

**BOROUGH OF BERGENFIELD**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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

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**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Bergenfield, as of December 31, 2013 and 2012, 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, 2013, 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, 2013 and 2012, or changes in financial position where applicable, for the years then ended.

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

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 25 percent and 27 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

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

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Bergenfield as of December 31, 2013 and 2012, 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, 2013 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.

*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, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Bergenfield.

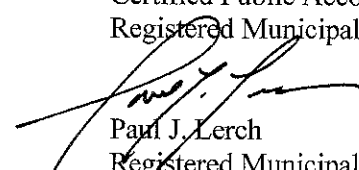
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated August 13, 2014 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  
August 13, 2014



**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash	A-4	\$11,140,232	\$10,202,998
Cash - Change Funds	A-5	3,850	3,850
Cash- Petty Cash	A-6	340	340
Senior and Veteran's Discounts	A-7	-	5,603
Grants Receivable	A-28	<u>691,611</u>	<u>510,988</u>
		<u>11,836,033</u>	<u>10,723,779</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	1,121,607	1,158,662
Delinquent Property Taxes- Special Improvement District	A-25	9,233	16,472
Tax Title Liens	A-9	290,555	283,976
Property Acquired for Taxes (at Assessed Valuation)	A-10	28,173	28,173
Other Liens Receivable	A-17	2,500	2,500
Revenue Accounts Receivable	A-11	76,393	79,122
Due from Animal Control Fund	B-4	11,793	11,793
Due from Other Trust Fund- FSA	B-10	9,299	9,299
Due from Other Trust Fund- Escrow	B-5	<u>4</u>	<u>3</u>
		<u>1,549,557</u>	<u>1,590,000</u>
Total Assets		<u>\$13,385,590</u>	<u>\$12,313,779</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	A-3,A-12	\$ 2,035,775	\$ 1,901,748
Encumbrances Payable	A-13	1,211,679	1,170,197
Encumbrances Payable - Reserve for Grants	A-14	4,168	88,607
Accounts Payable	A-29	1,092	2,500
Reserve for Tax Appeals	A-15	416,917	806,811
Tax Overpayments	A-16	54,048	317,903
Tax Overpayments- Special Improvement District	A-27	1,216	4,572
Prepaid Taxes	A-20	332,304	202,196
Prepaid Taxes- Special Improvement District	A-26	1,883	-
Due County for Added & Omitted Taxes	A-18	15,078	5,385
Due to the State of New Jersey- Senior and Veteran's Discounts	A-7	12,506	
Reserve for:			
Master Plan	A-23	8,250	8,250
Appropriated Reserve for Grants	A-21	724,514	350,214
Unappropriated Reserve for Grants	A-22	33,698	34,803
Due to Special Improvement District	A-24	57,678	16,119
Due to Other Trust Fund -Reserve for Terminal Leave	B-9	557,143	240,000
		<u>5,467,949</u>	<u>5,149,305</u>
Reserve for Receivables and Other Assets	A	1,549,557	1,590,000
Fund Balance	A-1	<u>6,368,084</u>	<u>5,574,474</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 13,385,590</u>	 <u>\$ 12,313,779</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,815,000	\$ 1,815,000
Miscellaneous Revenue Anticipated	A-2	5,020,591	4,585,216
Receipts from Delinquent Taxes	A-2	1,141,236	650,986
Receipts from Current Taxes	A-2	78,653,012	77,443,642
Non-Budget Revenue	A-2	499,325	712,445
Other Credits to Income			
Cancel Appropriated Reserve Balances	A-21	92,243	3,565
Cancel Prior Year Accounts Payable	A-1		42,254
Interfunds Returned	A		3
Statutory Excess - Animal Control	A-1		11,793
Cancel Senior and Veteran's Deductions Prior Years Balance	A-1		118,644
Unexpended Balances of Appropriation Reserves	A-12	<u>1,238,238</u>	<u>719,755</u>
		<u>88,459,645</u>	<u>86,103,303</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	13,182,713	13,182,875
Other Expenses	A-3	14,276,753	14,085,851
Deferred Charges and Statutory Expenditures - Municipal	A-3	3,003,125	2,705,532
Capital Improvements	A-3	567,402	392,000
Municipal Debt Service	A-3	2,854,738	2,853,203
County Taxes Payable	A-18	6,043,389	6,020,709
Local District School Taxes Payable	A-19	45,763,348	45,108,268
Other Debits to Income			
Refund of Prior Year Revenue	A-4	8,115	
Accounts Receivable Advanced	A-1		79,122
Senior and Verteran's Discounts Dis-allowed Prior Year	A-7	15,178	
Interfunds Advanced	A	1	21,095
Cancellation of Grants Receivable Balances	A-28	<u>136,273</u>	<u>4,533</u>
Total Expenditures		<u>85,851,035</u>	<u>84,453,188</u>
Excess in Revenue		2,608,610	1,650,115
Fund Balance, Beginning of Year	A-1	<u>5,574,474</u>	<u>5,739,359</u>
Decreased by		8,183,084	7,389,474
Utilization as Anticipated Revenue	A-1	<u>1,815,000</u>	<u>1,815,000</u>
Fund Balance, End of Year	A	<u>\$ 6,368,084</u>	<u>\$ 5,574,474</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, 2013**

	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	-
<b>MISCELLANEOUS REVENUES</b>					
Licenses					
Alcoholic Beverages	A-11	30,000		31,314	\$ 1,314
Other	A-2	12,500		14,751	2,251
Fees and Permits	A-2	60,000		63,174	3,174
Fines and Costs					
Municipal Court	A-11	440,000		370,578	(69,422)
Interest and Costs on Taxes	A-11	167,000		210,781	43,781
Interest on Investments and Deposits	A-2	27,500		31,068	3,568
PILOT Senior Citizen Complex	A-11	76,393		79,122	2,729
Site Rental - Cablevision	A-11	70,000		253,171	183,171
Franchise Fees - Cablevision	A-11	192,862		192,862	-
Franchise Fees - Verizon	A-11	100,104		100,104	-
Rental of Tennis Courts	A-11	20,000		20,000	-
Cell Tower Rental Fee	A-11	136,000		152,266	16,266
Recycling Program	A-11	60,000		128,892	68,892
Recreation Fees	A-11	22,500		25,760	3,260
Energy Receipts Tax	A-11	1,755,710		1,755,710	-
Consolidated Municipal Property Tax Relief Aid	A-11	225,947		225,947	-
Uniform Construction Code Fees	A-11	375,000		462,227	87,227
Uniform Fire Safety Act	A-11	72,500		85,886	13,386
Reserve for Payment of Debt Service	C-10	228,455		228,455	-
Bergen County Prosecutor Funds	A-28	5,000	\$ 6,000	11,000	-
Recycling Tonnage Grant - Reserve	A-22	29,446		29,446	-
Clean Communities Program	A-28		37,763	37,763	-
Body Armor- Reserve	A-22	4,440		4,440	-
Municipal Alliance on Alcoholism and Drug Abuse	A-28	15,279		15,279	-
Alcohol Education and Rehabilitation Fund	A-22, A-28	917	1,055	1,972	-
Drunk Driving Enforcement Fund	A-28		5,416	5,416	-
NJ Department of Environmental Protection - CSIP Grant	A-28		15,805	15,805	-
Bergen County Open Space - Twin Boro Field Rehab	A-28		67,402	67,402	-
NJ Department of Transportation - Merritt Ave/Phelps Ave	A-28		150,000	150,000	-
NJ Department of Transportation- Safe Routes to School Program	A-28	250,000	-	250,000	-
 Total Miscellaneous Revenues	A-1	<u>4,377,553</u>	<u>283,441</u>	<u>5,020,591</u>	<u>359,597</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>700,000</u>	<u>-</u>	<u>1,141,236</u>	<u>441,236</u>
LOCAL TAX FOR MUNICIPAL PURPOSES	A-2	<u>28,209,021</u>	<u>-</u>	<u>28,246,275</u>	<u>37,254</u>
Total General Revenues	A-3	<u>\$ 35,101,574</u>	<u>\$ 283,441</u>	<u>36,223,102</u>	<u>\$ 838,087</u>
Non-Budget Revenue	A-2,A-1			<u>499,325</u>	
				<u>\$ 36,722,427</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, 2013**

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 78,853,012
Less: Transfer to Reserve for Tax Appeals	A-15	<u>200,000</u>
	A-1	78,653,012
Less: Allocated to School and County Taxes	A-18,A-19	<u>51,806,737</u>
Balance for Support of Municipal Budget Appropriations		26,846,275
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,400,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 28,246,275</u>
Licenses- Other		
Borough Clerk	A-11	\$ 13,505
Board of Health	A-11	<u>1,246</u>
	A-2	<u>\$ 14,751</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 43,197
Fire Department	A-11	14,194
Police Department	A-11	<u>5,783</u>
	A-2	<u>\$ 63,174</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-5	\$ 46
Cash Receipts	A-11	<u>31,022</u>
	A-2	<u>\$ 31,068</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Reference

