

BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2012



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

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2012**



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Bergenfield, as of December 31, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Bergenfield on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the 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 requirement that the Borough of Bergenfield prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, 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, 2012 and 2011, or changes in financial position, for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 15 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, 2012 and 2011. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 27 percent and 26 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2012 and 2011.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the 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, 2012 and 2011, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

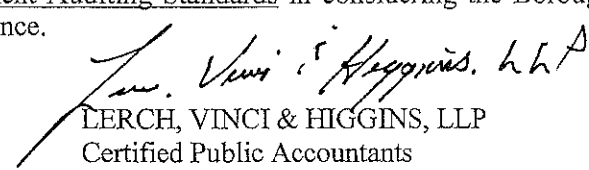
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Bergenfield as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Bergenfield.

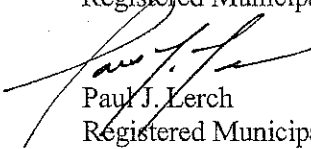
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2013 on our consideration of the Borough of Bergenfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Bergenfield's internal control over financial reporting and compliance.


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 14, 2013

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011

ASSETS	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Cash	A-4	\$ 10,202,998	\$ 9,724,675
Cash - Change Funds	A-5	3,850	3,850
Cash- Petty Cash	A-6	340	340
Due to the State of New Jersey- Senior and Veteran's Discounts	A-7	5,603	
Grants Receivable	A-30	<u>510,988</u>	<u>864,808</u>
		<u>10,723,779</u>	<u>10,593,673</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	1,158,662	875,683
Delinquent Property Taxes- Special Improvement District	A-27	16,472	21,912
Tax Title Liens	A-9	283,976	258,091
Property Acquired for Taxes (at Assessed Valuation)	A-10	28,173	28,173
Other Liens Receivable	A-19	2,500	2,500
Revenue Accounts Receivable	A-11	79,122	
Due from Animal Control Fund	B-4	11,793	
Due from Other Trust Fund- FSA	B-10	9,299	
Due from Other Trust Fund- Escrow	B-5	<u>3</u>	<u>3</u>
		<u>1,590,000</u>	<u>1,186,362</u>
Deferred Charges			
Emergency	A-13		3,940
Special Emergency- 5 Years	A-12	<u>-</u>	<u>79,432</u>
		<u>-</u>	<u>83,372</u>
Total Assets		<u>\$12,313,779</u>	<u>\$11,863,407</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-14	\$ 1,901,748	\$ 1,058,471
Encumbrances Payable	A-15	1,170,197	947,684
Encumbrances Payable - Reserve for Grants	A-16	88,607	79,897
Accounts Payable	A-32	2,500	37,599
Reserve for Tax Appeals	A-17	806,811	1,108,421
Tax Overpayments	A-18	317,903	280,211
Tax Overpayments- Special Improvement District	A-29	4,572	4,572
Prepaid Taxes	A-22	202,196	264,858
Prepaid Taxes- Special Improvement District	A-28	-	3,686
Due County for Added & Omitted Taxes	A-20	5,385	4,826
Due to the State of New Jersey-			
Senior and Veteran's Discounts	A-7		118,644
Fees Payable	A-33		4,655
Special Emergency Note	A-31		130,000
Reserve for:			
Master Plan	A-25	8,250	8,250
Appropriated Reserve for Grants	A-23	350,214	783,879
Unappropriated Reserve for Grants	A-24	34,803	4,334
Due to Special Improvement District	A-26	16,119	25,547
Due to Other Trust Fund -Reserve for Terminal Leave	B-9	240,000	72,152
		5,149,305	4,937,686
Reserve for Receivables and Other Assets	A	1,590,000	1,186,362
Fund Balance	A-1	<u>5,574,474</u>	<u>5,739,359</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$12,313,779</u>	 <u>\$11,863,407</u>

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,815,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	A-2	4,585,216	4,808,769
Receipts from Delinquent Taxes	A-2	650,986	560,549
Receipts from Current Taxes	A-2	77,443,642	77,077,932
Non-Budget Revenue	A-2	712,445	392,712
Other Credits to Income			
Cancel Appropriated Reserve Balances	A-23	3,565	84,532
Cancel Prior Year Accounts Payable	A-32,A-33	42,254	139,925
Interfunds Returned	A	3	2,899
Statutory Excess - Animal Control	B-2	11,793	
Cancel Senior and Veteran's Deductions Prior Years Balance	A-7	118,644	8,413
Unexpended Balances of Appropriation Reserves	A-14	<u>719,755</u>	<u>382,157</u>
		<u>86,103,303</u>	<u>84,957,888</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	13,182,875	14,257,651
Other Expenses	A-3	14,085,851	12,463,567
Deferred Charges and Statutory Expenditures - Municipal	A-3	2,705,532	3,003,709
Capital Improvements	A-3	392,000	100,000
Municipal Debt Service	A-3	2,853,203	2,830,571
County Taxes Payable	A-20	6,020,709	6,009,358
Local District School Taxes Payable	A-21	45,108,268	44,883,849
Other Debits to Income			
Accounts Receivable Advanced	A-11	79,122	250
Interfunds Advanced	A	21,095	
Cancellation of Grants Receivable Balances	A-30	<u>4,533</u>	<u>19,888</u>
Total Expenditures		<u>84,453,188</u>	<u>83,568,843</u>
Excess in Revenue		1,650,115	1,389,045
Adjustments to Income before Surplus:			
Expenditures Included Above Which Are By Statute Deferred Charges to Budgets of Succeeding Years	A-1	<u>-</u>	<u>3,940</u>
Statutory Excess to Surplus		1,650,115	1,392,985
Fund Balance, Beginning of Year	A-1	<u>5,739,359</u>	<u>5,846,374</u>
		7,389,474	7,239,359
Decreased by			
Utilization as Anticipated Revenue	A-1	<u>1,815,000</u>	<u>1,500,000</u>
Fund Balance, End of Year	A	<u>\$ 5,574,474</u>	<u>\$ 5,739,359</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,815,000	-	\$ 1,815,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	30,000		32,341	\$ 2,341
Other	A-2	10,000		16,354	6,354
Fees and Permits	A-2	60,000		63,924	3,924
Fines and Costs					
Municipal Court	A-11	515,000		440,564	(74,436)
Interest and Costs on Taxes	A-11	125,000		214,976	89,976
Interest on Investments and Deposits	A-2	25,000		32,919	7,919
PILOT Senior Citizen Complex	A-11	76,393		79,122	2,729
Site Rental - Cablevision	A-11	67,600		71,787	4,187
Franchise Fees - Cablevision	A-11	206,495		206,495	-
Franchise Fees - Verizon	A-11	87,628		87,628	-
Rental of Tennis Courts	A-11	20,000		20,000	-
Rental of Swim Club	A-11	8,000		-	(8,000)
Cell Tower Rental Fee	A-11	112,000		143,257	31,257
Recycling Program	A-11	60,000		66,777	6,777
Recreation Fees	A-11	20,000		26,325	6,325
Energy Receipts Tax	A-11	1,714,752		1,714,752	-
Consolidated Municipal Property Tax Relief Aid	A-11	266,905		266,905	-
Uniform Construction Code Fees	A-11	325,000		447,510	122,510
Uniform Fire Safety Act	A-11	75,000		73,103	(1,897)
Reserve for Payment of Debt Service	C-14	228,455		228,455	-
Recycling Tonnage Grant	A-30	7,765		7,765	-
Clean Communities Program	A-30	32,793		32,164	(629)
Body Armor- Reserve	A-24	4,334		4,334	-
Municipal Alliance on Alcoholism and Drug Abuse	A-30	15,759		15,759	-
Community Development Block Grant- Georgian Court	A-30		\$ 84,000	84,000	-
Bergen County Open Space - Tennis Court Restoration	A-30		61,500	61,500	-
NJ Department of Transportation- Graphic Boulevard	A-30	-	146,500	146,500	-
Total Miscellaneous Revenues	A-1	4,093,879	292,000	4,585,216	199,337
RECEIPTS FROM DELINQUENT TAXES	A-8	650,000	-	650,986	986
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	27,670,132	-	27,514,665	(155,467)
Total General Revenues	A-3	\$ 34,229,011	\$ 292,000	34,565,867	\$ 44,856
Non-Budget Revenue	A-2,A-1			712,445	
				<u>\$ 35,278,312</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-8,A-1	\$ 77,443,642
Less: Allocated to School and County Taxes	A-20,A-21	<u>51,128,977</u>
Balance for Support of Municipal Budget Appropriations		26,314,665
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,200,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 27,514,665</u>
Licenses- Other		
Borough Clerk	A-11	\$ 15,562
Board of Health	A-11	<u>792</u>
	A-2	<u>\$ 16,354</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 40,707
Fire Department	A-11	14,902
Police Department	A-11	<u>8,315</u>
	A-2	<u>\$ 63,924</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-5	\$ 40
Cash Receipts	A-11	<u>32,879</u>
	A-2	<u>\$ 32,919</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Reference

ANALYSIS OF NON-BUDGET REVENUES

FEMA Reimbursement	\$	223,342
Police Alarms		16,100
Seasonal Field Fees/Park Rentals		2,100
Dumpster Fees		4,450
DMV Inspection		17,317
Towing		4,000
Sub-Division		1,591
Insurance Refund		7,020
Borough Auction		11,650
Tax Sale Costs		2,362
Prior Year Police Outside Detail		64,733
Police Outside Detail Administration Fees		16,769
Dwelling Inspection		286,120
BOE- Gasoline		18,071
Workers Comp Refund		7,132
Senior's and Veterans's Admin Fee		4,480
Miscellaneous		<u>25,208</u>
	A-1	<u>\$ 712,445</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 215,000	\$ 209,000	\$ 202,555	\$ 6,445	
Other Expenses	154,500	154,500	112,331	42,169	
Mayor & Council					
Salaries and Wages	42,000	42,000	40,901	1,099	
Other Expenses	4,000	4,000	115	3,885	
Municipal Clerk					
Salaries and Wages	83,500	89,500	87,798	1,702	
Other Expenses	68,500	68,500	40,362	28,138	
Financial Administration (Treasury)					
Salaries and Wages	133,500	133,500	100,757	32,743	
Other Expenses	50,250	50,250	24,185	26,065	
Audit Services					
Other Expenses	80,000	80,000	77,027	2,973	
Revenue Administration (Tax Collection)					
Salaries and Wages	135,000	135,000	131,898	3,102	
Other Expenses	26,600	26,600	10,608	15,992	
Tax Assessment Administration					
Salaries and Wages	60,000	60,000	50,314	9,686	
Other Expenses	28,230	28,230	7,664	20,566	
Legal Services (Legal Department)					
Salaries and Wages	43,500	43,500	43,260	240	
Other Expenses	230,000	230,000	182,091	47,909	
Insurance					
Unemployment Insurance	50,000	50,000	50,000		
Workers Compensation Insurance	489,800	489,800	489,630	170	
Liability Insurance	438,235	438,235	409,637	28,598	
Group Insurance Plan for Employees	4,292,148	4,292,148	4,234,110	58,038	
Engineering Services - Other Expenses	130,000	130,000	98,119	31,881	
Planning Board					
Salaries and Wages	1,300	1,300	1,200	100	
Other Expenses	500	500		500	
Site Plan					
Salaries and Wages	1,200	1,200	1,200		

