress	17,395	
Buildings and Building Improvements	9,353,475	8,773,825
Machinery and Equipment	<u>12,420,005</u>	<u>11,663,425</u>
Total Assets	<u>\$ 26,957,438</u>	<u>\$ 25,633,813</u>
Investment in General Fixed Assets	<u>\$ 26,957,438</u>	<u>\$ 25,633,813</u>

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**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 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, 2017 AND 2016**

**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.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

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

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

**Financial Statements – Regulatory Basis**

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The 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.

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

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

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**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.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

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

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

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

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

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

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

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

**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.

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

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

**General Fixed Assets (Continued)**

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust 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 2017 and 2016 the Borough Council increased the original budget by \$379,337 and \$191,020. The increases were funded by additional aid allotted to the Borough and an emergency resolution for the local match on the Municipal Alliance grant. In addition, the governing body approved several budget transfers during 2017 and 2016.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$26,442,228 and \$22,070,445 and bank and brokerage firm balances of the Borough's deposits amounted to \$26,498,641 and \$22,608,605, 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>2017</u>	<u>2016</u>
Insured	\$ 26,498,641	\$ 22,608,605

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, 2017 and 2016, the Borough’s bank balances were not exposed to custodial credit risk.

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

**B. Investments (Continued)**

As of December 31, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value</u>
<b><u>2017</u></b>	
<u>Investment:</u> LOSAP (Unaudited)	\$ <u>1,386,318</u>
<b><u>2016</u></b>	
<u>Investment:</u> LOSAP (Unaudited)	\$ <u>1,148,657</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, 2017 and 2016, \$1,386,318 and \$1,148,657 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<b><u>2017</u></b>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,386,318</u>
<b><u>2016</u></b>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>1,148,657</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, 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(s) was/were based on quoted market prices.

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
<u>Current Fund</u>		
Property Taxes	\$ 1,309,102	\$ 1,045,127
Special Improvement District Taxes	15,145	
Tax Title Liens	<u>349,391</u>	<u>333,413</u>
	.	.
	<u>\$ 1,673,638</u>	<u>\$ 1,378,540</u>

In 2017 and 2016, the Borough collected \$935,717 and \$611,300 from delinquent taxes, which represented 89% and 63%, respectively of the prior year delinquent taxes receivable balance.

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

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

	<u>2017</u>		<u>2016</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 24,215		\$ 7,308	\$ 875
Animal Control Fund		\$ 6,767		7,308
Other Trust Fund- Escrow		32		
Other Trust Fund-FSA		2,500		
Other Trust Fund- Net Payroll			603	
Other Trust Fund- Payroll Deduction			172	
Other Trust Fund	<u>-</u>	<u>14,916</u>	<u>100</u>	<u>-</u>
	<u>\$ 24,215</u>	<u>\$ 24,215</u>	<u>\$ 8,183</u>	<u>\$ 8,183</u>

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

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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>
<b><u>2017</u></b>			
Current Fund			
Emergency Authorization	<u>\$3,820</u>	<u>\$3,820</u>	<u>\$ - 0-</u>
	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2016</u></b>			
Current Fund			
Emergency Authorization	<u>\$3,820</u>	<u>\$3,820</u>	<u>\$ - 0-</u>

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	<b><u>2017</u></b>		<b><u>2016</u></b>	
	<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	\$ 8,175,397	\$ 3,700,000	\$ 7,214,450	\$ 2,700,000
Non-Cash Surplus	<u>915,860</u>	<u>-</u>	<u>880,560</u>	<u>-</u>
	<u>\$ 9,091,257</u>	<u>\$ 3,700,000</u>	<u>\$ 8,095,010</u>	<u>\$ 2,700,000</u>

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>					
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>
	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>					
Land	\$ 5,196,563				\$ 5,196,563
Buildings and Building Improvements	8,768,601	\$ 5,224			8,773,825
Machinery and Equipment	<u>9,779,236</u>	<u>2,108,835</u>	<u>\$ (224,646)</u>	<u>-</u>	<u>11,663,425</u>
	<u>\$ 23,744,400</u>	<u>\$ 2,114,059</u>	<u>\$ (224,646)</u>	<u>\$ -</u>	<u>\$ 25,633,813</u>