ANALYSIS OF NON-BUDGET REVENUES

FEMA Reimbursement	\$	172,837
Police Alarms		19,841
Swim Club Rental		8,000
Seasonal Field Fees/Park Rentals		2,365
Dumpster Fees		3,575
DMV Inspection		4,400
Zoning		2,803
Sub-Division		2,780
Memo Bills		1,107
Insurance Refund		43,232
Borough Auction		1,036
Tax Sale Costs		1,191
Prior Year Police Outside Detail		124,322
Dwelling Inspection		38,500
BOE- Gasoline		15,190
Workers Comp Refund		4,976
Miscellaneous		<u>53,170</u>
	A-1	\$ <u>499,325</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 232,000	\$ 232,000	\$ 204,131	\$ 27,869	
Other Expenses	135,750	135,624	95,186	40,438	
Mayor & Council					
Salaries and Wages	42,000	42,000	40,126	1,874	
Other Expenses	4,000	4,000	1,540	2,460	
Municipal Clerk					
Salaries and Wages	78,500	78,500	58,727	19,773	
Other Expenses	67,500	67,500	46,950	20,550	
Financial Administration (Treasury)					
Salaries and Wages	137,500	137,500	117,909	19,591	
Other Expenses	50,600	50,600	23,417	27,183	
Audit Services					
Other Expenses	85,000	85,000	10,287	74,713	
Revenue Administration (Tax Collection)					
Salaries and Wages	137,500	137,500	101,964	35,536	
Other Expenses	28,100	28,100	11,967	16,133	
Tax Assessment Administration					
Salaries and Wages	55,100	55,100	50,369	4,731	
Other Expenses	32,730	32,730	10,458	22,272	
Legal Services (Legal Department)					
Salaries and Wages	43,500	43,500	43,260	240	
Other Expenses	230,000	230,000	178,727	51,273	
Insurance					
Unemployment Insurance	50,000	50,000	50,000		
Workers Compensation Insurance	517,132	517,132	517,132		
Liability Insurance	439,235	439,235	384,362	54,873	
Group Insurance Plan for Employees	4,700,000	4,700,000	4,542,579	157,421	
Engineering Services - Other Expenses					
	130,000	130,000	119,897	10,103	
Planning Board					
Salaries and Wages	1,300	1,300	1,200	100	
Other Expenses	500	500		500	
Site Plan					
Salaries and Wages	1,300	1,300	92	1,208	

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, 2013**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 3,400	\$ 3,400	\$ 3,260	\$ 140	
Other Expenses	300	300		300	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	6,956,300	6,856,300	6,615,826	240,474	
Other Expenses	163,450	163,450	142,923	20,527	
Other Expenses - Acquisition of Police Vehicles	45,000	45,000	37,477	7,523	
Office of Emergency Management					
Other Expenses	5,400	5,400	1,271	4,129	
First Aid Organization					
Other Expenses	71,000	71,000	67,790	3,210	
Fire Official					
Salaries and Wages	85,000	85,000	79,792	5,208	
Other Expenses	6,000	6,000	3,583	2,417	
Fire Department					
Salaries and Wages	649,000	649,000	547,617	101,383	
Other Expenses	150,050	150,050	105,445	44,605	
Fire Hydrant Service	243,500	244,500	244,332	168	
Municipal Prosecutors Office					
Salaries and Wages	15,000	15,000	14,423	577	
Municipal Court					
Salaries and Wages	128,000	128,000	113,633	14,367	
Other Expenses	17,725	17,725	7,703	10,022	
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	1,190,520	1,190,520	901,769	288,751	
Other Expenses	196,500	196,500	127,350	69,150	



**BOROUGH OF BERGENFIELD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 102,500	\$ 102,500	\$ 80,767	\$ 21,733	
Solid Waste Collection					
Salaries and Wages	1,980,500	1,980,500	1,904,490	76,010	
Other Expenses	187,000	187,000	178,295	8,705	
Vehicle Maintenance (Including Police)					
Other Expenses	55,000	55,000	32,721	22,279	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	336,601	336,601	323,702	12,899	
Other Expenses	30,850	30,850	22,298	8,552	
Environmental Committee					
Other Expenses	500	500	299	201	
Animal Control Services					
Other Expenses	33,455	33,455	33,455		
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	131,000	131,000	127,571	3,429	
Other Expenses	56,000	56,000	36,338	19,662	
Community Affairs - Senior Citizens					
Salaries and Wages	18,000	18,000	17,328	672	
Other Expenses	12,000	12,000	9,790	2,210	
Maintenance of Parks					
Salaries and Wages	555,792	555,792	513,478	42,314	
Other Expenses	93,000	93,000	62,422	30,578	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 44,500	\$ 44,500	\$ 26,591	\$ 17,909	
Accumulated Leave Compensation	150,000	150,000	150,000		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Building Inspector					
Salaries and Wages	339,100	339,100	330,480	8,620	
Other Expenses	24,650	24,650	15,020	9,630	
Construction Code Official					
Other Expenses	1,350	1,350		1,350	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries and Wages	1,200	1,200	1,200		
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	95	505	
UNCLASSIFIED					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	250,000	250,000	238,571	11,429	
Street Lighting	245,000	245,000	194,954	50,046	
Telephone	85,000	85,000	82,611	2,389	
Water	47,500	46,500	45,947	553	
Gasoline	320,000	320,000	270,510	49,490	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 1,025,000	\$ 1,025,000	\$ 882,524	\$ 142,476	-
Total Operations Within "CAPS"	23,267,040	23,166,914	21,220,331	1,946,583	-
Contingent	5,000	5,000	-	5,000	-
Total Operations Including Contingent Within "CAPS"	23,272,040	23,171,914	21,220,331	1,951,583	-
Detail:					
Salaries and Wages	13,282,713	13,182,713	12,276,747	905,966	-
Other Expenses (Including Contingent)	9,989,327	9,989,201	8,943,584	1,045,617	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
DEFERRED CHARGES					
Prior Year Bills					
Other Expenses -					
NJ Public Safety Accreditation Coalition	300	300	300		
Banisch Associates	2,150	2,150	2,150		
STATUTORY EXPENDITURES					
Contribution to:					
Social Security Syst. (O.A.S.I.)	625,000	625,000	569,480	55,520	
Police and Fireman's Retirement System	1,434,310	1,434,310	1,434,310		
Public Employees Retirement System	653,632	653,632	653,632	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,715,392	2,715,392	2,659,872	55,520	-
Total General Appropriations for Municipal Purposes Within "CAPS"	25,987,432	25,887,306	23,880,203	2,007,103	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,474,488	1,474,488	1,452,401	22,087	

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 1,679,730	\$ 1,679,731	\$ 1,679,730	\$	1
Debt Service Costs	768,692	768,692	768,692		
Sewerage Processing and Disposal - Tenafly	8,000	8,000	8,000		
PUBLIC SAFETY					
Fire Department					
LOSAP - Other Expenses	70,000	70,000	64,160	5,840	
LANDFILL/SOLID WASTE DISPOSAL					
Recycling Tax	30,000	30,000	29,256	744	
OTHER COMMON OPERATING FUNCTIONS					
Reserve for Tax Appeals	31,700	131,700	131,700		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Alcohol Education and Rehabilitation Fund - Reserve	917	1,972	1,972		
Municipal Alliance on Alcohol and Drug Abuse - County	15,279	15,279	15,279		
Municipal Alliance on Alcohol and Drug Abuse - Match	3,820	3,820	3,820		
Body Armor Replacement Fund	4,440	4,440	4,440		
Bergen County Prosecutor Funds	5,000	11,000	11,000		
Clean Communities Program		37,763	37,763		
Recycling Tonnage	29,446	29,446	29,446		
Drunk Driving Enforcement Fund		5,416	5,416		
NJDEP - State Forestry	-	15,805	15,805	-	-
Total Operations - Excluded from "CAPS"	<u>4,121,512</u>	<u>4,287,552</u>	<u>4,258,880</u>	<u>28,672</u>	<u>-</u>
Detail:					
Salaries and Wages					
Other Expenses	<u>4,121,512</u>	<u>4,287,552</u>	<u>4,258,880</u>	<u>28,672</u>	<u>-</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<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>
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000		
Bergen County Open Space - Twin Boro Field Rehab		67,402	67,402		
NJ Department of Transportation-Phelps Ave.		150,000	150,000		
NJ Department of Transportation-Safe Routes to School Pro.	250,000	250,000	250,000	-	-
<b>Total Capital Improvement Excluded from "CAPS"</b>	<b>350,000</b>	<b>567,402</b>	<b>567,402</b>	<b>-</b>	<b>-</b>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	1,300,000	1,300,000	1,300,000		
Payment of Bond Anticipation Notes and Capital Notes	1,178,164	1,178,164	1,178,164		
Interest on Bonds	260,280	260,280	260,280		
Interest on Notes	29,394	29,519	29,519		
Green Trust Loan Program					
Loan Repayments for Principal and Interest	14,147	14,147	14,147		
Wastewater Loan Principal and Interest	72,912	72,912	72,628	-	\$ 284
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>2,854,897</b>	<b>2,855,022</b>	<b>2,854,738</b>	<b>-</b>	<b>284</b>
<b>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</b>					
Deferred Charges - Unfunded					
Ordinance #2324	287,733	287,733	287,733	-	-
<b>Total Deferred Charges - Municipal Excluded from "CAPS"</b>	<b>287,733</b>	<b>287,733</b>	<b>287,733</b>	<b>-</b>	<b>-</b>
Judgements	100,000	100,000	-	-	100,000
<b>Total General Appropriations Excluded from "CAPS"</b>	<b>7,714,142</b>	<b>8,097,709</b>	<b>7,968,753</b>	<b>\$ 28,672</b>	<b>100,284</b>
<b>Total General Appropriations</b>	<b>33,701,574</b>	<b>33,985,015</b>	<b>31,848,956</b>	<b>2,035,775</b>	<b>100,284</b>
Reserve for Uncollected Taxes	1,400,000	1,400,000	1,400,000	-	-
<b>Total General Appropriations</b>	<b>\$35,101,574</b>	<b>\$35,385,015</b>	<b>\$33,248,956</b>	<b>\$ 2,035,775</b>	<b>\$ 100,284</b>