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<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"					
GENERAL GOVERNMENT (Continued)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 3,400	\$ 3,400	\$ 3,260	\$ 140	
Other Expenses	300	300		300	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	6,867,622	6,867,622	6,707,980	159,642	
Other Expenses	164,700	164,700	113,043	51,657	
Other Expenses - Acquisition of Police Vehicles	68,900	68,900	68,895	5	
Office of Emergency Management					
Other Expenses	4,400	4,400	3,211	1,189	
First Aid Organization					
Other Expenses	73,000	73,000	54,712	18,288	
Fire Official					
Salaries and Wages	85,000	85,000	77,058	7,942	
Other Expenses	6,000	6,000	4,291	1,709	
Fire Department					
Salaries and Wages	660,000	660,000	530,205	129,795	
Other Expenses	144,300	144,300	126,689	17,611	
Fire Hydrant Service	243,000	243,000	243,000		
Municipal Prosecutors Office					
Salaries and Wages	15,000	15,000	14,573	427	
Municipal Court					
Salaries and Wages	125,000	125,000	113,173	11,827	
Other Expenses	17,800	17,800	11,282	6,518	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	6,000	6,000	6,000		
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,300,520	1,300,520	1,030,771	269,749	
Other Expenses	199,000	199,000	154,547	44,453	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<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	\$ 85,500	\$ 85,500	\$ 78,223	\$ 7,277	
Solid Waste Collection					
Salaries and Wages	1,941,341	1,941,341	1,870,544	70,797	
Other Expenses	183,000	183,000	168,988	14,012	
Vehicle Maintenance (Including Police)					
Other Expenses	55,000	55,000	38,677	16,323	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	337,800	337,800	319,749	18,051	
Other Expenses	37,200	37,200	20,027	17,173	
Environmental Committee					
Other Expenses	500	500	303	197	
Animal Control Services					
Other Expenses	43,360	43,360	43,358	2	
Welfare/Administration of Public Assistance					
Salaries and Wages	6,000	6,000	6,000		
Other Expenses	250	250		250	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	127,500	129,500	127,662	1,838	
Other Expenses	61,500	59,500	33,854	25,646	
Community Affairs - Senior Citizens					
Salaries and Wages	18,000	18,000	17,748	252	
Other Expenses	12,000	12,000	9,246	2,754	
Maintenance of Parks					
Salaries and Wages	537,792	537,792	499,549	38,243	
Other Expenses	98,500	98,500	54,675	43,825	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<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)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 39,500	\$ 39,500	\$ 32,465	\$ 7,035	
Accumulated Leave Compensation	100,000	100,000	100,000		
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	331,000	331,000	324,471	6,529	
Other Expenses	22,650	22,650	12,795	9,855	
Construction Code Official					
Other Expenses	1,350	1,350		1,350	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries and Wages	1,300	1,300	1,200	100	
Other Expenses	200	200		200	
Barrier-Free					
Salaries and Wages	1,300	1,300	1,200	100	
Other Expenses	500	500		500	
Shade Tree Board					
Salaries and Wages	1,300	1,300	1,200	100	
Other Expenses	600	600	600		
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	265,000	265,000	219,792	45,208	
Street Lighting	245,000	245,000	224,887	20,113	
Telephone	85,000	85,000	73,953	11,047	
Water	45,000	45,000	45,000		
Gasoline	300,000	300,000	285,071	14,929	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<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	\$ 1,025,000	\$ 1,025,000	\$ 984,952	\$ 40,048	-
Total Operations Within "CAPS"	22,751,648	22,751,648	21,254,641	1,497,007	-
Contingent	7,500	7,500	1,138	6,362	-
Total Operations Including Contingent Within "CAPS"	22,759,148	22,759,148	21,255,779	1,503,369	-
Detail:					
Salaries and Wages	13,180,875	13,182,875	12,412,226	770,649	-
Other Expenses (Including Contingent)	9,578,273	9,576,273	8,843,553	732,720	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY EXPENDITURES					
Contribution to:					
Social Security Syst. (O.A.S.I.)	625,000	625,000	576,770	48,230	
Police and Fireman's Retirement System	1,226,804	1,226,804	1,226,804		
Public Employees Retirement System	641,901	641,901	641,901	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,493,705	2,493,705	2,445,475	48,230	-
Total General Appropriations for Municipal Purposes Within "CAPS"	25,252,853	25,252,853	23,701,254	1,551,599	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,477,800	1,477,800	1,435,855	41,945	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<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 - EXCLUDED FROM "CAPS" (Continued)					
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal - BCUA					
Operation and Maintenance Costs	\$ 1,755,058	\$ 1,755,058	\$ 1,708,469	\$ 46,589	
Debt Service Costs	747,442	747,442	747,442		
Sewerage Processing and Disposal - Tenafly	8,000	8,000	8,000		
PUBLIC SAFETY					
Fire Department					
LOSAP - Other Expenses	70,000	70,000	68,701	1,299	
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	27,000	27,000	27,000		
INSURANCE					
Group Insurance	259,687	259,687		259,687	
OTHER COMMON OPERATING FUNCTIONS					
Reserve for Tax Appeals	100,000	100,000	100,000		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance on Alcohol and Drug Abuse - County	15,759	15,759	15,759		
Municipal Alliance on Alcohol and Drug Abuse - Match	3,940	3,940	3,940		
Body Armor Replacement Fund	4,334	4,334	4,334		
Green Communities Grant	32,793	32,793	32,164	629	
Recycling Tonnage	7,765	7,765	7,765	-	-
Total Operations - Excluded from "CAPS"	<u>4,509,578</u>	<u>4,509,578</u>	<u>4,159,429</u>	<u>350,149</u>	<u>-</u>
Detail:					
Salaries and Wages					
Other Expenses	<u>4,509,578</u>	<u>4,509,578</u>	<u>4,159,429</u>	<u>350,149</u>	<u>-</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000		
Bergen County Open Space - Tennis Court Rehabilitation		61,500	61,500		
Community Development Block Grant - Georgian Court		84,000	84,000		
NJ Department of Transportation-Graphic Boulevard	-	146,500	146,500	-	-
Total Capital Improvement Excluded from "CAPS"	<u>100,000</u>	<u>392,000</u>	<u>392,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,363,000	2,363,000	2,363,000		
Interest on Bonds	352,489	352,489	352,489		
Interest on Notes	47,622	47,622	47,358		\$ 264
Green Trust Loan Program					
Loan Repayments for Principal and Interest	14,147	14,147	14,147		
Wastewater Loan Principal and Interest	75,732	75,732	75,016		716
Interest on Emergency Note	1,195	1,195	1,193	-	2
Total Municipal Debt Service Excluded from "CAPS"	<u>2,854,185</u>	<u>2,854,185</u>	<u>2,853,203</u>	<u>-</u>	<u>982</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Emergency Authorizations	3,940	3,940	3,940		
Special Emergency Authorizations-5 years	130,000	130,000	79,432		50,568
Deferred Charges - Unfunded					
Ordinance #2405	1,751	1,751	1,751		
Ordinance #2393	42,432	42,432	42,432		
Ordinance #2386	75,000	75,000	75,000		
Ordinance #2274	9,272	9,272	9,272	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>262,395</u>	<u>262,395</u>	<u>211,827</u>	<u>-</u>	<u>50,568</u>
Judgements	50,000	50,000	-	-	50,000
Total General Appropriations Excluded from "CAPS"	<u>7,776,158</u>	<u>8,068,158</u>	<u>7,616,459</u>	<u>\$ 350,149</u>	<u>101,550</u>
Total General Appropriations	33,029,011	33,321,011	31,317,713	1,901,748	101,550
Reserve for Uncollected Taxes	1,200,000	1,200,000	1,200,000	-	-
Total General Appropriations	<u>\$34,229,011</u>	<u>\$34,521,011</u>	<u>\$32,517,713</u>	<u>\$ 1,901,748</u>	<u>\$ 101,550</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-2	\$ 34,229,011	
Added by N.J.S.A. 40A:4-87	A-3	<u>292,000</u>	
		<u>\$ 34,521,011</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 29,508,182
Deferred Charges			
Emergency Authorization	A-13		3,940
Special Emergency	A-12		79,432
Reserve for Uncollected Taxes	A-2		1,200,000
Encumbrances Payable	A-15		1,170,197
Transfer to Reserve for Tax Appeals	A-17		100,000
Transfer to Grants Appropriated	A-23		355,962
Transfer to Reserve for Terminal Leave	B-9		<u>100,000</u>
			<u>\$ 32,517,713</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	\$ 222,267	\$ 220,052
		<u>222,267</u>	<u>220,052</u>
ANIMAL CONTROL FUND			
Cash	B-1	31,230	28,367
		<u>31,230</u>	<u>28,367</u>
OTHER TRUST FUND			
Cash	B-1	1,718,605	1,812,695
Due From Current Fund - Other Trust	B-9	240,000	72,152
		<u>1,958,605</u>	<u>1,884,847</u>
LENGTH OF SERVICE AWARD PROGRAM			
TRUST FUND (UNAUDITED)			
Investments	B	760,727	647,620
Contribution Receivable	B	64,160	68,701
Investment Fund Transfer- Due From Current Fund	B	-	37,599
		<u>824,887</u>	<u>753,920</u>
Total Assets		<u>\$ 3,036,989</u>	<u>\$ 2,887,186</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES AND RESERVES			
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-7	\$ 17,258	\$ 9,559
Reserve for Unemployment Compensation Insurance	B-6	<u>205,009</u>	<u>210,493</u>
		<u>222,267</u>	<u>220,052</u>
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-3	5	
Due to Current Fund	B-4	11,793	
Reserve for Animal Control Expenditures	B-2	<u>19,432</u>	<u>28,367</u>
		<u>31,230</u>	<u>28,367</u>
OTHER TRUST FUND			
Due to Current Fund - Other Trust Flex Spending	B-10	9,299	
Due to Current Fund - Escrow Trust	B-5	3	3
Reserve for:			
Miscellaneous Deposits	B-8	<u>1,949,303</u>	<u>1,884,844</u>
		<u>1,958,605</u>	<u>1,884,847</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>824,887</u>	<u>753,920</u>
Total Liabilities and Reserves		<u>\$ 3,036,989</u>	<u>\$ 2,887,186</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Cash	C-2, C-3	\$ 3,812,140	\$ 3,926,276
Deferred Charges - Unfunded Grants	C-14		128,455
Deferred Charges to Future Taxation			
Funded	C-4	7,441,119	9,878,828
Unfunded	C-5	<u>7,972,300</u>	<u>6,773,322</u>
 Total Assets		 <u>\$ 19,225,559</u>	 <u>\$ 20,706,881</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-12	\$ 6,940,000	\$ 9,303,000
Wastewater Loan Payable	C-10	350,858	414,590
EDA Loan Payable	C-11	150,261	161,238
Bond Anticipation Notes Payable	C-7	6,151,962	4,909,500
Contracts Payable	C-9	837,330	229,632
Improvement Authorizations			
Funded	C-6	905,978	2,114,277
Unfunded	C-6	2,409,921	1,901,825
Reserve for Payment of Bonds	C-13	626,678	854,248
Capital Improvement Fund	C-8	779,688	745,688
Fund Balance	C-1	<u>72,883</u>	<u>72,883</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 19,225,559</u>	 <u>\$ 20,706,881</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$1,928,064
\$2,049,360, respectively. (Exhibit C-15)