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Notes and Loans	\$ 11,353,979	\$ 8,921,965
Less Funds Temporarily Held to Pay Bonds and Notes	<u>277,736</u>	<u>283,792</u>
Net Debt Issued	<u>11,076,243</u>	<u>8,638,173</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>3,169,600</u>	<u>5,224,656</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,245,843</u>	<u>\$ 13,862,829</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 .516% and .512% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2017</u></b>			
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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2016</u></b>			
General Debt	<u>\$ 14,146,621</u>	<u>\$ 283,792</u>	<u>\$ 13,862,829</u>
Total	<u>\$ 14,146,621</u>	<u>\$ 283,792</u>	<u>\$ 13,862,829</u>

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 96,580,587	\$ 94,815,152
Net Debt	<u>14,245,843</u>	<u>13,862,829</u>
Remaining Borrowing Power	<u>\$ 82,334,744</u>	<u>\$ 80,952,323</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>2017</u>	<u>2016</u>
\$3,020,000, 2015 Refunding Bonds, due in annual installments of \$515,000 to \$535,000 through August 1, 2021, interest at 1.710%	<u>\$ 2,070,000</u>	<u>\$ 2,545,000</u>
	<u>\$ 2,070,000</u>	<u>\$ 2,545,000</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 Waste Water Treatment Program and to the Green Trust loan for the purchase of real property. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$1,130,000, 1997 Loan, due in Semi-annual installment of \$74,861 through August, 2017, interest at 4.00% to 5.00%		\$ 74,861
\$227,500, 2004 Loan, due in Semi-annual installments of \$12,369 to \$13,936 through September 2024, interest at 2%	<u>\$ 91,979</u>	<u>104,104</u>
	<u>\$ 91,979</u>	<u>\$ 178,965</u>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 is as follows:

Calendar Year	General		Loans		Total
	Principal	Interest	Principal	Interest	
2018	\$ 515,000	\$ 35,397	\$ 12,369	\$ 1,778	\$ 564,544
2019	505,000	26,591	12,617	1,529	545,737
2020	515,000	17,955	12,871	1,276	547,102
2021	535,000	9,149	13,130	1,017	558,296
2022	-	-	13,393	753	14,146
2023-2026	-	-	27,599	693	28,292
Total	<u>\$ 2,070,000</u>	<u>\$ 89,092</u>	<u>\$ 91,979</u>	<u>\$ 7,046</u>	<u>\$ 2,258,117</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>2017</u></b>					
General Capital Fund					
Bonds Payable	\$ 2,545,000		\$ 475,000	\$ 2,070,000	\$ 515,000
Intergovernmental Loans Payable	<u>178,965</u>	<u>-</u>	<u>86,986</u>	<u>91,979</u>	<u>12,369</u>
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>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
General Capital Fund					
Bonds Payable	\$ 3,020,000		\$ 475,000	\$ 2,545,000	\$ 475,000
Intergovernmental Loans Payable	<u>266,111</u>	<u>-</u>	<u>87,146</u>	<u>178,965</u>	<u>86,986</u>
General Capital Fund Long-Term Liabilities	<u>\$ 3,286,111</u>	<u>\$ -</u>	<u>\$ 562,146</u>	<u>\$ 2,723,965</u>	<u>\$ 561,986</u>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<b><u>2017</u></b>						
<b><u>General Capital Fund</u></b>						
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

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

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, 2017 AND 2016**

**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>2017</u>			
	Safe Routes to School	\$ 212,442	2018
	Utility Infrastructure Repairs	420,109	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
<u>2016</u>			
	Carlson Place Improvements	\$ 115,680	2017
	Lighting Improvements	601,480	2017
	Glenwood Drive Sanitary Replacement	129,119	2017

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,929,031 and \$2,159,892 at December 31, 2017 and 2016, 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, 2017 and 2016, the Borough has reserved in the Other Trust Fund \$1,653,121 and \$1,802,750, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>2017</u></b>					
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	<u>1,100,000</u>	<u>1,789,500</u>	<u>688,000</u>	<u>2,201,500</u>	\$ -
	<u>\$ 63,870,226</u>	<u>\$ 1,789,500</u>	<u>\$ 13,260,236</u>	<u>\$ 52,399,490</u>	<u>\$ -</u>
	Balance, December 31, <u>2015</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
Compensated Absences	\$ 2,127,751	\$ 244,016	\$ 211,875	\$ 2,159,892	
Net Pension Liability- PERS	17,776,239	6,369,724	704,713	23,441,250	
Net Pension Liability- PFRS	31,572,796	7,182,749	1,586,461	37,169,084	
Net OPEB Obligation	<u>-</u>	<u>\$ 1,740,000</u>	<u>\$ 640,000</u>	<u>1,100,000</u>	\$ -
	<u>\$ 51,476,786</u>	<u>\$ 15,536,489</u>	<u>\$ 3,143,049</u>	<u>\$ 63,870,226</u>	<u>\$ -</u>

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

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

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

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

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

**Basis of Accounting**

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

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

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

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

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee’s annual compensation for 2017.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the 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>
2017	\$ 1,586,461	\$ 762,513	\$ 22,177
2016	1,540,777	680,809	
2015	1,363,714	668,791	

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

**Public Employees Retirement System (PERS)**

At December 31, 2017 and 2016, the Borough reported a liability of \$18,911,654 and \$23,441,250, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The 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, 2017, the Borough’s proportionate share was .08124 percent, which was an increase of .00209 percent from its proportionate share measured as of June 30, 2016 of .07915 percent.