**BOROUGH OF BERGENFIELD  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-2	\$ 35,101,574	
Added by N.J.S.A. 40A:4-87	A-3	<u>283,441</u>	
		<u>\$ 35,385,015</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 29,763,234
Reserve for Uncollected Taxes	A-2		1,400,000
Encumbrances Payable	A-13		1,211,679
Transfer to Reserve for Tax Appeals	A-15		131,700
Transfer to Grants Appropriated	A-21		592,343
Transfer to Reserve for Terminal Leave	B-9		<u>150,000</u>
			<u>\$ 33,248,956</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	\$ 223,480	\$ 222,267
		<u>223,480</u>	<u>222,267</u>
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	31,332	31,230
Due From State of NJ	B-3	<u>2</u>	<u>-</u>
		<u>31,334</u>	<u>31,230</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	2,151,896	1,718,605
Due From Current Fund - Other Trust	B-9	<u>557,143</u>	<u>240,000</u>
		<u>2,709,039</u>	<u>1,958,605</u>
<b>LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	916,094	760,727
Contribution Receivable	B	<u>48,399</u>	<u>64,160</u>
		<u>964,493</u>	<u>824,887</u>
Total Assets		<u>\$ 3,928,346</u>	<u>\$ 3,036,989</u>

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND RESERVES</b>			
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to State of New Jersey	B-7		\$ 17,258
Reserve for Unemployment Compensation Insurance	B-6	\$ 223,480	<u>205,009</u>
		<u>223,480</u>	<u>222,267</u>
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-3		5
Due to Current Fund	B-4	11,793	11,793
Reserve for Animal Control Expenditures	B-2	<u>19,541</u>	<u>19,432</u>
		<u>31,334</u>	<u>31,230</u>
<b>OTHER TRUST FUND</b>			
Due to Current Fund - Other Trust Flex Spending	B-10	9,299	9,299
Due to Current Fund - Escrow Trust	B-5	4	3
Reserve for:			
Miscellaneous Deposits	B-8	<u>2,699,736</u>	<u>1,949,303</u>
		<u>2,709,039</u>	<u>1,958,605</u>
<b>LENGTH OF SERVICE AWARD PROGRAM</b>			
<b>TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP	B	<u>964,493</u>	<u>824,887</u>
Total Liabilities and Reserves		<u>\$ 3,928,346</u>	<u>\$ 3,036,989</u>



**BOROUGH OF BERGENFIELD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 3,950,871	\$ 3,812,140
Deferred Charges to Future Taxation			
Funded	C-4	6,067,260	7,441,119
Unfunded	C-5	<u>7,828,135</u>	<u>7,972,300</u>
Total Assets		<u>\$ 17,846,266</u>	<u>\$ 19,225,559</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-13	\$ 5,640,000	\$ 6,940,000
Wastewater Loan Payable	C-11	288,196	350,858
EDA Loan Payable	C-12	139,064	150,261
Bond Anticipation Notes Payable	C-7	6,390,000	6,151,962
Contracts Payable	C-9	295,306	837,330
Improvement Authorizations			
Funded	C-6	950,733	905,978
Unfunded	C-6	2,837,786	2,409,921
Reserve for Payment of Bonds	C-10	398,223	626,678
Capital Improvement Fund	C-8	812,988	779,688
Fund Balance	C-1	<u>93,970</u>	<u>72,883</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 17,846,266</u>	<u>\$ 19,225,559</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$1,444,700 and \$1,928,064, respectively. (Exhibit C-14)

**BOROUGH OF BERGENFIELD**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 72,883	\$ 72,883
Increased by:			
Premium on Sale of Notes	C-2	<u>21,087</u>	<u>-</u>
Balance, December 31	C	<u>\$ 93,970</u>	<u>\$ 72,883</u>



**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Bergenfield (the "Borough") was incorporated in 1894 and operates under an elected Mayor/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 or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of Bergenfield have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**C. Basis of Presentation – Financial Statements**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

The Borough has the following funds and account group:

*Current Fund* – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

*Trust Funds* - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

*Unemployment Insurance Fund* - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

*Animal Control Fund* - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

*Other Trust Fund* - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

*Length of Service Awards Program Fund (LOSAP)* – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

*General Capital Fund* – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

*General Fixed Assets Account Group* - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Financial Statements – Regulatory Basis**

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

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

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

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

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

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

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

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



**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

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, 2012 balances to conform to the December 31, 2013 presentation.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust Funds  
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Borough Council increased the original budget by \$283,441 and \$292,000. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2013 and 2012.

**NOTE 3 DEPOSITS AND INVESTMENTS**

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

A. **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.

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**A. Deposits (Continued)**

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, 2013 and 2012, the book value of the Borough's deposits were \$17,502,001 and \$15,991,430 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,887,561 and \$16,299,158, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured	\$ 17,887,561	\$ 16,299,158

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, 2013 and 2012, the Borough's bank balances were not exposed to custodial credit risk.

**B. Investments**

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

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>Fair Value (LOSAP)</u>
<b><u>2013</u></b>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>916,094</u>
<b><u>2012</u></b>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>760,727</u>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**B. Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$916,094 and \$760,727 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value (LOSAP)</u>
<b><u>2013</u></b>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>916,094</u>
<b><u>2012</u></b>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>760,727</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2013 and 2012, the Borough’s investment in Lincoln Financial Group was rated Baa1 and Baa2, respectively, by Moody’s Investor Services.

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

The fair value of the above-listed investments were based on quoted market prices.

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current Fund</u>		
Property Taxes	\$ 1,121,607	\$ 1,158,662
Tax Title Liens	<u>290,555</u>	<u>283,976</u>
	<u>\$ 1,412,162</u>	<u>\$ 1,442,638</u>

In 2013 and 2012, the Borough collected \$1,141,236 and \$650,986 from delinquent taxes, which represented 79% and 57% of the prior year delinquent taxes receivable balance.

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

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

	<u>2013</u>		<u>2012</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 21,096	\$ 557,143	\$ 21,095	\$ 240,000
Animal Control Fund		11,793		11,793
Other Trust Fund- Escrow		4		3
Other Trust Fund-FSA		9,299		9,299
Other Trust Fund- Reserves	<u>557,143</u>	<u>-</u>	<u>240,000</u>	<u>-</u>
	<u>\$ 578,239</u>	<u>\$ 578,239</u>	<u>\$ 261,095</u>	<u>\$ 261,095</u>

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

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 6 FUND BALANCES APPROPRIATED**

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

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 5,676,473	\$ 1,950,000	\$ 5,057,883	\$ 1,815,000
Non-Cash Surplus	<u>691,611</u>	<u>-</u>	<u>516,591</u>	<u>-</u>
	<u>\$ 6,368,084</u>	<u>\$ 1,950,000</u>	<u>\$ 5,574,474</u>	<u>\$ 1,815,000</u>

**NOTE 7 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

<u>2013</u>	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
Land	\$ 5,196,563			\$ 5,196,563
Buildings and Building Improvements	8,074,806	\$ 78,500		8,153,306
Machinery and Equipment	8,395,101	816,745		9,211,846
Construction in Process-Roof Replacement	<u>99,134</u>	<u>13,848</u>	<u>-</u>	<u>112,982</u>
	<u>\$ 21,765,604</u>	<u>\$ 909,093</u>	<u>\$ -</u>	<u>\$ 22,674,697</u>
<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>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 8 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 12,457,260	\$ 13,593,081
Less Funds Temporarily Held to Pay Bonds and Notes	<u>404,788</u>	<u>734,404</u>
Net Debt Issued	<u>12,052,472</u>	<u>12,858,677</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,444,700</u>	<u>1,928,064</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 13,497,172</u>	<u>\$ 14,786,741</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 .50% and .53% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2013</u></b>			
General Debt	<u>\$ 13,901,960</u>	<u>\$ 404,788</u>	<u>\$ 13,497,172</u>
Total	<u>\$ 13,901,960</u>	<u>\$ 404,788</u>	<u>\$ 13,497,172</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2012</u></b>			
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>

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 93,030,016	\$ 96,869,934
Net Debt	<u>13,497,172</u>	<u>14,786,741</u>
Remaining Borrowing Power	<u>\$ 79,532,844</u>	<u>\$ 82,083,193</u>

**A. Long-Term Debt**

The Borough's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$8,587,000, 2004 Bonds, due in annual installments of \$1,000,000 to \$1,987,000 through July, 2014 interest at 3.25%	\$ 1,987,000	\$ 2,987,000
\$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>3,653,000</u>	<u>3,953,000</u>
	<u>\$ 5,640,000</u>	<u>\$ 6,940,000</u>

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the 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>2013</u>	<u>2012</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%	\$ 288,196	\$ 350,858
\$227,500, 2004 Loan, due in Semi-annual installments of \$10,977 to \$13,936 through September 2024, interest at 2%	<u>139,064</u>	<u>150,261</u>
	<u>\$ 427,260</u>	<u>\$ 501,119</u>



**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 8 MUNICIPAL DEBT (Continued)**

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

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General</u>		<u>Loans</u>		Total
	Principal	Interest	Principal	Interest	
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	500,000	85,856	12,368	1,778	600,002
2019-2023	1,578,000	132,787	65,674	5,059	1,781,520
2024-2028	-	-	13,937	209	14,146
Total	<u>\$ 5,640,000</u>	<u>\$ 798,861</u>	<u>\$ 427,260</u>	<u>\$ 38,298</u>	<u>\$ 6,904,419</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within One Year
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 6,940,000		\$ 1,300,000	\$ 5,640,000	\$ 2,287,000
Intergovernmental Loans Payable	<u>501,119</u>	<u>-</u>	<u>73,859</u>	<u>427,260</u>	<u>81,071</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,441,119</u>	<u>\$ -</u>	<u>\$ 1,373,859</u>	<u>\$ 6,067,260</u>	<u>\$ 2,368,071</u>
	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within One Year
<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>

**BOROUGH OF BERGENFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 8 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Purchase of Real Property	0.97%	9/28/2013	\$ 200,000		\$ 200,000	
Various Public Improvements	0.97%	2/28/2014	5,876,962	\$ 6,387,113	5,876,962	\$ 6,387,113
Environmental Cleanup	0.97%	2/28/2014	75,000	2,887	75,000	2,887
Total			<u>\$ 6,151,962</u>	<u>\$ 6,390,000</u>	<u>\$ 6,151,962</u>	<u>\$ 6,390,000</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2011</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
<u>2012</u>						
<u>General Capital Fund</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>

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, 2013 AND 2012**

**NOTE 8 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

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

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 2013 and 2012 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.