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ <u>72,883</u>	\$ <u>72,883</u>
Balance, December 31	C	\$ <u>72,883</u>	\$ <u>72,883</u>

**BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS- REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Land	\$ 5,196,563	\$ 5,196,563
Buildings and Building Improvements	8,074,806	7,788,665
Construction In Progress	99,134	
Machinery and Equipment	<u>8,395,101</u>	<u>7,985,105</u>
Total Assets	<u>\$ 21,765,604</u>	<u>\$ 20,970,333</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 21,765,604</u>	<u>\$ 20,970,333</u>

NOTES TO FINANCIAL STATEMENTS



**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. Reporting Entity

The Borough of Bergenfield (the "Borough") was incorporated in 1894 and operates under an elected (Mayor/Council) form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department and volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

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:

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Miscellaneous Revenues - 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 - 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.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 2012 and 2011 the Borough Council increased the original budget by \$292,000 and \$738,028. The increases were funded by additional aid allotted to the Borough and in 2011 an emergency appropriation for municipal alliance local match. In addition, the governing body approved several budget transfers during 2012 and 2011.

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

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

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.

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.

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

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.

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.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

General Fixed Assets (Continued)

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.

Fixed Assets purchased after December 31, 1985 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

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.

Reclassifications - Certain reclassifications have been made to the December 31, 2011 balances to conform to the December 31, 2012 presentation.

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

D. 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.

NOTE 2 DEPOSITS AND INVESTMENTS

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

Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$15,991,430 and \$15,716,255 and bank and brokerage firm balances of the Borough's deposits amounted to \$16,299,158 and \$16,453,880, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured	\$ <u>16,299,158</u>	\$ <u>16,453,880</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2012 and 2011, the Borough’s bank balances were not exposed to custodial credit risk.

Investments

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

As of December 31, 2012 and 2011, the Borough had the following investments:

	Fair Value (LOSAP)
<u>2012</u>	
<u>Investment:</u> LOSAP (Unaudited)	\$ <u>760,727</u>
<u>2011</u>	
<u>Investment:</u> LOSAP (Unaudited)	\$ <u>647,620</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, 2012 and 2011, \$760,727 and \$647,620 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)
<u>2012</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>760,727</u>
<u>2011</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>647,620</u>

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2012 and 2011, the Borough’s investment in Lincoln Financial Group was rated Baa2 by Moody’s Investor Service.

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

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

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

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Current Fund</u>		
Property Taxes	\$ 1,158,662	\$ 875,683
Tax Title Liens	<u>283,976</u>	<u>258,091</u>
	<u>\$ 1,442,638</u>	<u>\$ 1,133,774</u>

In 2012 and 2011, the Borough collected \$650,986 and \$560,549 from delinquent taxes, which represented 57% and 63% of the prior year delinquent taxes receivable balance.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 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. 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>2012</u>	<u>2011</u>
Issued		
General		
Bonds, Notes and Loans	\$ 13,593,081	\$ 14,788,328
Less Funds Temporarily Held to Pay Bonds and Notes	<u>734,404</u>	<u>1,214,786</u>
Net Debt Issued	<u>12,858,677</u>	<u>13,573,542</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,928,064</u>	<u>2,049,360</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,786,741</u>	<u>\$ 15,622,902</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 .53% and .54% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	<u>\$ 15,521,145</u>	<u>\$ 734,404</u>	<u>\$ 14,786,741</u>
Total	<u>\$ 15,521,145</u>	<u>\$ 734,404</u>	<u>\$ 14,786,741</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	<u>\$ 16,837,688</u>	<u>\$ 1,214,786</u>	<u>\$ 15,622,902</u>
Total	<u>\$ 16,837,688</u>	<u>\$ 1,214,786</u>	<u>\$ 15,622,902</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 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>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 96,869,934 <u>14,786,741</u>	\$ 100,945,708 <u>15,622,902</u>
Remaining Borrowing Power	<u>\$ 82,083,193</u>	<u>\$ 85,322,806</u>

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>2012</u>	<u>2011</u>
\$9,445,000, 1999 Bonds, due in annual installments of \$938,000 through August, 2012, interest at 4.80%		\$ 938,000
\$1,310,000, 2003 Bonds, due in annual installments of \$175,000 through February, 2012, interest at 2.10% to 5%		175,000
\$8,587,000, 2004 Bonds, due in annual installments of \$1,000,000 to \$1,987,000 through July, 2014 interest at 3.25%	\$ 2,987,000	3,987,000
\$4,953,000, 2007 Bonds, due in annual installments of \$250,000 to \$553,000 through August 1, 2021, interest at 4.125 to 4.150%	<u>3,953,000</u>	<u>4,203,000</u>
	<u>\$ 6,940,000</u>	<u>\$ 9,303,000</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

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 Wastewater Treatment Program and a Green Trust Loan for the purchase of real property. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2012</u>	<u>2011</u>
\$1,130,000, 1997 Loan, due in Semi-annual installments of \$63,732 to \$74,681 through August, 2017, interest at 4.00% to 5.00%	\$ 350,858	\$ 414,590
\$227,500, 2004 Loan, due in Semi-annual installments of \$10,977 to \$13,936 through September 2024, interest at 2%	<u>150,261</u>	<u>161,238</u>
	<u>\$ 501,119</u>	<u>\$ 575,828</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	<u>General</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,300,000	\$ 260,275	\$ 73,859	\$ 13,200	\$ 1,647,334
2014	2,287,000	215,402	81,071	11,224	2,594,697
2015	400,000	138,448	80,078	8,995	627,521
2016	425,000	121,950	87,146	6,761	640,857
2017	450,000	104,418	86,986	4,272	645,676
2018-2022	2,078,000	218,643	64,380	6,353	2,367,376
2023-2024	<u>-</u>	<u>-</u>	<u>27,599</u>	<u>1,446</u>	<u>29,045</u>
Total	<u>\$ 6,940,000</u>	<u>\$ 1,059,136</u>	<u>\$ 501,119</u>	<u>\$ 52,251</u>	<u>\$ 8,552,506</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 9,303,000		\$ 2,363,000	\$ 6,940,000	\$ 1,300,000
Intergovernmental Loans Payable	<u>575,828</u>	<u>-</u>	<u>74,709</u>	<u>501,119</u>	<u>73,859</u>
General Capital Fund Long-Term Liabilities	<u>\$ 9,878,828</u>	<u>\$ -</u>	<u>\$ 2,437,709</u>	<u>\$ 7,441,119</u>	<u>\$ 1,373,859</u>
	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ 11,508,000		\$ 2,205,000	\$ 9,303,000	\$ 2,363,000
Intergovernmental Loans Payable	<u>651,391</u>	<u>-</u>	<u>75,563</u>	<u>575,828</u>	<u>74,709</u>
General Capital Fund Long-Term Liabilities	<u>\$ 12,159,391</u>	<u>\$ -</u>	<u>\$ 2,280,563</u>	<u>\$ 9,878,828</u>	<u>\$ 2,437,709</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2012 and 2011 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2011	Additions	Reductions	Balance, December 31, 2012
<u>2012</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Purchase of Real Property	0.85%	9/28/2013	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Various Public Improvements	0.85% - 1.05%	9/28/2013 and 3/1/2013	4,634,500	5,876,962	4,634,500	5,876,962
Environmental Cleanup	0.85%	9/28/2013	75,000	75,000	75,000	75,000
Total			<u>\$ 4,909,500</u>	<u>\$ 6,151,962</u>	<u>\$ 4,909,500</u>	<u>\$ 6,151,962</u>

	Rate (%)	Maturity Date	Balance, December 31, 2010	Additions	Reductions	Balance, December 31, 2011
<u>2011</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Purchase of Real Property	0.97%	9/28/2012	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Various Public Improvements	0.97%	9/28/2012	4,634,500	4,634,500	4,634,500	4,634,500
Environmental Cleanup	0.97%	9/28/2012	75,000	75,000	75,000	75,000
Total			<u>\$ 4,909,500</u>	<u>\$ 4,909,500</u>	<u>\$ 4,909,500</u>	<u>\$ 4,909,500</u>

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

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2012 and 2011 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

2012

Special Emergency Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2011</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance, December 31, 2012</u>
Revaluation of Real Property	2.45%	2/1/2012	\$ 130,000	\$ -	\$ 130,000	\$ -
			<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ -</u>

2011

Special Emergency Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2010</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance, December 31, 2011</u>
Revaluation of Real Property	1.70%	9/16/2011	\$ 260,000		\$ 260,000	
	2.45%	2/1/2012	-	\$ 130,000	-	\$ 130,000
			<u>\$ 260,000</u>	<u>\$ 130,000</u>	<u>\$ 260,000</u>	<u>\$ 130,000</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2012 and 2011.

<u>2012</u>	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
Land	\$ 5,196,563			\$ 5,196,563
Buildings and Building Improvements	7,788,665	\$ 286,141		8,074,806
Machinery and Equipment	7,985,105	409,996		8,395,101
Construction in Process- Roof Replacement	<u>-</u>	<u>99,134</u>	<u>-</u>	<u>99,134</u>
	<u>\$ 20,970,333</u>	<u>\$ 795,271</u>	<u>\$ -</u>	<u>\$ 21,765,604</u>
<u>2011</u>	Balance December 31, <u>2010</u> (Restated)	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
Land	\$ 5,196,563	-	\$ -	\$ 5,196,563
Buildings and Building Improvements	7,413,763	\$ 374,902	-	7,788,665
Machinery and Equipment	<u>7,893,929</u>	<u>91,176</u>	<u>-</u>	<u>7,985,105</u>
	<u>\$ 20,504,255</u>	<u>\$ 466,078</u>	<u>\$ -</u>	<u>\$ 20,970,333</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2012</u>		<u>2011</u>	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 21,095	\$ 240,000	\$ 3	\$ 72,152
Animal Control Fund		11,793		
Other Trust Fund- Escrow		3		
Other Trust Fund-FSA		9,299		
Other Trust Fund- Reserves	<u>240,000</u>	<u>-</u>	<u>72,152</u>	<u>3</u>
	<u>\$ 261,095</u>	<u>\$ 261,095</u>	<u>\$ 72,155</u>	<u>\$ 72,155</u>

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

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,057,883	\$ 1,815,000	\$ 4,870,611	\$ 1,815,000
Non-Cash Surplus	<u>516,591</u>	<u>-</u>	<u>868,748</u>	<u>-</u>
	<u>\$ 5,574,474</u>	<u>\$ 1,815,000</u>	<u>\$ 5,739,359</u>	<u>\$ 1,815,000</u>

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 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:

	Balance, <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2012</u>			
Current Fund	There were none.		
<u>2011</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 79,432	\$ 79,432	\$ -
Emergency	\$ 3,940	\$ 3,940	\$ -

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and terminal leave 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 \$1,801,366 and \$2,135,168 at December 31, 2012 and 2011, 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, 2012 and 2011, the Borough has reserved in the Other Trust Fund \$702,405 and \$581,722, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 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 June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

Other Pension Funds

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

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

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

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

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 or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included: (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS) .

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 6.50% for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 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, 2012, 2011 and 2010, 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>
2012	\$ 1,226,804	\$ 641,901
2011	1,497,512	588,413
2010	1,352,821	476,223

NOTE 11 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.

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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

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, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$18.0 billion for state active and retired members and \$30.9 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 is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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 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, 2011 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 4.50 percent for investment rate of return for the OPEB.

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, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 million 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 \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and 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 \$36.6 million in Fiscal Year 2012 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, 2012, 2011 and 2010 were \$1,458,868, \$1,323,271 and \$1,217,240, 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, 2012, 2011 and 2010 were \$71,335, \$70,009 and \$75,655, respectively.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 12 RISK MANAGEMENT

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

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 50,000	\$ 16,415	\$ 71,899	\$ 205,009
2011	50,000	1,987	69,938	210,493

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 13 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, 2012 and 2011. 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, 2012 and 2011, the Borough reserved \$806,811 and \$1,108,421, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2012 and 2011, 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 14 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, 2012 and 2011, the Borough is in the process of performing the calculation of its estimated arbitrage earnings due to the IRS, if any.

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

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

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

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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

The Borough of Bergenfield has contributed \$1,211 and \$1,184 for 2012 and 2011, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,211 and \$1,184 for 2012 and 2011, respectively for each eligible volunteer first aid squad members into the Plan.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>2012</u>	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
	Highgate Terrace Rehab PH I	\$ 263,465	2013
	Resurfacing of Graphic Boulevard	179,591	2013

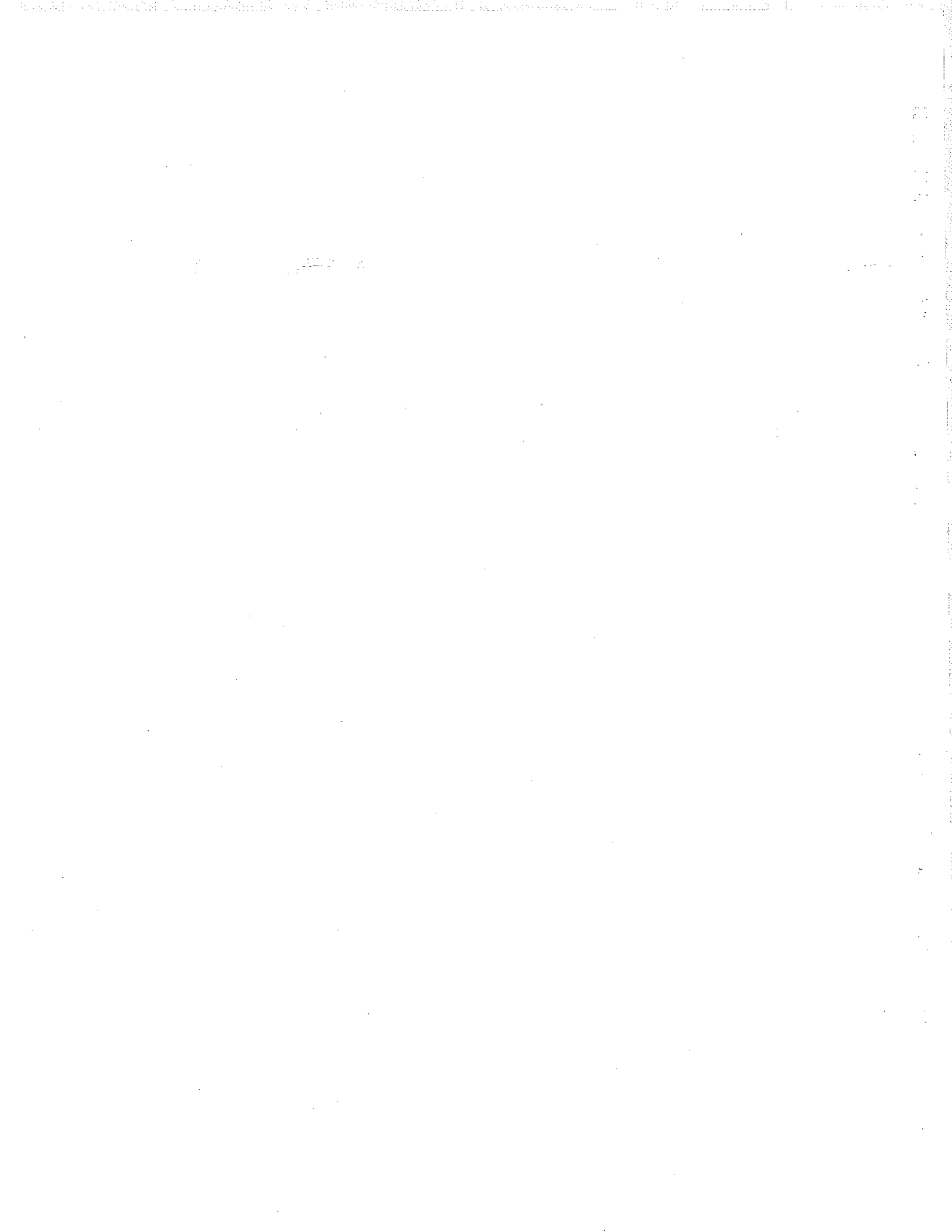
**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 17 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, 2012. As of the date of the audit the Borough has not received any FEMA reimbursement relating to Hurricane Sandy.

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CURRENT FUND



**BOROUGH OF BERGENFIELD
STATEMENT OF CURRENT CASH - TREASURER**

Balance, December 31, 2011	\$ 9,724,675
Increased by Receipts:	
Taxes Receivable	\$77,600,917
Special Improvement District- Taxes Receivable	149,486
Non-Budget Revenue	450,941
Revenue Accounts Receivable	3,925,577
Due from State of New Jersey	224,000
Tax Overpayments	138,200
Prepaid Taxes	202,196
Reserve for Grants- Unappropriated	34,803
Grants Receivable	696,975
Receipts from Other Trust Fund- Miscellaneous Reserves	261,455
Refund- Tax Appeal Overpayment	20,000
Receipts From General Capital Fund- Realized as Current Fund Budgeted Revenue	228,455
Receipts From Other Trust- Escrow	40
Petty Cash	<u>1,350</u>
	<u>83,934,395</u>
	93,659,070
Decreased by Disbursements:	
2012 Budget Appropriations	29,508,182
2011 Appropriation Reserves	1,043,900
County Taxes Payable	6,020,150
Local School District Taxes Payable	45,108,268
Tax Overpayments	100,508
Reserve for Tax Appeals	421,610
Reserve for Grants- Appropriated	777,352
Due to Special Improvement District	162,600
Petty Cash	1,350
Due to Other Trust Fund- Miscellaneous Reserves	182,152
Special Emergency Note Payable	<u>130,000</u>
	<u>83,456,072</u>
Balance, December 31, 2012	<u>\$10,202,998</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF CHANGE FUND**

Balance, December 31, 2011		\$ <u>3,850</u>
Balance, December 31, 2012		\$ <u>3,850</u>

STATEMENT OF PETTY CASH FUND

Balance, December 31, 2011		\$ 340
Increased by:		
Cash Receipts		<u>1,350</u>
		1,690
Decreased by:		
Cash Disbursements		<u>1,350</u>
Balance, December 31, 2012		\$ <u>340</u>

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

Balance, December 31, 2011 (Due To)		\$ 118,644
Increased by:		
Cash Received from State	\$ 224,000	
Senior Citizens' Deductions and Veterans' Deductions Disallowed by Collector	<u>1,750</u>	
		<u>225,750</u>
		344,394
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	43,500	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector	2,504	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector -2011	750	
Veterans' Deductions Per Tax Billings	184,599	
Cancellation	<u>118,644</u>	
		<u>349,997</u>
Balance, December 31, 2012 (Due From)		\$ <u>(5,603)</u>

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

Year	Balance, December 31, 2011	2012 Levy	Added in 2012	Senior Citizens' and Veterans' Deductions Disallowed	2011	Collected In 2012	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2012
2010/2011	\$ 875,683		\$ 19,388			\$ 650,986	\$ 750	\$ 186,975	\$ 4,182	\$ 52,178
2012	-	\$ 78,796,195	49,836	1,750	\$ 264,858	76,949,931	230,603	274,202	21,703	1,106,484
	\$ 875,683	\$ 78,796,195	\$ 69,224	\$ 1,750	\$ 264,858	\$ 77,600,917	\$ 231,353	\$ 461,177	\$ 25,885	\$ 1,158,662

Analysis of 2012 Tax Levy

TAX YIELD	
General Purpose Tax	\$ 78,796,195
Added Taxes (NJSA 54:4-63.1 et seq)	<u>49,836</u>
	<u>\$78,846,031</u>

TAX LEVY	
Local District School Tax (Abstract)	\$ 45,108,268
County Tax (Abstract)	6,015,388
Due County for Added and Omitted Taxes (54:4-63.1)	<u>5,321</u>
	\$ 51,128,977

Local Tax for Municipal Purposes	27,670,132
Add Additional Taxes Levied	<u>46,922</u>
	<u>27,717,054</u>
	<u>\$78,846,031</u>

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

Balance, December 31, 2011	\$ 258,091
Increased by:	
Transfer from Current Year Taxes Receivable	\$ 21,703
Transfer from Prior Year Taxes Receivable	<u>4,182</u>
	<u>25,885</u>
Balance, December 31, 2012	<u>\$ 283,976</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2011	<u>\$ 28,173</u>
Balance, December 31, 2012	<u>\$ 28,173</u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2011</u>	Accrued <u>2012</u>	<u>Collected</u>	Balance, December 31, <u>2012</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 32,341	\$ 32,341	
Licenses		15,562	15,562	
Construction Code Official				
Fees and Permits		447,510	447,510	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		40,707	40,707	
Licenses		792	792	
Fire Prevention				
Fees and Permits		14,902	14,902	
Police Departments				
Fees and Permits		8,315	8,315	
Municipal Court				
Fines and Costs		440,564	440,564	
Interest and Costs on Taxes		214,976	214,976	
Interest on Deposits and				
Investments		32,879	32,879	
Recycling Program		66,777	66,777	
Recreation Fees		26,325	26,325	
Uniform Fire Safety		73,103	73,103	
PILOT Senior Citizen Complex		79,122	-	\$ 79,122
Energy Receipts Tax		1,714,752	1,714,752	
Consolidated Municipal Property Tax Relief Aid		266,905	266,905	
Franchise Fees- Verizon		87,628	87,628	
Franchise Fees- Cablevision		206,495	206,495	
Site Rental - Cablevision		71,787	71,787	
Rental of Tennis Courts		20,000	20,000	
Cell Tower Rent	-	143,257	143,257	-
	<u>\$ -</u>	<u>\$ 4,004,699</u>	<u>\$ 3,925,577</u>	<u>\$ 79,122</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY - 5 YEARS**