**BOROUGH OF BERGENFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$1,297,333 and \$2,087,962, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$762,513 and \$680,809, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 445,304		\$ 435,936	
Changes of Assumptions	3,810,047	\$ 3,796,078	4,855,775	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	128,776		893,836	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>373,153</u>	<u>385,964</u>	<u>-</u>	<u>\$ 535,988</u>
Total	<u>\$ 4,757,280</u>	<u>\$ 4,182,042</u>	<u>\$ 6,185,547</u>	<u>\$ 535,988</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2018	\$ 456,552
2019	456,552
2020	429,812
2021	(424,454)
2022	(343,224)
Thereafter	<u>-</u>
	<u>\$ 575,238</u>

**BOROUGH OF BERGENFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

*Actuarial Assumptions*

The Borough's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% 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%	7.65%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF BERGENFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

*Discount Rate*

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

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

**BOROUGH OF BERGENFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

**Discount Rate (Continued)**

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

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

\* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of Net Pension Liability**

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the 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 (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 23,461,190</u>	<u>\$ 18,911,654</u>	<u>\$ 15,121,326</u>
	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 28,724,516</u>	<u>\$ 23,441,250</u>	<u>\$ 19,079,456</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. 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, 2017 AND 2016**

**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](http://www.state.nj.us/treasury/pensions).

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

At December 31, 2017 and 2016, the Borough reported a liability of \$29,357,305 and \$37,169,086, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The 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, 2017, the Borough’s proportionate share was .19061 percent, which was a decrease of .00397 percent from its proportionate share measured as of June 30, 2016 of .19458 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$2,798,674 and \$4,233,526, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$1,586,461 and \$1,540,777, respectively. At December 31, 2017 and 2016, 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>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 190,453	\$ 172,303		\$ 243,649
Changes of Assumptions	3,620,083	4,807,868	\$ 5,148,224	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	560,206		2,604,363	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,186,982</u>	<u>900,279</u>	<u>1,603,773</u>	<u>507,951</u>
Total	<u>\$ 5,557,724</u>	<u>\$ 5,880,450</u>	<u>\$ 9,356,360</u>	<u>\$ 751,600</u>

**BOROUGH OF BERGENFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2018	\$ 738,268
2019	738,267
2020	231,848
2021	(1,355,094)
2022	(676,015)
Thereafter	<u>-</u>
	<u>\$ (322,726)</u>

***Actuarial Assumptions***

The Borough’s total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

**PFRS**

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF BERGENFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

***Discount Rate***

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

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

**BOROUGH OF BERGENFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Discount Rate (Continued)*

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

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

\* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the 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 (5.14% and 4.55 %, respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	<b>1% Decrease <u>(5.14%)</u></b>	<b>Current Discount Rate <u>(6.14%)</u></b>	<b>1% Increase <u>(7.14%)</u></b>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 38,680,667</u>	<u>\$ 29,357,305</u>	<u>\$ 21,697,103</u>
	<b>1% Decrease <u>(4.55%)</u></b>	<b>Current Discount Rate <u>(5.55%)</u></b>	<b>1% Increase <u>(6.55%)</u></b>
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 47,926,808</u>	<u>\$ 37,169,084</u>	<u>\$ 28,396,807</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2017 and 2016. 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, 2017 AND 2016**

**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, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,288,265 and \$3,121,281, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$402,229 and \$398,661, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$164,427 and \$119,598, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

*Pension Plan Fiduciary Net Position*

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

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 580 state and local participating employers and contributing entities for Fiscal Year 2017.

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

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

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

**Basis of Accounting**

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

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$85.4 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members, \$16.1 billion for local active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$184.6 million for 10,994 eligible retired members for Fiscal Year 2017. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$52.1 million in Fiscal Year 2017 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017, 2016 and 2015 were \$2,313,165, \$2,127,350 and \$1,980,137, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2017, 2016 and 2015 were \$104,045, \$88,774 and \$85,971, respectively.