2013

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31,			Balance,
			<u>2012</u>	<u>Increases</u>	<u>Reductions</u>	December 31, <u>2013</u>
There were none.						

2012

			Balance, December 31,			Balance,
			<u>2011</u>	<u>Increases</u>	<u>Reductions</u>	December 31, <u>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>

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2013</u>		
There were no significant projects.		
<u>2012</u>		
Highgate Terrace Rehab PH I	\$ 263,465	2013
Resurfacing of Graphic Boulevard	179,591	2013

**NOTE 10 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, terminal leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,315,026 and \$1,801,366 at December 31, 2013 and 2012, 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, 2013 and 2012, the Borough has reserved in the Other Trust Fund \$1,216,975 and \$702,405, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after 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, 2013 AND 2012**

**NOTE 11 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.

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

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

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

**Basis of Accounting**

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**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.
- 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 2013, the PERS member contribution rate was 6.64%. 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. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF BERGENFIELD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPP (2.00%) and (b) changes to projected salary increases, which vary by fund.

**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% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 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, 2013, 2012 and 2011, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>
2013	\$ 1,434,310	\$ 653,632
2012	1,226,804	641,901
2011	1,497,512	588,413

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS**

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

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 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

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

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

**Basis of Accounting**

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

**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. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.



**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 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.

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, 2012 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, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$38.0 million in Fiscal Year 2013 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, 2013, 2012 and 2011 were \$1,815,703, \$1,458,868 and \$1,323,271, 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, 2013, 2012 and 2011 were \$73,065, \$71,335 and \$70,009, respectively.

**NOTE 13 RISK MANAGEMENT**

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

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

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

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

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

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 13 RISK MANAGEMENT (Continued)**

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 50,000	\$ 16,510	\$ 48,039	\$ 223,480
2012	50,000	16,415	71,899	205,009
2011	50,000	1,987	69,938	210,493

**NOTE 14 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. 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, 2013 and 2012, the Borough reserved \$416,917 and \$806,811, 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, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 15 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

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

The Borough of Bergenfield has contributed \$1,241 and \$1,211 for 2013 and 2012, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,241 and \$1,211 for 2013 and 2012, 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.

**BOROUGH OF BERGENFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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, 2013. As of December 31, 2013, the Borough has received \$172,837 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

**NOTE 18 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On June 27, 2014 the Borough issued Bond Anticipation Notes in the amount of \$7,506,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Janney Montgomery Scott, LLC at an interest rate of .75%. These notes dated June 27, 2014 will mature on March 2, 2015.

**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

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

Balance, December 31, 2012		\$10,202,998
Increased by Receipts:		
Taxes Receivable	\$79,587,697	
Special Improvement District- Taxes Receivable	199,587	
Non-Budget Revenue	499,325	
Revenue Accounts Receivable	4,200,838	
Revenue Accounts Receivable- Returned	2,729	
Due from State of New Jersey	200,322	
Tax Overpayments	260,235	
Prepaid Taxes	332,304	
Reserve for Grants- Unappropriated	33,698	
Grants Receivable	236,824	
Tax Tile Liens	6,964	
Prepaid Taxes- SID	1,883	
Tax Overpayments- SID	1,216	
Receipts From General Capital Fund-		
Realized as Current Fund Budgeted Revenue	228,455	
Receipts From Other Trust- Escrow	45	
Petty Cash	<u>1,350</u>	
		<u>85,793,472</u>
		95,996,470
Decreased by Disbursements:		
2013 Budget Appropriations	29,763,234	
2012 Appropriation Reserves	1,262,615	
County Taxes Payable	6,033,696	
Local School District Taxes Payable	45,763,348	
Tax Overpayments	524,090	
Reserve for Tax Appeals	721,594	
Reserve for Grants- Appropriated	210,239	
Accounts Payable	2,500	
Due to Special Improvement District	162,600	
Petty Cash	1,350	
Due to Other Trust Fund- Miscellaneous Reserves	402,857	
Refund Prior Year Revenue	<u>8,115</u>	
		<u>84,856,238</u>
Balance, December 31, 2013		<u>\$11,140,232</u>



**BOROUGH OF BERGENFIELD  
STATEMENT OF CHANGE FUND**

Balance, December 31, 2012		\$ <u>3,850</u>
Balance, December 31, 2013		\$ <u>3,850</u>

**STATEMENT OF PETTY CASH FUND**

Balance, December 31, 2012		\$ 340
Increased by:		
Cash Receipts		<u>1,350</u>
		1,690
Decreased by:		
Cash Disbursements		<u>1,350</u>
Balance, December 31, 2013		\$ <u>340</u>

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

Balance, December 31, 2012 (Due From)		\$ 5,603
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 40,750	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector	5,891	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector -2012	500	
Veterans' Deductions Per Tax Billings	<u>171,250</u>	
		<u>218,391</u>
		223,994
Decreased by:		
Cash Received from State	200,322	
Senior Citizens' Deductions and Veterans' Deductions Disallowed by Collector - 2012 Taxes	15,678	
Senior Citizens' Deductions and Veterans' Deductions Disallowed by Collector	<u>20,500</u>	
		<u>236,500</u>
Balance, December 31, 2013 (Due To)		\$ <u>12,506</u>

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

Year	Balance, December 31, 2012	2013 Levy	Added in 2013	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2012	2013	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2013
2011	\$ 52,178		\$ 11,012		\$ 15,334		\$ 7,111			\$ 40,745
2012	1,106,484	-	62,472	\$ 15,678	-	1,118,938	\$ 500	10,394	-	54,802
	1,158,662	-	73,484	15,678	-	1,134,272	500	17,505	-	95,547
2013	-	\$ 80,022,178	132,868	20,500	\$ 202,196	78,453,425	217,891	254,354	\$ 21,620	1,026,060
	\$ 1,158,662	\$ 80,022,178	\$ 206,352	\$ 36,178	\$ 202,196	\$ 79,587,697	\$ 218,391	\$ 271,859	\$ 21,620	\$ 1,121,607

Analysis of 2013 Tax Levy

<b>TAX YIELD</b>	
General Purpose Tax	\$ 80,022,178
Added Taxes (NJSA 54:4-63.1 et seq)	<u>132,868</u>
	\$80,155,046
<b>TAX LEVY</b>	
Local District School Tax (Abstract)	\$ 45,763,348
County Tax (Abstract)	6,028,375
Due County for Added and Omitted Taxes (54:4-63.1)	<u>15,014</u>
	\$ 51,806,737
Local Tax for Municipal Purposes	28,209,021
Add Additional Taxes Levied	<u>139,288</u>
	28,348,309
	<u>\$80,155,046</u>

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

Balance, December 31, 2012		\$ 283,976
Increased by:		
Transfer from Current Year Taxes Receivable	\$ 21,620	
Transfer from SID Taxes Receivable	346	
Interest and Costs Accrued by Sale	<u>301</u>	
		<u>22,267</u>
		306,243
Decreased by:		
Cash Receipts	6,964	
Transfer to Prior Year Taxes Receivable (Correction from Prior Year)	<u>8,724</u>	
		<u>15,688</u>
Balance, December 31, 2013		<u>\$ 290,555</u>

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

Balance, December 31, 2012		<u>\$ 28,173</u>
Balance, December 31, 2013		<u>\$ 28,173</u>

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

	Balance, December 31, <u>2012</u>	Accrued <u>2013</u>	Collected	Balance, December 31, <u>2013</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 31,314	\$ 31,314	
Licenses		13,505	13,505	
Construction Code Official				
Fees and Permits		462,227	462,227	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		43,197	43,197	
Licenses		1,246	1,246	
Fire Prevention				
Fees and Permits		14,194	14,194	
Police Departments				
Fees and Permits		5,783	5,783	
Municipal Court				
Fines and Costs		370,578	370,578	
Interest and Costs on Taxes		210,781	210,781	
Interest on Deposits and				
Investments		31,022	31,022	
Recycling Program		128,892	128,892	
Recreation Fees		25,760	25,760	
Uniform Fire Safety		85,886	85,886	
PILOT Senior Citizen Complex	\$ 79,122	73,664	76,393	\$ 76,393
Energy Receipts Tax		1,755,710	1,755,710	
Consolidated Municipal Property Tax Relief Aid		225,947	225,947	
Franchise Fees- Verizon		100,104	100,104	
Franchise Fees- Cablevision		192,862	192,862	
Site Rental - Cablevision		253,171	253,171	
Rental of Tennis Courts		20,000	20,000	
Cell Tower Rent	-	152,266	152,266	-
	<u>\$ 79,122</u>	<u>\$ 4,198,109</u>	<u>\$ 4,200,838</u>	<u>\$ 76,393</u>

**BOROUGH OF BERGENFIELD**  
**STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance, January 1, 2013	Balance After Modification	Expended	Transfer To Terminal Leave	Transfer To Accounts Payable	Balance Lapsed
<b>Salaries and Wages</b>						
Mayor & Council	\$ 1,099	\$ 1,099				\$ 1,099
General Administration	6,445	6,445				6,445
Municipal Clerk	1,702	1,702				1,702
Financial Administration	32,743	32,743				32,743
Revenue Administration	3,102	3,102				3,102
Tax Assessment Administration	9,686	9,686				9,686
Legal Services	240	240				240
Planning Board	100	100				100
Zoning Board of Adjustment	140	140				140
Police Department	159,642	159,642	-	\$ 150,000	-	9,642
Fire Official	7,942	7,942	-	-	-	7,942
Fire Department	129,795	129,795	\$ 2,400	120,000	-	7,395
Prosecutor	427	427	-	-	-	427
Municipal Court	11,827	11,827	17	-	-	11,810
Streets and Roads Maintenance	269,749	269,749	-	250,000	-	19,749
Solid Waste	70,797	70,797	-	50,000	-	20,797
Board of Health	18,051	18,051	-	-	-	18,051
Recreation Services and Programs	1,838	1,838	-	-	-	1,838
Community Affairs-Senior Citizens	252	252	-	-	-	252
Maintenance of Parks	38,243	38,243	-	-	-	38,243
Building Inspector	6,529	6,529	-	-	-	6,529
Barrier Free Board	100	100	-	-	-	100
Rent Leveling Board	100	100	-	-	-	100
Shade Tree	100	100	-	-	-	100
<b>Total Salaries and Wages</b>	<b>770,649</b>	<b>770,649</b>	<b>2,417</b>	<b>570,000</b>	<b>-</b>	<b>198,232</b>
<b>Other Expenses</b>						
General Administration	42,169	44,739	6,424	-	-	38,315
Mayor & Council	3,885	4,000	115	-	-	3,885
Municipal Clerk	28,138	28,261	250	-	-	28,011
Financial Administration	26,065	27,620	1,516	-	-	26,104
Audit Services	2,973	70,973	51,500	-	-	19,473
Tax Collection	15,992	16,330	8,050	-	-	8,280
Tax Assessment Administration	20,566	21,192	14,189	-	-	7,003
Legal Services	47,909	58,291	51,817	-	-	6,474
Engineering	31,881	40,130	17,096	-	-	23,034
Planning Board	500	500	-	-	-	500
Zoning Board	300	300	-	-	-	300
Police Department	51,657	74,293	37,721	-	-	36,572
Police Cars	5	64,283	64,278	-	-	5
Office of Emergency Management	1,189	1,249	60	-	-	1,189
First Aid Organization	18,288	18,938	650	-	-	18,288
Fire Official	1,709	3,411	1,702	-	-	1,709
Fire Department	17,611	39,254	36,621	-	1,092	1,541
Fire Hydrant Service	-	20,371	20,242	-	-	129
Municipal Court	6,518	7,829	1,313	-	-	6,516

**BOROUGH OF BERGENFIELD  
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance, January 1, <u>2013</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	\$ 44,453	\$ 90,885	\$ 47,502	-	-	\$ 43,383
Buildings and Grounds	7,277	11,076	8,594	-	-	2,482
Solid Waste Collection	14,012	29,516	27,782	-	-	1,734
Vehicle Maintenance	16,323	18,281	2,321	-	-	15,960
Board of Health	17,173	18,068	2,417	-	-	15,651
Environmental Committee	197	197	-	-	-	197
Animal Control	2	2	-	-	-	2
Welfare/Administration of Public Asst.	250	250	-	-	-	250
Recreation Services and Programs	25,646	35,580	10,934	-	-	24,646
Maintenance of Parks	43,825	49,317	6,275	-	-	43,042
Community Affairs- Senior Citizens	2,754	2,754	146	-	-	2,608
Celebration of Public Events	7,035	7,035	-	-	-	7,035
Building Inspector	9,855	10,573	720	-	-	9,853
Construction Code Official	1,350	1,350	-	-	-	1,350
Rent Leveling Board	200	200	-	-	-	200
Barrier Free Board	500	500	-	-	-	500
Electricity & Gasoline	45,208	70,208	27,709	-	-	42,499
Street Lighting	20,113	40,113	16,247	-	-	23,866
Telephone	11,047	17,021	7,225	-	-	9,796
Water	-	4,768	3,128	-	-	1,640
Gasoline	14,929	63,824	50,221	-	-	13,603
Sanitary Landfill - Tipping Fees	40,048	287,716	184,482	-	-	103,234
Sanitary Landfill - Recycling Tax	-	3,309	3,309	-	-	-
Contingent	6,362	6,362	-	-	-	6,362
Social Security System	48,230	48,230	1,714	-	-	46,516
Contribution to Free Public Library	41,945	41,945	41,945	-	-	-
Sewage Processing and Disposal-BCUA	46,589	46,589	-	-	-	46,589
Sewage Processing and Disposal- Tenafly	-	8,000	6,307	-	-	1,693
LOSAP	1,299	1,299	-	-	-	1,299
Liability Insurance	28,598	127,233	98,635	-	-	28,598
Group Insurance Plan for Employees- Gen Gov't	58,038	334,237	277,697	-	-	56,540
Worker Compensation Insurance	170	122,578	121,344	-	-	1,234
Group Insurance	259,687	259,687	-	-	-	259,687
Clean Communities Grant	629	629	-	-	-	629
<b>Total Other Expenses</b>	<b>1,131,099</b>	<b>2,301,296</b>	<b>1,260,198</b>	<b>-</b>	<b>1,092</b>	<b>1,040,006</b>
<b>Grand Total</b>	<b>\$ 1,901,748</b>	<b>\$ 3,071,945</b>	<b>\$ 1,262,615</b>	<b>\$ 570,000</b>	<b>\$ 1,092</b>	<b>\$ 1,238,238</b>
2013 Appropriation Reserves		\$ 1,901,748				
Encumbrances Transferred to 2013 Reserves		<u>1,170,197</u>				
		<u>\$ 3,071,945</u>				
Cash Disbursed			<u>\$ 1,262,615</u>			

**BOROUGH OF BERGENFIELD  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 1,170,197
Increased by:		
Charges to 2013 Budget Appropriations		<u>1,211,679</u>
		2,381,876
Decreased by:		
Transferred to 2012 Appropriation Reserves		<u>1,170,197</u>
Balance, December 31, 2013		<u>\$ 1,211,679</u>

EXHIBIT A-14

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

Balance, December 31, 2012		\$ 88,607
Increased by:		
Charges to 2013 Reserve for Grants- Appropriated		<u>4,168</u>
		92,775
Decreased by:		
Transfer to Appropriated Reserves for Grants		<u>88,607</u>
Balance, December 31, 2013		<u>\$ 4,168</u>

EXHIBIT A-15

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2012		\$ 806,811
Increased by:		
Transfer from Budget Appropriations- 2013	\$ 131,700	
Transfer from Current Collections	<u>200,000</u>	
		<u>331,700</u>
		1,138,511
Decreased by:		
Cash Paid to Appellants		<u>721,594</u>
Balance, December 31, 2013		<u>\$ 416,917</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2012	\$	317,903
Increased by:		
Cash Receipts		<u>260,235</u>
		578,138
Decreased by:		
Refunded		<u>524,090</u>
Balance, December 31, 2013	\$	<u>54,048</u>

**STATEMENT OF OTHER LIENS RECEIVABLE**

Balance, December 31, 2012	\$	<u>2,500</u>
Balance, December 31, 2013	\$	<u>2,500</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2012	\$	5,385
Increased by:		
2013 Fiscal Year Levy		
General County Tax (Abstract)	\$ 5,961,949	
County Open Space Preservation	66,426	
Due County for Added and Omitted Taxes	<u>15,014</u>	
		<u>6,043,389</u>
		6,048,774
Decreased by:		
Payments		<u>6,033,696</u>
Balance, December 31, 2013	\$	<u>15,078</u>



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

Increased by:	
Levy - Calendar Year	<u>\$ 45,763,348</u>
Decreased by:	
Payments	<u>\$ 45,763,348</u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012	\$ 202,196
Increased by:	
Collection of 2014 Taxes	<u>332,304</u>
	534,500
Decreased by:	
Apply to 2013 Tax Receivable	<u>202,196</u>
Balance, December 31, 2013	<u>\$ 332,304</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF APPROPRIATED RESERVES**

	Balance, December 31, <u>2012</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>2013</u>
U.S. Department of Housing (CDBG) - Georgian Court	\$ 84,000			\$ 16,703	\$ 67,297	-
Bergen County Open Space- Tennis Court Rehabilitation	61,500				41,750	\$ 19,750
Bergen County Open Space- Twin Boro Field Rehab		\$ 67,402				67,402
NJ Dept. of Transportation- Graphic Blvd			\$ 69,317		69,317	
NJ Dept. of Transportation- Merritt Ave/Phelps Ave		150,000				150,000
NJ Dept. of Transportation- Safe Routes		250,000				250,000
NJ Dept. of Environmental Protection- CSIP		15,805				15,805
Municipal Alliance	3,527	15,279	12,232	15,759		15,279
Municipal Alliance- Local Match	882	3,820	3,058	3,940		3,820
NJ DOT - Resurfacing Dick Street	55,841			55,841		-
Green Communities	850				850	-
Recycling Tonnage Grant	9,885	29,446	4,000		12,807	30,524
Clean Communities	32,164	37,763				69,927
Bergen County 200 Club	1,000					1,000
DARE - Donation	500					500
Body Armor		4,440			4,168	272
Alcohol Education and Rehabilitation	1,053	1,972			1,000	2,025
Drunk Driving Enforcement Fund	4,012	5,416			6,218	3,210
Bergen County Prosecutor Funds		11,000			11,000	-
Bergen County - Handicap Ramps	95,000	-	-	-	-	95,000
	<u>\$ 350,214</u>	<u>\$ 592,343</u>	<u>\$ 88,607</u>	<u>\$ 92,243</u>	<u>\$ 214,407</u>	<u>\$ 724,514</u>

Cash Disbursements	\$ 210,239
Encumbrances-Grants	<u>4,168</u>
	<u>\$ 214,407</u>

**BOROUGH OF BERGENFIELD  
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Anticipated as 2013 Budget <u>Revenue</u>	Balance, December 31, <u>2013</u>
Alcohol Education	\$ 917		\$ 917	
Recycling Tonnage	29,446	\$ 28,061	29,446	\$ 28,061
Body Armor Fund	<u>4,440</u>	<u>5,637</u>	<u>4,440</u>	<u>5,637</u>
	<u>\$ 34,803</u>	<u>\$ 33,698</u>	<u>\$ 34,803</u>	<u>\$ 33,698</u>

**STATEMENT OF RESERVE FOR MASTER PLAN**

Balance, December 31, 2012	<u>\$ 8,250</u>
Balance, December 31, 2013	<u>\$ 8,250</u>

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

Balance, December 31, 2012	\$	16,119
Increased by:		
Collection of Assessment Receivable		<u>204,159</u>
		220,278
Decreased by:		
Payments		<u>162,600</u>
Balance, December 31, 2013	\$	<u>57,678</u>

**STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES RECEIVABLE**

Balance, December 31, 2012	\$	16,472
Increased by:		
Net Tax Levy 2013		<u>197,266</u>
		213,738
Decreased by:		
Cash Receipts	\$ 199,587	
Transfer to Tax Title Liens	346	
Apply Overpayments	<u>4,572</u>	
		<u>204,505</u>
Balance, December 31, 2013	\$	<u>9,233</u>

**STATEMENT OF PREPAID SPECIAL IMPROVEMENT DISTRICT TAXES**

Increased by:		
Collection of 2014 Taxes	\$	<u>1,883</u>
Balance, December 31, 2013	\$	<u>1,883</u>

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

Balance, December 31, 2012	\$ 4,572
Increased by:	
Cash Receipts	1,216
	5,788
Decreased by:	
Applied to 2013 Collections	4,572
Balance, December 31, 2013	\$ 1,216

EXHIBIT A-28

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2013</u>
U.S. Department of Housing (CDBG) - Georgian Court	\$ 84,000		\$ 67,297	\$ 16,703	
Bergen County Open Space- Twin Boro Field Rehab		\$ 67,402			\$ 67,402
Bergen County Open Space-Tennis Court Rehabilitation	79,870		-	18,370	61,500
Green Communities	3,000		3,000		-
NJDOT - Resurfacing Dick Street	121,734		36,293	85,441	-
NJDOT- Clinton Ave	75,000		75,000		-
NJDOT- Graphic Boulevard	36,625				36,625
NJDOT- Safe Routes to School Program		250,000			250,000
NJDOT- Merritt Ave/Phelps Ave		150,000			150,000
NJ Dept. of Environmental Protection		15,805			15,805
Municipal Alliance Grant	15,759	15,279		\$ 15,759	15,279
Bergen County - Handicap Ramps	95,000				95,000
Clean Communities Program		37,763	37,763		
Alcohol Education/Rehab Program		1,055	1,055		
Drunk Driving		5,416	5,416		
Bergen County Prosecutor Funds	-	11,000	11,000	-	-
	\$ 510,988	\$ 553,720	\$ 236,824	\$ 136,273	\$ 691,611

**BOROUGH OF BERGENFIELD  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2012	\$ 2,500
Increase by:	
Transfer from 2012 Appropriation Reserves	<u>1,092</u>
	3,592
Decreased by:	
Cash Disbursements	<u>2,500</u>
Balance, December 31, 2013	<u>\$ 1,092</u>

**TRUST FUND**

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

	<u>Unemployment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2012	\$ 222,267	\$ 31,230	\$ 1,718,605
Increased by Receipts:			
Borough's Share of Dog Licenses	\$ 9,353		
Cat License Fees	1,108		
Budget Appropriation	50,000		
Employee Contributions	16,510		
State Dog License Fees		2,198	
Interest on Deposits			46
Receipts from Current Fund			402,857
Receipts from Payroll Agency			12,210,900
Miscellaneous Reserves			2,634,425
Net Payroll	<u>66,510</u>	<u>12,659</u>	<u>23,717,468</u>
Decreased by Disbursements:			
Payment to State of New Jersey -	288,777	43,889	25,436,073
State Dog License Fees		2,205	
Unemployment Claims	65,297		
Expenditures under R.S. 4:19-15.11		9,331	
Miscellaneous Reserves			2,603,992
Payroll Deductions Payable			12,210,900
Net Payroll		1,021	8,469,240
Payments to Current Fund	<u>65,297</u>	<u>12,557</u>	<u>23,284,177</u>
Balance, December 31, 2013	<u>\$ 223,480</u>	<u>\$ 31,332</u>	<u>\$ 2,151,896</u>



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

Balance, December 31, 2012		\$	19,432
Increased by:			
Dog License Fees		\$	8,684
Cat License Fees			1,108
Miscellaneous and Late Fees			<u>669</u>
			<u>10,461</u>
			29,893
Decreased by:			
Expenditures Under R.S. 4:19-15.11			
Cat and Dog License Fees- Realized as current Fund			
Budgeted Revenue			1,021
Cash Disbursements			<u>9,331</u>
			10,352
Balance, December 31, 2013		\$	<u>19,541</u>

Animal License Fees Collected

<u>Year</u>			
2011		\$	9,653
2012			<u>11,535</u>
		\$	<u>21,188</u>

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

Balance, December 31, 2012 (Due To)	\$ 5
Increased by:	
State Fees Collected	<u>2,198</u>
	2,203
Decreased by:	
Payments to State	<u>2,205</u>
Balance, December 31, 2013 (Due From)	<u>\$ 2</u>

EXHIBIT B-4

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

Balance, December 31, 2012	\$ <u>11,793</u>
Balance, December 31, 2013	<u>\$ 11,793</u>

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

Balance, December 31, 2012	\$	3
Increased by:		
Interest on Deposits and Investments		46
		49
Decreased by:		
Payments to Current Fund		45
Balance, December 31, 2013	\$	4

EXHIBIT B-6

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

Balance, December 31, 2012	\$	205,009
Increased by:		
Budget Appropriation	\$	50,000
Employee Contributions		16,510
		66,510
		271,519
Decreased by:		
Unemployment Insurance Benefit Claims		48,039
Balance, December 31, 2013	\$	223,480

EXHIBIT B-7

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

Balance, December 31, 2012	\$	17,258
Increased by:		
Unemployment Claims Payable to State		48,039
		65,297
Decreased by:		
Payments		65,297
Balance, December 31, 2013	\$	-

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

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2013</u>
POAA	\$ 8,159	\$ 1,918	\$ 4,453	\$ 5,624
Fire Code Penalties	68,667	32,558	19,139	82,086
Construction Code Penalties	155,693	4,500		160,193
Developers Escrow	89,862	150,230	72,649	167,443
Street Openings	29,770	4,000	3,000	30,770
Police Donations	1,013	1,000		2,013
Confiscated Funds	6,255			6,255
Tree Replacement	2,565			2,565
Sewer Bond	1,000			1,000
Holiday at the Pond	6,878	5,500	2,983	9,395
Police Outside Detail	67,385	65,655	75,495	57,545
Tax Title Lien Redemption	299,903	1,905,733	1,905,733	299,903
Premiums on Tax Title Liens	478,059	430,800	284,400	624,459
Family Fun Day	14,985	12,911	9,820	18,076
Environmental Program	1,962		228	1,734
Accumulated Absence Liability Trust Fund	702,405	720,000	205,430	1,216,975
Goodwill/Elm St. Relief	14,490	911	2,477	12,924
Flexible Spending Account	252	18,709	18,185	776
	<u>\$ 1,949,303</u>	<u>\$ 3,354,425</u>	<u>\$ 2,603,992</u>	<u>\$ 2,699,736</u>
		Cash Receipts	\$ 2,634,425	
		Due From Current Fund	<u>720,000</u>	
			<u>\$ 3,354,425</u>	
		Cash Disbursements	<u>\$ 2,603,992</u>	

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

Balance, December 31, 2012		\$ 240,000
Increased by:		
Transfer from Appropriation Reserves- Accumulated Absences	\$ 570,000	
Transfer from Budget Appropriations	<u>150,000</u>	
		<u>720,000</u>
		960,000
Decreased by:		
Cash Received from Current Fund		<u>402,857</u>
Balance, December 31, 2013		<u>\$ 557,143</u>

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

Balance, December 31, 2012	<u>\$ 9,299</u>
Balance, December 31, 2013	<u>\$ 9,299</u>

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

Increased by:	
Cash Receipts	<u>\$12,210,900</u>
Decreased by:	
Cash Disbursements	<u>\$12,210,900</u>

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

Increased by:	
Cash Receipts	<u>\$ 8,469,240</u>
Decreased by:	
Cash Disbursements	<u>\$ 8,469,240</u>

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2012		\$ 3,812,140
Increased by:		
Bond Anticipation Notes	\$ 6,390,000	
Premium on Sale of Notes	21,087	
Note Principal Paid by Budget Appropriation	1,178,164	
Capital Improvement Fund	100,000	
Deferred Charges Unfunded- Raised in 2013 Current Fund Budget	<u>287,733</u>	
		<u>7,976,984</u>
		11,789,124
Decreased by:		
Improvement Authorizations	620,506	
Contracts Payable	837,330	
Bond Anticipation Notes	6,151,962	
Realized as Current Fund Budgeted Revenue	<u>228,455</u>	
		<u>7,838,253</u>
Balance, December 31, 2013		<u>\$ 3,950,871</u>



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

Balance,  
December 31,  
2013

Contracts Payable	295,306
Capital Improvement Fund	812,988
Fund Balance	93,970
Reserve for Payment of Bonds	398,223
Excess Note Proceeds	6,565

## Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
2273	Various Public Improvements	28,251
2289/2337/2343	Expansion of Free Public Library	74,492
2318	Various Capital Improvements	222,839
2323/2340/2341	Various Capital Improvements	25,726
2324	Purchase of Real Property	29,488
2355	Various Public Improvements and Acquisition of Equipment	435,383
2371	Various Public Improvements- Municipal Building	5,946
2372	Various Public Improvements	11,617
2383	Various Public Improvements	(55,928)
2393	Various Public Improvements	16,632
2398	Various Public Improvements	84,121
2405	Various Public Improvements	56,833
2424	Various Public Improvements	4,188
2435	Various Public Improvements	50,703
2448	Various Public Improvements	860,637
2453	Various Public Improvements	426,603
2461	Various Public Improvements	<u>66,288</u>
		<u>\$ 3,950,871</u>

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

Balance, December 31, 2012		\$ 7,441,119
Decreased by:		
Paid by 2013 Budget Appropriation:		
Bonds	\$ 1,300,000	
Green Trust Loan	11,197	
Waste Water Loan	<u>62,662</u>	
		<u>1,373,859</u>
Balance, December 31, 2013		<u>\$ 6,067,260</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2012	Authorized 2013	Cancellation	Notes Paid by Budget	Paid by Budget Appropriation	Balance, December 31, 2013	Analysis of Balance December 31, 2013		
								Anticipation Notes	Unexpended Improvement Authorizations	
2324	Purchase Real Property	\$ 290,265			\$ 2,532	\$ 287,733	\$ -	\$ 73,353	\$ 31,404	
2383	Various Public Improvements	1,087,332			926,647		160,685	2,887		
2384	Environmental Clean-Up	77,887			75,000		2,887			
2386	Various Public Improvements	377,163			17,105		360,058	360,058		
2393	Various Public Improvements	481,826			13,984		467,842	436,474	31,368	
2398	Various Public Improvements	698,053			18,940		679,113	679,113		
2405	Various Public Improvements	956,538			50,315		906,223	906,223		
2416	Various Public Improvements	250,000		\$ 3,921	8,621		237,458	237,458		
2424	Various Public Improvements	1,032,067		347	65,020		966,700	966,700		
2448	Various Public Improvements	1,412,169					1,412,169	1,412,169		
2453	Various Public Improvements	1,309,000					1,309,000	1,309,000		
2461	Various Public Improvements	-	\$ 1,326,000				1,326,000		1,326,000	
		<u>\$ 7,972,300</u>	<u>\$ 1,326,000</u>	<u>\$ 4,268</u>	<u>\$ 1,178,164</u>	<u>\$ 287,733</u>	<u>\$ 7,828,135</u>	<u>\$ 6,383,435</u>	<u>\$ 55,928</u>	<u>\$ 1,388,772</u>

Bond Anticipation Notes

Less: excess Note Proceeds	
Ord. #2405	\$ 2,296
Ord. #2416	3,921
Ord. #2424	347
Ord. #2448	1
	<u>6,565</u>
	<u>\$ 6,383,435</u>

Improvement Authorizations Unfunded	\$ 2,837,786
Less: Unexpended Bond Anticipation Note Proceeds	
Ord. #2393	\$ 16,632
Ord. #2398	84,121
Ord. #2405	56,833
Ord. #2424	4,188
Ord. #2448	860,637
Ord. #2453	426,603
	<u>1,449,014</u>
	<u>\$ 1,388,772</u>



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

Ord. #	Improvement Description	Date of Original Date	Amount of Original Amount	Date of Issue	Date of Maturity	Interest Rate	%	Balance December 31, 2012	Increased	Decreased	Balance, December 31, 2013
2324	Purchase of Real Property	3/3/2010	\$ 200,000	9/28/2012	9/28/2013	.85		\$ 200,000	\$ 200,000		-
2383	Various Public Improvements	3/3/2010	1,000,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		1,000,000	\$ 73,353	1,000,000	\$ 73,353
2384	Environmental Cleanup	3/3/2010	75,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		75,000	2,887	75,000	2,887
2386	Various Public Improvements	3/3/2010	325,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		325,000	360,058	325,000	360,058
2393	Various Public Improvements	3/3/2010	450,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		450,000	436,474	450,000	436,474
2398	Various Public Improvements	3/3/2010	500,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		500,000	679,113	500,000	679,113
2405	Various Public Improvements	3/3/2010	800,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		800,000	908,519	800,000	908,519
2416	Various Public Improvements	3/3/2010	250,000	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		250,000	241,379	250,000	241,379
2424	Various Public Improvements	3/3/2010	1,309,500	9/28/2012 3/1/2013	9/28/2013 2/28/2014	.85 1.00		1,123,962	967,047	1,123,962	967,047
2448	Various Public Improvements	5/2/2012	1,428,000	5/2/2012 3/1/2013	3/1/2013 2/28/2014	1.05 1.00		1,428,000	1,412,170	1,428,000	1,412,170
2453	Various Public Improvements	3/1/2013	1,309,000	3/1/2013	2/28/2014	1.00		-	1,309,000	-	1,309,000
								<u>\$ 6,151,962</u>	<u>\$ 6,390,000</u>	<u>\$ 6,151,962</u>	<u>\$ 6,390,000</u>
								Renewals Issued for Cash	\$ 4,668,605	\$ 4,668,605	
								Paid by Budget Appropriation	1,721,395	1,375,632	
								Paid with Excess Proceeds	-	107,725	
								<u>\$ 6,390,000</u>	<u>\$ 6,390,000</u>	<u>\$ 6,151,962</u>	<u>\$ 6,390,000</u>

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

Balance, December 31, 2012	\$ 779,688
Increased by:	
2013 Budget Appropriation	<u>100,000</u>
	879,688
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>66,700</u>
Balance, December 31, 2013	<u>\$ 812,988</u>

**STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2012	\$ 837,330
Increased by:	
Charges to Improvement Authorizations	<u>295,306</u>
	1,132,636
Decreased by:	
Cash Disbursements	<u>837,330</u>
Balance, December 31, 2013	<u>\$ 295,306</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, December 31, 2012	\$ 626,678
Decreased by:	
Anticipated Revenue in the 2013 Current Fund Budget	<u>228,455</u>
Balance, December 31, 2013	<u>\$ 398,223</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Date</u>	<u>Loans Outstanding December 31, 2013</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>	
Wastewater Treatment Loan	1997/98	\$ 1,130,000		Maturities of					
				Loans Outstanding					
				December 31, 2013	Amount				
			2014	\$ 69,649					
			2015	68,426					
			2016	75,260					
			2017	74,861					
					4.0 - 5.0 %	\$ 350,858	\$ 62,662	\$ 288,196	
						<u>\$ 350,858</u>	<u>\$ 62,662</u>	<u>\$ 288,196</u>	
						Paid by Budget Appropriation		<u>\$ 62,662</u>	

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loan Outstanding December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>			
Ord. #2324 Purchase of Real Property	2003/04	\$ 227,500	2014	\$ 11,422	2.00%		
			2015	11,652			
			2016	11,886			
			2017	12,125			
			2018	12,369			
			2019	12,617			
			2020	12,871			
			2021	13,130			
			2022	13,393			
			2023	13,663			
			2024	13,936			
						<u>\$ 150,261</u>	<u>\$ 139,064</u>
						<u>\$ 150,261</u>	<u>\$ 139,064</u>
						<u>\$ 11,197</u>	<u>\$ 11,197</u>
						<u>\$ 11,197</u>	<u>\$ 11,197</u>

Paid by Budget Appropriation \$ 11,197



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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Date</u>	<u>Maturities of Bonds Outstanding December 31, 2013</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Balance, December 31, 2013</u>
2004 General Improvements	July 15, 2003	\$ 8,587,000	7/15/2014	\$ 1,987,000	3.25%	\$ 2,987,000	\$ 1,987,000
2007 General Improvement Bonds	August 14, 2006	4,953,000	8/1/2014	300,000	4.125%		
			8/1/2015	400,000			
			8/1/2016	425,000			
			8/1/2017	450,000			
			8/1/2018, 2019	500,000			
	8/1/2020	525,000					
	8/1/2021	553,000			4.150%	<u>3,953,000</u>	<u>3,653,000</u>
						<u>\$ 6,940,000</u>	<u>\$ 5,640,000</u>
							<u>\$ 1,300,000</u>

Budget Appropriation

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2012</u>	2013 <u>Authorizations</u>	Paid by Budget <u>Appropriation</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2013</u>
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			458	31,368
2398	Various General Improvements	198,053			198,053	-
2405	Various Public Improvements	156,538			156,538	-
2453	Various Public Improvements	1,309,000			1,309,000	-
2461	Various Public Improvements	-	\$ 1,326,000	-	-	1,326,000
		<u>\$ 1,928,064</u>	<u>\$ 1,326,000</u>	<u>\$ 90,265</u>	<u>\$ 1,719,099</u>	<u>\$ 1,444,700</u>

**PART II**

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**GOVERNMENT AUDITING STANDARDS SECTION**

**YEAR ENDED DECEMBER 31, 2013**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Bergenfield, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated August 13, 2014. Our report on the financial statements – regulatory basis was modified to indicate 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 modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

#### **Internal Control over Financial Reporting**

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

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

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

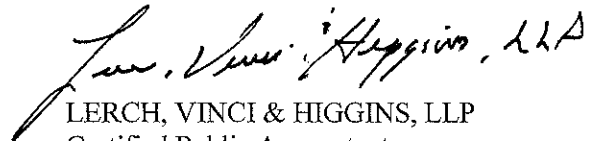
### **Compliance and Other Matters**

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.

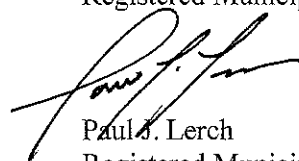
We noted certain matters that we reported to management of the Borough of Bergenfield in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

### **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  
August 13, 2014

**BOROUGH OF BERGENFIELD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Federal CFDA Number	Grant Year	Grant Award Amount	2013 Receipts	Balance, December 31, 2012	Revenue Realized	Adjustment	Expenditures	Balance, December 31, 2013	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>									
(Passed through County Dept. of Community Development)									
Community Devel. Block Grants									
Georgian Court									
14.218	2012	\$ 84,000	\$ 67,297	\$ 84,000		\$ (16,703)	\$ 67,297		\$ 67,297
<u>Law and Public Safety- Division of Highway Traffic Safety</u>									
Drunk Driving									
20.601	2011	3,946	3,946	4,012			3,210	802	3,210
	2013	5,416			\$ 5,416			5,416	
<u>Department of Transportation of State and Highway Projects</u>									
Dick Street									
20.205	2010	195,000	36,293	55,841		(55,841)**			139,159
	2011	300,000	75,000						300,000
	2013	150,000			150,000			150,000	
	2013	250,000			250,000			250,000	
Safe Routes to School Program									
<u>Public Assistance Grant</u>									
97.036	2013	172,837	172,837		172,837		172,837		172,837
FEMA									
Total									
				\$ 143,853	\$ 578,253	\$ (72,544)	\$ 243,344	\$ 406,218	

\*- Project completed; cancelled balance of receivable  
 \*\*- Project completed; encubrance balance cancelled  
 FEMA Reimbursement- Hurricane Sandy

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

**BOROUGH OF BERGENFIELD  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

State Grant Program	Grant Number	Grant Year	Grant Award	Grant Receipts	Balance, December 31, 2012	Revenue Realized	Expended	Adjustments	Balance, December 31, 2013	Cumulative Expenditures
Department of Law & Public Safety Body Armor Fund	1020-718-001-2009-090160	2013	\$ 4,440	\$ 5,637	\$	\$ 4,440	\$ 4,168		\$ 272	\$ 4,168
Department of Environmental Protection Clean Communities Program	4900-765008-178900	2012 2013	32,164 37,763	32,164	\$ 32,164	37,763			32,164 37,763	*
Recycling Tonnage Grant	4900-752001-178810	2011 2012 2013	48,347 7,765 29,446	48,347 37,211 28,061	2,120 7,765		2,120 6,687		- 1,078 29,446	48,347 6,687
Green Communities	N/A	2011	3,000		850		850		-	3,000
CSIP Grant	N/A	2013	15,279		15,279		-		15,279	*
Municipal Alliance Fund	N/A	2012 2013	15,759 15,279	11,226	3,527	15,279	-	\$ (3,527)	15,279	*
Division of Judiciary - Municipal Court Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2011 2013	1,053 1,972	1,025 1,055	1,053	1,972	1,000		53 1,972	1,000
					\$ 62,758	\$ 88,900	\$ 14,825	\$ (3,527)	\$ 133,306	*

\*. Cancel Grant \$3,527 and Cancel Prior Year Encumbrance \$12,232

Note: This schedule is not subject to a single audit in accordance with NJ OMB Circular 04-04.

**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, 2013**

**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	\$ 578,253	\$ 88,900	\$ 667,153

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Borough's federal and state loans outstanding at December 31, 2013, 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	\$ 139,064
Dept. of Economic Development Authority	L-04387	<u>288,196</u>
		<u>\$ 427,260</u>

**BOROUGH OF BERGENFIELD  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

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

**Federal Awards Section**

Not Applicable

**State Awards Section**

Not Applicable

**BOROUGH OF BERGENFIELD  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE ENDED DECEMBER 31, 2013**

*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 RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Part 3 – Schedule of Federal and State Award Findings and Responses*

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

Not Applicable.

**BOROUGH OF BERGENFIELD  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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.

**PART III**

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**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

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

	<u>Fiscal Year 2013</u>		<u>Fiscal Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,815,000	2.05 %	\$ 1,815,000	2.05 %
Miscellaneous - From Other Than Local				
Property Tax Levies	5,517,187	6.24	5,297,661	5.99
Collection of Delinquent Taxes and Tax Title Liens	1,141,236	1.29	650,986	0.74
Collection of Current Tax Levy	78,653,012	88.91	77,443,642	87.55
Other Credits	<u>1,333,210</u>	<u>1.51</u>	<u>896,014</u>	<u>1.01</u>
Total Income	<u>88,459,645</u>	<u>100.00 %</u>	<u>86,103,303</u>	<u>97.34 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	33,884,731	39.47 %	33,219,461	38.69 %
County Taxes	6,043,389	7.04	6,020,709	7.01
Local District School Taxes	45,763,348	53.31	45,108,268	52.54
Other Expenditures - Debits	<u>159,567</u>	<u>0.19</u>	<u>104,750</u>	<u>0.12</u>
Total Expenditures	<u>85,851,035</u>	<u>100.00 %</u>	<u>84,453,188</u>	<u>98.37 %</u>
Excess in Revenue	2,608,610		1,650,115	
Fund Balance, Beginning of Year	<u>5,574,474</u>		<u>5,739,359</u>	
	8,183,084		7,389,474	
Less Utilization as Anticipated Revenue	<u>1,815,000</u>		<u>1,815,000</u>	
Fund Balance, End of Year	<u>\$ 6,368,084</u>		<u>\$ 5,574,474</u>	

**BOROUGH OF BERGENFIELD  
GENERAL INFORMATION**

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Calendar Year Tax Rate</u>	\$ <u>3.031</u>	\$ <u>2.970</u>	\$ <u>2.931</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.068	\$ 1.042	\$ 1.019
County- Regular Tax	0.226	0.225	0.223
County- Open Space	0.003	0.003	0.003
Local School	1.734	1.700	1.686

\* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2013	\$ <u>2,640,124,530</u>		
2012		\$ <u>2,653,070,530</u>	
2011			\$ <u>2,662,552,323</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>
2013	\$ 80,155,046	\$ 78,853,012	98.38%
2012	78,846,031	77,443,642	98.22%
2011	78,102,005	77,077,932	98.69%



**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, 2013	\$ 290,555	\$ 1,121,607	\$ 1,412,162	1.76%
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%

**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, 2013	\$ 28,173
December 31, 2012	28,173
December 31, 2011	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, 2013	\$ 6,368,084	\$ 1,950,000
	December 31, 2012	5,574,474	1,815,000
	December 31, 2011	5,739,359	1,815,000

**BOROUGH OF BERGENFIELD  
GENERAL INFORMATION**

<u>Name</u>	<u>Title</u>	<u>Dates</u>
Timothy J. Driscoll	Mayor	1/1/2013 - 3/19/2013
Carlos Aguasvivas	Mayor	4/18/2013 - 11/25/2013
Norman Schmelz	Mayor	11/26/2013 - 12/31/2013
Ora Kornbluth	Council President	
Kathleen J. Sahlberg	Councilwoman	
Charles K. Steinel	Councilman	
Thomas A. Lodato	Councilman	
Hernando Rivera	Councilman	
P. Christopher Tully	Councilman	
Lidia Leszczynski	Tax Collector	
Juan Uribe	CFO	
Frederick McGarril	Borough Administrator	1/1/2013 - 9/30/2013
William Senande	Borough Administrator/ Acting Borough Clerk	10/8/2013 - 12/31/2013
Colleen Naumov	Borough Clerk	1/1/2013 - 10/8/2013
Kenneth Pfannen	Construction Code Official	
Harry Hillenius	Building Inspector/ Zoning Official	
George Reggo	Tax Assessor	
Helene Herbert	Municipal Court Judge	
Kim Grimaldi	Interim Court Administrator	
Gregg F. Paster	Borough Prosecutor	
Felicia Williams	Registrar of Vital Statistics	
Anne Marie Della 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 the invoice date. It is recommended that purchase orders be created when the orders for goods and/or services are being placed.

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.

**Current Year Comments**

Our audit of the payroll deductions revealed the following:

- There are several employees eligible for the Defined Contribution Retirement Plan (DCRP) that have not been enrolled.
- The payroll clerk's pensionable base salary didn't include the amount received for rent leveling and the amount received for payroll administrator; these amounts are part of her base salary. In addition, this resulted in the Chapter 78 health care contributions to be calculated incorrectly.
- The voluntary deduction for AFLAC was incorrectly reported as pre-tax for state income tax withholding which resulted in reducing state taxable wages.

It is recommended that:

- The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
- The payroll clerk's base salary be adjusted to reflect the additional salary amounts received for rent leveling and payroll administrator and the Chapter 78 healthcare contributions be calculated utilizing the correct base salary.
- The voluntary deduction for AFLAC be corrected so that it doesn't reduce state taxable wages

Our audit of the accumulated leave balances for the various collective bargaining groups revealed the following:

- Compensatory time for the police and telecommunicator's wasn't include in liability.
- Health Department personnel who have less than fifteen years with the Borough are entitled to half of their accumulated sick days; this liability wasn't calculated at year end.
- There were certain other errors noted for the incorrect number of terminal years based on years of services and certain incorrect salary amounts were utilized in the calculation of the accumulated leave liability.

It is recommended that internal controls be enhanced over the calculation of accumulated leave to ensure that all amounts are included for accumulated leave liability based upon the provisions of the collective bargaining agreements and that the correct salary amounts are utilized to calculate the liability.

**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:

Georgian Court Renovation	Yard Waste Collection
Veteran's Park Tennis Court Lighting Upgrade	Concrete Sidewalk Improvement

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, 2013 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 November 26, 2013 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>
2013	8
2012	8
2011	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 orders for goods and/or services are being placed.
- \* 2. The retro pay pension deductions be remitted to the state.
- 3. With regards to payroll deductions, it is recommended that:
  - o The Borough enroll the eligible employees into the Defined Contribution Retirement Plan (DCRP).
  - o The payroll clerk's base salary be adjusted to reflect the additional salary amounts received for rent leveling and payroll administrator and the Chapter 78 healthcare contributions be calculated utilizing the correct base salary.
  - o The voluntary deduction for AFLAC be corrected so that it doesn't reduce state taxable wages
- 4. Internal controls be enhanced over the reporting of accumulated leave to ensure that all amounts are included for accumulated leave liability based upon the provisions of the collective bargaining agreements and that the correct salary amounts are utilized to calculate the liability.

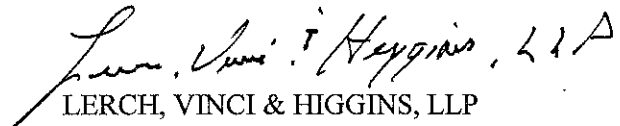
**Status of Prior Year's Audit Findings/Recommendations**

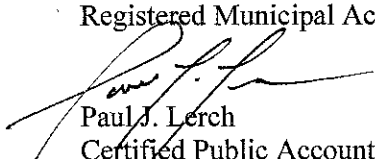
A review was performed on all prior year's recommendations and corrective action was taken on all; however, further action needs to be taken on the above recommendation denoted with an asterisk (\*).

\*\*\*\*\*

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