<u>Date</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount December 31, 2011</u>	<u>Balance, December 31, 2012</u>
4/22/08	Revaluation	\$ 650,000	\$ 79,432	\$ -
			\$ 79,432	\$ -

STATEMENT OF DEFERRED CHARGES

<u>Emergency Authorization</u>	<u>Balance, December 31, 2011</u>	<u>Reduced 2012</u>	<u>Balance, December 31, 2012</u>
	\$ 3,940	\$ 3,940	\$ -

BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATION RESERVES

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfer To Terminal <u>Leave</u>	Transfer To Accounts <u>Payable</u>	Balance <u>Lapsed</u>
Salaries and Wages						
Mayor & Council	\$ 933	\$ 933				\$ 933
General Administration	15,439	15,439		\$ 10,000		5,439
Municipal Clerk	368	368				368
Financial Administration	26,334	26,334		25,000		1,334
Revenue Administration	22,308	22,308		20,000		2,308
Tax Assessment Administration	406	406				406
Legal Services	240	240				240
Planning Board	1,954	1,954				1,954
Site Plan	46	46				46
Zoning Board of Adjustment	140	140				140
Police Department	62,294	62,294		50,000		12,294
Aid to Volunteer Ambulance Companies	1,580	1,580				1,580
Fire Official	2,422	2,422				2,422
Fire Department	28,578	28,578				28,578
Prosecutor	1,154	1,154				1,154
Public Library		36,163	\$ 36,163			
Municipal Court	21,837	21,837				21,837
Public Defender	1	1				1
Streets and Roads Maintenance	44,576	44,576		40,000		4,576
Solid Waste	42,914	42,914		40,000		2,914
Board of Health	9,948	9,948				9,948
Recreation Services and Programs	2,449	2,449				2,449
Community Affairs-Senior Citizens	558	558				558
Maintenance of Parks	33,674	33,674		30,000		3,674
Building Inspector	8,225	8,225				8,225
Barrier Free Board	100	100				100
Rent Leveling Board	1,300	1,300				1,300
Shade Tree	100	100	-	-	-	100
Total Salaries and Wages	<u>329,878</u>	<u>366,041</u>	<u>36,163</u>	<u>215,000</u>	<u>-</u>	<u>114,878</u>
Other Expenses						
General Administration	32,893	37,029	6,478			30,551
Mayor & Council	4,000	4,000				4,000
Municipal Clerk	9,246	9,372	794			8,578
Financial Administration	41,035	41,910	12,617			29,293
Audit Services		55,000	52,460			2,540
Revenue Administration	17,333	18,314	3,191			15,123
Tax Assessment Administration	5,631	8,895	8,844			51
Legal Services	79,813	90,337	46,218			44,119
Engineering	18,816	27,099	14,842			12,257
Planning Board	500	500				500
Zoning Board	300	300				300
Police Department	50,134	54,124	5,196			48,928
Police Cars	459	459				459
Office of Emergency Management	2,326	2,326				2,326
Aid to Volunteer Ambulance Companies	2,775	11,053	8,278			2,775
Fire Official	3,592	4,123	531			3,592
Fire Department	1,800	27,114	26,053			1,061
Fire Hydrant Service	139	19,068	18,929			139
Municipal Court	6,310	7,381	1,073			6,308

**BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	<u>Expended</u>	Transfer To Other Trust Accumulated <u>Absences</u>	Transfer To Accounts Payable	Balance <u>Lapsed</u>
Streets and Roads Maintenance	\$ 66,181	\$ 76,900	\$ 10,142			\$ 66,758
Buildings and Grounds	13,461	13,933	1,497			12,436
Solid Waste Collection	3,320	18,526	18,290			236
Vehicle Maintenance	17,976	20,076	5,362			14,714
Board of Health	12,339	16,348	4,611			11,737
Environmental Committee	287	287				287
Welfare/Administration of Public Asst.	250	250				250
Recreation Services and Programs	16,817	18,122	15,605			2,517
Maintenance of Parks	47,291	55,251	11,999			43,252
Community Affairs- Senior Citizens	3,044	3,044	117			2,927
Celebration of Public Events	8,939	12,316	4,705			7,611
Building Inspector	8,211	9,128	1,014			8,114
Construction Code Official	1,350	1,350				1,350
Rent Leveling Board	200	200				200
Shade Tree Board	505	505				505
Barrier Free Board	500	500				500
Municipal Library	68,034	31,871	31,871			
Electricity & Gasoline		20,996	20,925			71
Gasoline	2,925	31,337	31,170			167
Street Lighting	8,008	28,008	14,560			13,448
Water		6,415	6,301			114
Telephone	1,498	7,431	6,633			798
Sanitary Landfill - Tipping Fees	32,453	244,586	135,356			109,230
Contingent	7,500	7,500	113			7,387
Social Security System	42,319	32,319	2,575	\$ 25,000		4,744
Sewage Processing and Disposal-BCUA	18,557	18,557				18,557
Sewage Processing and Disposal- Tenafly	7,500	7,500	5,149			2,351
LOSAP	6,000	6,000				6,000
Liability Insurance	26,023	126,579	100,556		\$ 2,500	23,523
Worker Compensation Insurance		117,623	117,623			
Group Insurance Plan for Employees- Gen Gov't	30,003	288,252	256,059	-	-	32,193
Total Other Expenses	<u>728,593</u>	<u>1,640,114</u>	<u>1,007,737</u>	<u>25,000</u>	<u>2,500</u>	<u>604,877</u>
Grand Total	<u>\$ 1,058,471</u>	<u>\$ 2,006,155</u>	<u>\$ 1,043,900</u>	<u>\$ 240,000</u>	<u>\$ 2,500</u>	<u>\$ 719,755</u>
2011 Appropriation Reserves		\$ 1,058,471				
Encumbrances Transferred to 2011 Reserves		<u>947,684</u>				
		<u>\$ 2,006,155</u>				
Cash Disbursed			<u>\$ 1,043,900</u>			

**BOROUGH OF BERGENFIELD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2011	\$ 947,684
Increased by:	
Charges to 2012 Budget Appropriations	<u>1,170,197</u>
	2,117,881
Decreased by:	
Transferred to 2011 Appropriation Reserves	<u>947,684</u>
Balance, December 31, 2012	<u>\$ 1,170,197</u>

EXHIBIT A-16

STATEMENT OF ENCUMBRANCES PAYABLE- RESERVE FOR GRANTS

Balance, December 31, 2011	\$ 79,897
Increased by:	
Charges to 2012 Reserve for Grants- Appropriated	<u>88,607</u>
	168,504
Decreased by:	
Transfer to Appropriated Reserves for Grants	<u>79,897</u>
Balance, December 31, 2012	<u>\$ 88,607</u>

EXHIBIT A-17

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2011	\$ 1,108,421
Increased by:	
Transfer from Budget Appropriations- 2012	\$ 100,000
Refund from an Overpayment to an Appellant	<u>20,000</u>
	<u>120,000</u>
	1,228,421
Decreased by:	
Cash Paid to Appellants	<u>421,610</u>
Balance, December 31, 2012	<u>\$ 806,811</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2011	\$	280,211
Increased by:		
Cash Receipts		<u>138,200</u>
		418,411
Decreased by:		
Refunded		<u>100,508</u>
Balance, December 31, 2012	\$	<u><u>317,903</u></u>

STATEMENT OF OTHER LIENS RECEIVABLE

Balance, December 31, 2011	\$	<u>2,500</u>
Balance, December 31, 2012	\$	<u><u>2,500</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2011	\$	4,826
Increased by:		
2012 Fiscal Year Levy		
General County Tax (Abstract)	\$	5,946,496
County Open Space Preservation		68,892
Due County for Added and Omitted Taxes		<u>5,321</u>
		<u>6,020,709</u>
		6,025,535
Decreased by:		
Payments		<u>6,020,150</u>
Balance, December 31, 2012	\$	<u><u>5,385</u></u>

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

Increased by:	
Levy - Calendar Year	<u>\$ 45,108,268</u>
Decreased by:	
Payments	<u>\$ 45,108,268</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2011	\$ 264,858
Increased by:	
Collection of 2013 Taxes	<u>202,196</u>
	467,054
Decreased by:	
Apply to 2012 Tax Receivable	<u>264,858</u>
Balance, December 31, 2012	<u>\$ 202,196</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATED RESERVES**

	Balance, December 31, <u>2011</u>	Transfer from Current Year <u>Appropriations</u>	Cancel Prior Year <u>Encumbrance</u>	<u>Canceled</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2012</u>
U.S. Department of Housing (CDBG) - Georgian Court		\$ 84,000				\$ 84,000
U.S. Department of Housing (CDBG) - Howard Drive	\$ 175,380				\$ 175,380	
Bergen County Open Space- Tennis Court Rehabilitation	85,000	61,500			85,000	61,500
Bergen County Open Space- Coopers Pond Restoration	67,000				67,000	
Municipal Alliance	3,160	15,759	\$ 12,599	\$ 2,852	25,139	3,527
Municipal Alliance- Local Match	790	3,940	3,150	713	6,285	882
NJ DOT - Resurfacing Dick Street	42,007		19,151		5,317	55,841
NJDOT- Clinton Ave	300,000				300,000	
NJDOT- Graphic Boulevard		146,500			146,500	
Green Communities	3,000				2,150	850
Recycling Tonnage Grant	6,006	7,765	43,651		47,537	9,885
Clean Communities		32,164				32,164
Bergen County 200 Club	1,000					1,000
Body Armor Program		4,334			4,334	
DARE - Donation	500					500
Alcohol Education and Rehabilitation	1,428				375	1,053
Drunk Driving Enforcement Fund	3,608		1,346		942	4,012
Bergen County - Handicap Ramps	95,000	-	-	-	-	95,000
	<u>\$ 783,879</u>	<u>\$ 355,962</u>	<u>\$ 79,897</u>	<u>\$ 3,565</u>	<u>\$ 865,959</u>	<u>\$ 350,214</u>
					Cash Disbursements	\$ 777,352
					Encumbrances-Grants	<u>88,607</u>
						<u>\$ 865,959</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2011</u>	Cash <u>Receipts</u>	Anticipated as 2012 Budget <u>Revenue</u>	Balance, December 31, <u>2012</u>
Alcohol Education		\$ 917		\$ 917
Recycling Tonnage		29,446		29,446
Body Armor Fund	\$ 4,334	4,440	\$ 4,334	4,440
	<u>\$ 4,334</u>	<u>\$ 34,803</u>	<u>\$ 4,334</u>	<u>\$ 34,803</u>

STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2011	<u>\$ 8,250</u>
Balance, December 31, 2012	<u>\$ 8,250</u>

BOROUGH OF BERGENFIELD
STATEMENT OF DUE TO SPECIAL IMPROVEMENT DISTRICT

Balance, December 31, 2011	\$	25,547
Increased by:		
Collection of Assessment Receivable		<u>153,172</u>
		178,719
Decreased by:		
Payments		<u>162,600</u>
Balance, December 31, 2012	\$	<u><u>16,119</u></u>

EXHIBIT A-27

STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE

Balance, December 31, 2011	\$	21,912
Increased by:		
Net Tax Levy 2012		<u>147,732</u>
		169,644
Decreased by:		
Cash Receipts	\$ 149,486	
Prepaid Applied	<u>3,686</u>	
		<u>153,172</u>
Balance, December 31, 2012	\$	<u><u>16,472</u></u>

EXHIBIT A-28

STATEMENT OF PREPAID SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2011	\$	3,686
Increased by:		
Applied to 2012 Taxes		<u>3,686</u>
Balance, December 31, 2012	\$	<u><u>-</u></u>

BOROUGH OF BERGENFIELD
STATEMENT OF TAX OVERPAYMENTS SPECIAL IMPROVEMENT DISTRICT TAXES

Balance, December 31, 2011	<u>\$ 4,572</u>
Balance, December 31, 2012	<u>\$ 4,572</u>

EXHIBIT A-30

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2012</u>
U.S. Department of Housing (CDBG) - Georgian Court		\$ 84,000			\$ 84,000
U.S. Department of Housing (CDBG)- Howard Drive	\$ 175,380		\$ 175,380		
Bergen County Open Space- Coopers Pond Restoration	67,000		67,000		
Bergen County Open Space-Tennis Court Rehabilitation	85,000	61,500	66,630		79,870
Green Communities	3,000				3,000
NJDOT - Resurfacing Dick Street	121,734				121,734
NJDOT- Clinton Ave	300,000		225,000		75,000
NJDOT- Graphic Boulevard		146,500	109,875		36,625
Municipal Alliance Grant	15,759	15,759	11,226	\$ 4,533	15,759
Bergen County - Handicap Ramps	95,000				95,000
Recycling Tonnage Grant		7,765	7,765		
Clean Communities Program		32,164	32,164		
Bergen County Prosecutor Funds	1,935	-	1,935	-	-
	<u>\$ 864,808</u>	<u>\$ 347,688</u>	<u>\$ 696,975</u>	<u>\$ 4,533</u>	<u>\$ 510,988</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Ordinance Number	Issued of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2011	Increased	Decreased	Balance December 31, 2012
04-2329	\$ 459,500	9/16/2011	2/1/2012	2.45%	\$ 130,000	\$ -	\$ 130,000	\$ -
					\$ 130,000	\$ -	\$ 130,000	\$ -

EXHIBIT A-32

**BOROUGH OF BERGENFIELD
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2011	\$ 37,599
Increase by:	
Transfer from 2011 Appropriation Reserves	<u>2,500</u>
	40,099
Decreased by:	
Cancellation	<u>37,599</u>
Balance, December 31, 2012	<u>\$ 2,500</u>

EXHIBIT A-33

STATEMENT OF DUE TO STATE OF NEW JERSEY

	Balance, December 31, <u>2011</u>	<u>Cancellation</u>	Balance, December 31, <u>2012</u>
DCA Training Fees	\$ 4,480	\$ 4,480	
Marriage License	<u>175</u>	<u>175</u>	<u>-</u>
	<u>\$ 4,655</u>	<u>\$ 4,655</u>	<u>\$ -</u>

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TRUST FUND



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

	<u>Unemployment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2011	\$ 220,052	\$ 28,367	\$ 1,812,695
Increased by Receipts:			
Borough's Share of Dog Licenses	\$ 10,743		
Cat License Fees	792		
Budget Appropriation	50,000		
Employee Contributions	16,415		
State Dog License Fees		1,918	
Interest on Deposits			40
Receipts from Current Fund			182,152
Receipts from Payroll Agency			11,139,508
Miscellaneous Reserves			2,201,185
Net Payroll	<u>66,415</u>	<u>13,453</u>	<u>21,591,266</u>
Decreased by Disbursements:			
Payment to State of New Jersey -	286,467	41,820	23,403,961
State Dog License Fees		1,913	
Unemployment Claims		7,885	
Expenditures under R.S. 4:19-15.11	64,200		
Miscellaneous Reserves			2,215,271
Flexible Spending- Admin Feed			701
Payroll Deductions Payable			11,139,508
Net Payroll		792	8,068,381
Payments to Current Fund	<u>64,200</u>	<u>10,590</u>	<u>21,685,356</u>
Balance, December 31, 2012	\$ <u>222,267</u>	\$ <u>31,230</u>	\$ <u>1,718,605</u>

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

Balance, December 31, 2011		\$	28,367
Increased by:			
Dog License Fees Collected		\$	7,623
Late/Miscellaneous Fees			3,120
Cat License Fees Collected			<u>792</u>
			<u>11,535</u>
			39,902
Decreased by:			
Cat and Dog Licenses Fees- Realized as Current Fund			
Budgeted Revenue			792
Statutory Excess			11,793
Expenditures under R.S. 4:19-15.11			<u>7,885</u>
			<u>20,470</u>
Balance, December 31, 2012		\$	<u>19,432</u>

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

Increased by:			
State Fees Collected		\$	1,918
Decreased by:			
Payments to State			<u>1,913</u>
Balance, December 31, 2012		\$	<u>5</u>

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Increased by:			
Statutory Excess		\$	<u>11,793</u>
Balance, December 31, 2012		\$	<u>11,793</u>

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

Balance, December 31, 2011	\$	3
Increased by:		
Interest on Deposits and Investments		40
		43
Decreased by:		
Payments to Current Fund		40
Balance, December 31, 2012	\$	3

EXHIBIT B-6

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

Balance, December 31, 2011	\$	210,493
Increased by:		
Budget Appropriation	\$ 50,000	
Employee Contributions	16,415	
		66,415
		276,908
Decreased by:		
Unemployment Insurance Benefit Claims		71,899
Balance, December 31, 2012	\$	205,009

EXHIBIT B-7

**STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT TRUST FUND**

Balance, December 31, 2011	\$	9,559
Increased by:		
Unemployment Claims Payable to State		71,899
		81,458
Decreased by:		
Payments		64,200
Balance, December 31, 2012	\$	17,258

BOROUGH OF BERGENFIELD
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2012</u>
POAA	\$ 9,976	\$ 2,174	\$ 3,991	\$ 8,159
Fire Code Penalties	77,900	12,811	22,044	68,667
Construction Code Penalties	155,193	500		155,693
Developers Escrow	92,709	62,677	65,524	89,862
Street Openings	28,770	3,000	2,000	29,770
Police Donations	1,013			1,013
Confiscated Funds	6,255			6,255
Code Enforcement Fees - Multiple Dwelling	248,320		248,320	
Tree Replacement	4,420		1,855	2,565
Sewer Bond	1,000			1,000
Holiday at the Pond	914	10,014	4,050	6,878
Ambulance Corp.	12,752	10	12,762	
Police Outside Detail	39,430	129,834	101,879	67,385
Tax Title Lien Redemption	426,698	1,534,437	1,661,232	299,903
Premiums on Tax Title Liens	175,159	416,900	114,000	478,059
Family Fun Day	9,122	10,570	4,707	14,985
Environmental Program	1,962			1,962
Accumulated Absence Liability Trust Fund	581,722	340,000	219,317	702,405
Founders Day	3		3	
Goodwill/Elm St. Relief	11,156	3,534	200	14,490
Crossing Guard	370		370	
Flexible Spending Account	-	14,724	14,472	252
	<u>\$ 1,884,844</u>	<u>\$ 2,541,185</u>	<u>\$ 2,476,726</u>	<u>\$ 1,949,303</u>

Cash Receipts	\$ 2,201,185
Due From Current Fund	340,000
	<u>\$ 2,541,185</u>

Cash Disbursements	\$ 2,215,271
Payments to Current Fund	261,455
	<u>\$ 2,476,726</u>

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

Balance, December 31, 2011		\$ 82,152
Increased by:		
Transfer from Appropriation Reserves- Accumulated Absences	\$ 240,000	
Transfer from Budget Appropriations	<u>100,000</u>	
		<u>340,000</u>
		422,152
Decreased by:		
Cash Received from Current Fund		<u>182,152</u>
Balance, December 31, 2012		<u>\$ 240,000</u>

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

Balance, December 31, 2011		\$ 10,000
Decreased by:		
Administration Fees Paid on Behalf of Current Fund		<u>701</u>
Balance, December 31, 2012		<u>\$ 9,299</u>

BOROUGH OF BERGENFIELD
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Increased by:	
Cash Receipts	<u>\$11,139,508</u>
Decreased by:	
Cash Disbursements	<u>11,139,508</u>

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

Increased by:	
Cash Receipts	<u>\$ 8,068,381</u>
Decreased by:	
Cash Disbursements	<u>8,068,381</u>

GENERAL CAPITAL FUND



BOROUGH OF BERGENFIELD
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2011		\$ 3,926,276
Increased by:		
Bond Anticipation Notes	\$ 6,151,962	
Capital Improvement Fund	100,000	
Unfunded Grants Raised in 2012 Current Fund Budget	<u>128,455</u>	
		<u>6,380,417</u>
		10,306,693
Decreased by:		
Improvement Authorizations	1,128,815	
Contracts Payable	227,783	
Bond Anticipation Notes	4,909,500	
Realized as Current Fund Budgeted Revenue	<u>228,455</u>	
		<u>6,494,553</u>
Balance, December 31, 2012		<u>\$ 3,812,140</u>

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

	Balance, December 31, <u>2012</u>
Contracts Payable	837,330
Capital Improvement Fund	<u>779,688</u>
Fund Balance	72,883
Reserve for Payment of Bonds	626,678
Excess Note Proceeds	107,726

Improvement Authorizations:

Ordinance Number	<u>Improvement Description</u>	
2273	Various Public Improvements	28,251
2289/2337/2343	Expansion of Free Public Library	74,492
2318	Various Capital Improvements	229,944
2323/2340/2341	Various Capital Improvements	45,108
2324	Purchase of Real Property	(56,437)
2355	Various Public Improvements and Acquisition of Equipment	445,014
2371	Various Public Improvements- Municipal Building	6,470
2372	Various Public Improvements	13,837
2383	Various Public Improvements	(38,926)
2384	Environmental Cleanup	(2,887)
2386	Various Public Improvements	(52,163)
2393	Various Public Improvements	16,174
2398	Various Public Improvements	(113,932)
2405	Various Public Improvements	(94,378)
2416	Various Public Improvements	3,921
2424	Various Public Improvements	4,188
2435	Various Public Improvements	62,862
2448	Various Public Improvements	1,093,319
2453	Various Public Improvements	<u>(277,022)</u>
		<u>\$ 3,812,140</u>

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

Balance, December 31, 2011	\$ 9,878,828
Decreased by:	
Paid by 2012 Budget Appropriation:	
Bonds	\$ 2,363,000
Green Trust Loan	10,977
Waste Water Loan	<u>63,732</u>
	<u>2,437,709</u>
Balance, December 31, 2012	<u>\$ 7,441,119</u>

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

Ordinance Number	Improvement Description	Analysis of Balance December 31, 2012				Unexpended Improvement Authorizations		
		Balance, December 31, 2011	Authorized 2012	Cancellation	Balance, December 31, 2012		Bond Anticipation Notes	Expenditures
2324	Purchase Real Property	\$ 290,265			\$ 290,265	\$ 200,000	\$ 56,437	\$ 33,828
2383	Various Public Improvements	1,087,332			1,087,332	1,000,000	38,926	48,406
2384	Environmental Clean-Up	77,887			77,887	75,000	2,887	
2386	Various Public Improvements	377,163			377,163	325,000	52,163	
2393	Various Public Improvements	481,826			481,826	450,000		31,826
2398	Various Public Improvements	698,053			698,053	500,000	113,932	84,121
2405	Various Public Improvements	958,834		\$ 2,296	956,538	800,000	94,378	62,160
2416	Various Public Improvements	250,000			250,000	250,000		
2424	Various Public Improvements	1,123,962		91,895	1,032,067	1,032,067		
2448	Various Public Improvements	1,428,000		15,831	1,412,169	1,412,169		
2453	Various Public Improvements	-	\$ 1,309,000	-	1,309,000	-	277,022	1,031,978
		\$ 6,773,322	\$ 1,309,000	\$ 110,022	\$ 7,972,300	\$ 6,044,236	\$ 635,745	\$ 1,292,319

Bond Anticipation Notes \$ 6,151,962
 Less: excess Note Proceeds 91,895
 Ord. #2424 15,831
 Ord. #2448 \$ 6,044,236

Improvement Authorizations Unfunded \$ 2,409,921
 Less: Unexpended Bond Anticipation Note Proceeds
 Ord. #2393 \$ 16,174
 Ord. #2416 3,921
 Ord. #2424 4,188
 Ord. #2448 1,093,319
1,117,602
\$ 1,292,319

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

Ord. #	Improvement Description	Date of Original Date	Amount of Original Amount	Date of Issue	Date of Maturity	Interest Rate	%	Balance December 31, 2011	Increased	Decreased	Balance, December 31, 2012
2324	Purchase of Real Property	3/3/2010	\$ 200,000	9/30/2011 9/28/2012	9/28/2012 9/28/2013	.970 .85		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
2383	Various Public Improvements	3/3/2010	1,000,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		1,000,000	1,000,000	1,000,000	1,000,000
2384	Environmental Cleanup	3/3/2010	75,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		75,000	75,000	75,000	75,000
2386	Various Public Improvements	3/3/2010	325,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		325,000	325,000	325,000	325,000
2393	Various Public Improvements	3/3/2010	450,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		450,000	450,000	450,000	450,000
2398	Various Public Improvements	3/3/2010	500,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		500,000	500,000	500,000	500,000
2405	Various Public Improvements	3/3/2010	800,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		800,000	800,000	800,000	800,000
2416	Various Public Improvements	3/3/2010	250,000	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		250,000	250,000	250,000	250,000
2424	Various Public Improvements	3/3/2010	1,309,500	9/30/11 9/28/2012	9/28/12 9/28/2013	.970 .85		1,309,500	1,309,500	1,309,500	1,123,962
2448	Various Public Improvements	5/2/2012	1,309,000	5/2/2012	3/1/2013	1.05		-	1,428,000	-	1,428,000
								\$ 4,909,500	\$ 6,151,962	\$ 4,909,500	\$ 6,151,962
								Renewals Issued for Cash	\$ 4,723,962	\$ 4,723,962	
								Paid with Excess Proceeds	1,428,000	185,538	
								\$ 6,151,962	\$ 4,909,500	\$ 4,909,500	\$ 6,151,962

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

Balance, December 31, 2011	\$	745,688
Increased by:		
2012 Budget Appropriation		100,000
		845,688
Decreased by:		
Appropriation to Finance Improvement Authorizations		66,000
Balance, December 31, 2012	\$	779,688

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2011	\$	229,632
Increased by:		
Charges to Improvement Authorizations		837,330
		1,066,962
Decreased by:		
Cancellation	\$	1,849
Cash Disbursements		227,783
		229,632
Balance, December 31, 2012	\$	837,330

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance, December 31, 2011	Decreased	Balance, December 31, 2012
			Date	Amount				
Wastewater Treatment Loan	1997/98	\$ 1,130,000	2013	\$ 62,662	4.0 - 5.0 %	\$ 414,590	\$ 63,732	\$ 350,858
			2014	69,649				
			2015	68,426				
			2016	75,260				
			2017	74,861				
						\$ 414,590	\$ 63,732	\$ 350,858

Paid by Budget Appropriation \$ 63,732

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loan Outstanding Date	Interest Rate	Balance, December 31, 2011	Decreased	Balance, December 31, 2012
Ord. #2324 Purchase of Real Property	2003/04	\$ 227,500	2013	2.00%			
			2014				
			2015				
			2016				
			2017				
			2018				
			2019				
			2020				
			2021				
			2022				
			2023				
			2024				
						\$ 161,238	\$ 10,977
					\$ 161,238	\$ 10,977	\$ 150,261

Paid by Budget Appropriation \$ 10,977

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Date	Interest Rate	Balance, December 31, 2011	Balance, December 31, 2012	
							Decreased
1999 General Improvements	Aug. 1, 1999	\$ 9,455,000		4.80%	\$ 938,000	\$ 938,000	
2003 Retirement of Unfunded Pension Liability	Feb. 15, 2003	1,310,000		2.10-5.00%	175,000	175,000	
2004 General Improvements	July 15, 2003	8,587,000	7/15/2013	3.25%	3,987,000	\$ 2,987,000	
			7/15/2014				1,000,000
2007 General Improvement Bonds	August 14, 2006	4,953,000	8/1/2013, 2014	4.125%	4,203,000	3,953,000	
			8/1/2015				300,000
			8/1/2016				400,000
			8/1/2017				425,000
			8/1/2018, 2019				450,000
8/1/2020	500,000						
8/1/2021	525,000						
					250,000		
					<u>\$ 9,303,000</u>	<u>\$ 6,940,000</u>	
						<u>\$ 2,363,000</u>	
						<u>\$ 2,363,000</u>	

Budget Appropriation

BOROUGH OF BERGENFIELD
STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2011	\$ 854,248
Increased by:	
Cancellation of Funded Ordinance Balance #2355	<u>885</u>
	855,133
Decreased by:	
Anticipated Revenue in the 2012 Current Fund Budget	<u>228,455</u>
Balance, December 31, 2012	<u>\$ 626,678</u>

STATEMENT OF DEFERRED CHARGES- UNFUNDED GRANTS

Balance, December 31, 2011	\$ 128,455
Decreased by:	
Raised in the 2012 Budget	<u>128,455</u>
Balance, December 31, 2012	<u>\$ -</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, 2011	2012 <u>Authorizations</u>	<u>Cancellations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, 2012
2324	Purchase of Real Property	\$ 90,265				\$ 90,265
2383	Various Public Improvements	87,332				87,332
2384	Environmental Cleanup	2,887				2,887
2386	Various Public Improvements	52,163				52,163
2393	Various Public Improvements	31,826				31,826
2398	Various General Improvements	198,053				198,053
2405	Various Public Improvements	158,834		\$ 2,296		156,538
2448	Various Public Improvements	1,428,000			\$ 1,428,000	
2453	Various Public Improvements	-	\$ 1,309,000	-	-	1,309,000
		<u>\$ 2,049,360</u>	<u>\$ 1,309,000</u>	<u>\$ 2,296</u>	<u>\$ 1,428,000</u>	<u>\$ 1,928,064</u>

GOVERNMENT AUDITING STANDARDS

SECTION



LERCH, VINCI & HIGGINS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Bergenfield, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

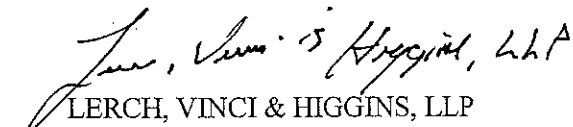
Compliance and Other Matters

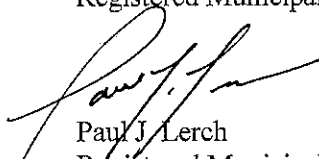
As part of obtaining reasonable assurance about whether the Borough of Bergenfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

We noted certain matters that we reported to management of the Borough of Bergenfield in Part III of this report of audit entitled; "Letter of Comments and Recommendations"

Purpose of this Report

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


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 14, 2013

LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Bergenfield's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Bergenfield's major federal programs for the year ended December 31, 2012. The Borough of Bergenfield's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Bergenfield's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Bergenfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Bergenfield's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Bergenfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Bergenfield is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Bergenfield's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Bergenfield's internal control over compliance.

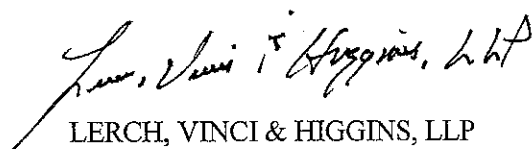
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

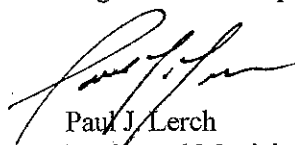
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements - regulatory basis of the Borough of Bergenfield as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 14, 2013, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 14, 2013

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

Federal CFDA Number	Grant Year	Grant Award Amount	2012 Receipts	Balance, December 31, 2011	Revenue Realized	Adjustment (1)	Expenditures	Balance, December 31, 2012	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>									
(Passed through County Dept. of Community Development)									
Community Devel. Block Grants									
	2011	\$ 175,380	\$ 175,380	\$ 175,380	\$ -	\$ -	\$ 175,380	\$ -	\$ 175,380
	2012	84,000	-	-	84,000	-	-	84,000	-
20.601	2011	3,946	3,946	3,608	\$ -	\$ 1,346	942	4,012	1,608
<u>Law and Public Safety- Division of Highway Traffic Safety</u>									
Drunk Driving									
20.205	2010	195,000	73,266	42,007	-	19,151	5,317	55,841	139,159
	2011	300,000	225,000	300,000	-	-	300,000	-	300,000
	2012	146,500	109,875	-	146,500	-	146,500	-	146,500
97.036	2011	223,342	223,342	-	-	-	-	-	223,342
<u>Public Assistance Grant</u>									
FEMA*									
					\$ 230,500	\$ 20,497	\$ 628,139	\$ 143,853	*
Total					\$ 520,995	\$ 20,497	\$ 628,139	\$ 143,853	*

Adjustment (1)- Prior year encumbrances cancelled

FEMA* - Reimbursement for Hurricane Irene and October snowstorm

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

State Grant Program	Grant Number	Grant Year	Grant Award	Grant Receipts	Balance, December 31, 2011	Revenue Realized	Expended	Adjustments	Balance, December 31, 2012	Cumulative Expenditures
Department of Law & Public Safety Body Armor Fund	1020-718-001-2009-090160	2011	\$ 4,334	4,334	\$ 4,334	\$ 4,334	4,334		\$ 32,164	\$ 4,334
		2012	4,440	4,440						
Department of Environmental Protection Clean Communities Program	4900-765008-178900	2011	32,164	32,164	32,164					
		2012								
Recycling Tonnage Grant	4900-752001-178810	2011	48,347	48,347	6,006	47,537	47,537	43,851	2,120	46,227
		2012	7,765	37,211	7,765				7,765	
Green Communities	N/A	2011	3,000		3,000		2,150		850	2,150
Stormwater Management Planning Grant	4850-100-118-290430									
Municipal Alliance Fund	N/A	2011	15,759	12,638	3,160	12,907	12,907	9,747		9,786
		2012	15,759	11,226		12,232	12,232		3,527	12,232
Division of Judiciary- Municipal Court Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2011	1,025	1,025	1,428	375	375		1,053	375
		2012	917	917						
					\$ 13,594	\$ 60,022	\$ 79,535	\$ 53,398	\$ 47,479	\$ 47,479

*- Cancel Prior Year Encumbrance
 **- Cancel Grant \$2,852 and Cancel Prior Year Encumbrance \$12,599
 Note: This schedule is not subject to a single audit in accordance with NJ OMB Circular 04-04.

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



BOROUGH OF BERGENFIELD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	<u>\$ 230,500</u>	<u>\$ 60,022</u>	<u>\$ 290,522</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF BERGENFIELD
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2012**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2012, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State/Total</u>
Dept. of Environmental Protection	4860-510-702440	\$ 150,261
Dept. of Economic Development Authority	L-04387	<u>350,858</u>
		<u>\$ 501,119</u>

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no
- F) Type of auditors' report on compliance for major programs: Unmodified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? yes X no
- I) Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.205

Department of Transportation

State Awards Section

Not Applicable.

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE ENDED DECEMBER 31, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Paragraph 5.18-5.20 of *Government Auditing Standards*.

There are none.

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF BERGENFIELD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Paragraph 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.

SUPPORTING DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012



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

	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,815,000	2.11 %	\$ 1,500,000	1.74 %
Miscellaneous - From Other Than Local				
Property Tax Levies	5,297,661	6.15	5,201,481	6.04
Collection of Delinquent Taxes and Tax Title Liens	650,986	0.76	560,549	0.65
Collection of Current Tax Levy	77,443,642	89.94	77,077,932	89.52
Other Credits	896,014	1.04	617,926	0.72
	<u>86,103,303</u>	<u>100.00</u> %	<u>84,957,888</u>	<u>98.67</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	33,219,461	39.33 %	32,655,498	38.67 %
County Taxes	6,020,709	7.13	6,009,358	7.12
Local District School Taxes	45,108,268	53.41	44,883,849	53.15
Other Expenditures - Debits	104,750	0.12	20,138	0.02
	<u>84,453,188</u>	<u>100.00</u> %	<u>83,568,843</u>	<u>98.95</u> %
Excess in Revenue	1,650,115		1,389,045	
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute				
Deferred Charges to Budget of Succeeding Years	-		3,940	
Statutory Excess to Surplus	1,650,115		1,392,985	
Fund Balance, Beginning of Year	<u>5,739,359</u>		<u>5,846,374</u>	
	7,389,474		7,239,359	
Less Utilization as Anticipated Revenue	<u>1,815,000</u>		<u>1,500,000</u>	
Fund Balance, End of Year	<u>\$ 5,574,474</u>		<u>\$ 5,739,359</u>	

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

COMPARATIVE SCHEDULE OF CALENDAR YEAR TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Calendar Year Tax Rate</u>	\$ <u>2.970</u>	\$ <u>2.931</u>	\$ <u>2.867</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.042	\$ 1.019	\$ 0.996
County- Regular Tax	0.225	0.223	0.219
County- Open Space	0.003	0.003	0.003
Local School	1.700	1.686	1.649

* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2012	\$ <u>2,653,070,530</u>		
2011		\$ <u>2,662,552,323</u>	
2010			\$ <u>2,671,557,182</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 78,846,031	\$ 77,443,642	98.22%
2011	78,102,005	77,077,932	98.69%
T.Y. 2010	39,121,615	38,708,355	98.94%

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Period Ended</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
December 31, 2012	\$ 283,976	\$ 1,158,662	\$ 1,442,638	1.83%
December 31, 2011	258,091	875,683	1,133,774	1.45%
December 31, 2010	226,093	662,434	888,527	2.27%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Period Ended</u>	<u>Amount</u>
December 31, 2012	\$ 28,173
December 31, 2011	28,173
December 31, 2010	28,173

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Period Ended</u>	<u>Fund Balance</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	December 31, 2012	\$ 5,574,474	\$ 1,815,000
	December 31, 2011	5,739,359	1,815,000
	December 31, 2010	5,846,374	1,500,000

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>
Timothy J. Driscoll	Mayor
Ora Kornbluth	Councilwoman
Carlos Aguasvivas	Councilman
Charles Steinel	Councilman
Thomas A. Lodato	Council President
Robert Gillman	Councilman
P. Christopher Tully	Councilman
Alice Czykier	Tax Collector/Acting CFO
Frederick McGarril	Borough Administrator
Carole Chamberlain-Berman	Borough Clerk
Ken Pfannen	Construction Code Official
Harry Hillenius	Building Inspector/Zoning Official
George Reggo	Tax Assessor
Helene Herbert	Municipal Court Judge
Kim Grimaldi	Deputy Court Administrator
Michael Purvin	Borough Prosecutor
Felicia Williams	Registrar of Vital Statistics
Anne Marie Dela Cruz	Social Service Director
Susan Muller	Social Service Director
Edward Kneisler	Public Works Superintendent
John Schettino	Borough Attorney

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Prior Year Comments – Unresolved

Our audit of the cash disbursement cycle revealed that numerous purchase orders tested were dated subsequent to invoice date. It is recommended that purchase orders be created when the goods and/or services are being ordered.

Current Year Comments

Our audit of the tax department revealed the following:

- Tax Court judgment documentation was not maintained for the tax appeal refunds.
- One out of the four tax title lien redemptions tested did not have a tax sale certificate.
- Two out nine confirmation letters returned disagreed with the delinquent tax balance outstanding; it appears that one taxpayer's property tax assessment was not adjusted to reflect a tax court judgment reducing the assessment and this taxpayer continued to over-pay their taxes. Credits were applied to the account incorrectly causing a delinquent balance at December 31st. As of the date of the audit we are waiting on the second taxpayer to provide proof of tax payments to determine the correct tax balance outstanding at December 31st.
- There was one taxpayer who provided proof of a cash payment; however this cash payment was not posted to the taxpayer's account. There were numerous credits and adjustments posted to the taxpayer's account resulting in a delinquent balance at December 31, 2012. Upon receipt of the delinquent notice the taxpayer has provided the Borough with proof of tax payments which satisfy the tax levy billed in full.
- There are delinquent tax balances in the Edmunds tax system that date back to 2008.
- There are tax overpayments outstanding of \$317,903 and \$280,211 as of December 31, 2012 and 2011, respectively.

It is recommended that:

- Tax court judgment documentation be maintained with tax appeal refunds.
- Copies of the tax sale certificate be maintained with the tax title lien redemption.
- Continued efforts be maintained to obtain proof of tax payments from the taxpayer who is not in agreement with their outstanding tax balance at December 31, 2012.
- Efforts be made to clear the old delinquent tax balances in the Edmunds tax system and to either apply or refund the tax overpayments.
- Overall internal controls in the tax department be enhanced to ensure all payments received are properly credited to the taxpayer's account, promptly deposited, overpayments be reviewed periodically to ensure they are either applied or refunded in a timely manner and delinquent notices be sent out quarterly and all discrepancies be properly researched and documented.

Our audit of the payroll agency bank account revealed that there is an excess balance in the account which represents the pension deducted from the employees for a retro pay in prior years. It is recommended that the retro pay pension deductions be remitted to the state.

Our audit of the financial disclosure statements revealed that two members of the governing body did not file the annual financial disclosure statements. It is recommended that all members of the governing body file the annual financial disclosure statements with the State of New Jersey.

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500, except by contract or agreement."

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

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

Road Improvement Program	Cooper's Pond Restoration
Howard Drive Rehabilitation	Highgate Terrace Rehabilitation Phase I
Memorial Park Tennis Court Improvements	Municipal Building Roof Replacement
	Resurfacing of Graphic Boulevard

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 18, 2012 and was complete.

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

<u>December 31,</u>	<u>Number of Liens</u>
2012	8
2011	8
2010	8

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

Suggestions to Management

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

APPRECIATION

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

**BOROUGH OF BERGENFIELD
RECOMMENDATIONS**

It is recommended that:

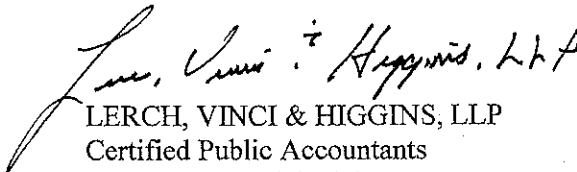
- * 1. Purchase orders be created when the goods and/or services are being ordered.
- 2. It is recommended that the Tax Department:
 - Tax court judgment documentation be maintained with tax appeal refunds.
 - Copies of the tax sale certificate be maintained with the tax title lien redemption.
 - Continued efforts be maintained to obtain proof of tax payments from the taxpayer who is not in agreement with their outstanding tax balance at December 31, 2012.
 - Efforts be made to clear the old delinquent tax balances in the Edmunds tax system and to either apply or refund the tax overpayments.
 - Overall internal controls in the tax department be enhanced to ensure all payments received are properly credited to the taxpayer's account, promptly deposited, overpayments be reviewed periodically to ensure they are either applied or refunded in a timely manner and delinquent notices be sent out quarterly and all discrepancies be properly researched and documented.
- 3. The retro pay pension deductions be remitted to the state.
- 4. All members of the governing body file the annual financial disclosure statements with the State of New Jersey.

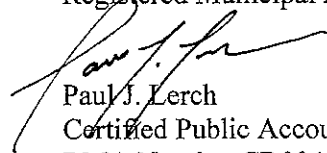
Status of Prior Year's Audit Findings/Recommendations

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

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

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


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


Paul J. Lerch
Certified Public Accountant
RMA Number CR00457