**Plan Description**

The Borough provides a post employment prescription and dental benefits in addition to the health benefits provided to their retirees through the state health benefit plan for certain eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough provides.

**Funding Policy**

The required contribution is funded on a pay-as-you-go basis. For the year 2017 and 2016, the Borough contributed \$688,000 and \$640,000, respectively to the plan, for current premiums. Plan members receiving benefits are not required to contribute towards the coverage.

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year 2017 and 2016, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	<u>2017</u>	<u>2016</u>
Annual Required Contribution	\$ 1,740,000	\$ 1,740,000
Interest on Net OPEB Obligation	49,500	
Adjustment to Annual Required Contribution	-	-
Total (Annual OPEB Cost (Expense))	<u>1,789,500</u>	<u>1,740,000</u>
Contributions Made	<u>(688,000)</u>	<u>(640,000)</u>
Increase in Net OPEB Obligation	1,101,500	1,100,000
Net OPEB Obligation - Beginning of Year	<u>1,100,000</u>	<u>-</u>
Net OPEB Obligation - End of Year	<u><u>\$ 2,201,500</u></u>	<u><u>\$ 1,100,000</u></u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2017 and 2016 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2017	\$ 1,789,500	38.4%	\$ 2,201,500
2016	1,740,000	36.8%	1,100,000

**Funded Status and Funding Progress**

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

**Actuarial Methods and Assumptions**

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

In the December 31, 2016, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was 28 years.

**NOTE 14 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Bergenfield is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 14 RISK MANAGEMENT (Continued)**

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund’s Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 30,000	\$ 17,643	\$ 53,652	\$ 314,683
2016	30,000	16,265	29,228	320,692
2015	50,000	10,752	25,290	303,655

**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, 2017 and 2016. 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, 2017 and 2016, the Borough reserved \$1,604,543 and \$1,437,146 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.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 15 CONTINGENT LIABILITIES (Continued)**

**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, 2017 and 2016, 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, 2017 and 2016, the Borough had no estimated arbitrage earnings due to the IRS.

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

The Borough of Bergenfield Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 19, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Bergenfield approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Bergenfield has contributed \$1,269 and \$1,269 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$1,269 and \$1,269 for 2017 and 2016, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$59,657 and \$64,734 for 2017 and 2016, respectively.

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 18 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2017. As of December 31, 2017, the Borough has received \$36,001 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**NOTE 19 TAX ABATEMENTS**

For the years ended December 31, 2017 and 2016, 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, 2017 and 2016 the Borough abated property taxes totaling \$434,970 and \$428,085, respectively, under this law. The Borough received \$89,457 and \$88,960 in PILOT payments under this program for the years ended December 31, 2017 and 2016, respectively.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 20 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On February 28, 2018 the Borough issued bond anticipation notes in the amount of \$9,300,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Securities, LLC at an interest rate of 2.50%. These notes dated February 28, 2018 will mature on February 28, 2019.

**Debt Authorized**

On March 20, 2018 the Borough adopted a bond ordinance authorizing the issuance \$3,800,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

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**APPENDIX C**

**PROPOSED FORM OF BOND COUNSEL OPINION**

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## APPENDIX C

[Proposed Form of Bond Counsel Opinion]

February \_\_\_\_, 2019

Borough Council  
Borough of Bergenfield  
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$11,700,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by the Borough of Bergenfield, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated February 15, 2019 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each February 15 and August 15, commencing August 15, 2019 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The Bonds are payable in annual installments on February 15 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$1,000,000	%	2025	\$1,200,000	%
2021	1,000,000		2026	1,200,000	
2022	1,200,000		2027	1,200,000	
2023	1,200,000		2028	1,250,000	
2024	1,200,000		2029	1,250,000	

The Bonds maturing on or before February 15, 2026 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 15, 2027 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after February 15, 2026, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot.

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to four bond ordinances adopted by the Borough Council of the Borough on March 17, 2015 (Ord. No. 15-2475), April 5, 2016 (Ord. No. 16-2490), March 21, 2017 (Ord. No. 17-2507) and March 20, 2018 (Ord. No. 18-2524) and resolutions adopted by the Borough Council of the Borough on January 15, 2019.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and to the rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax

Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond and have assumed that all of the other Bonds have been similarly executed and authenticated. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Borough in connection with the sale and issuance of the Bonds, or (ii) other documents of the Borough delivered to the purchasers of the Bonds, and we take no responsibility therefor.

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

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other

laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit to the payment of the principal of and interest on the Bonds, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC