

**BOROUGH OF DUMONT**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2017**



# BOROUGH OF DUMONT

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**







# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, 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 Dumont, as of December 31, 2017 and 2016, 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, 2017, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Dumont as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

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

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represents 58 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2017 and 2016.

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

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

## ***Other Matters***

### ***Other Information***

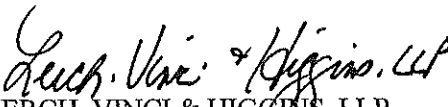
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Dumont as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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 Dumont.


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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2018 on our consideration of the Borough of Dumont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Dumont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Dumont's internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
July 25, 2018

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

<b>ASSETS</b>	<b><u>Reference</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash	A-4	\$ 6,738,718	\$ 4,297,743
Petty Cash	A-5	300	300
Change Fund	A-6	250	250
Due From State - Senior Citizens and Veterans Deductions	A-7	<u>6,907</u>	<u>4,157</u>
		<u>6,746,175</u>	<u>4,302,450</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	456,499	635,242
Tax Title Liens	A-9	7,497	7,135
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-12	7,511	8,450
Due from Animal Control Fund	B-4	3,713	5,728
Due from Other Trust Fund	B-7	<u>73,718</u>	<u>95,974</u>
		<u>628,464</u>	<u>832,055</u>
Deferred Charges			
Overexpenditure of Appropriation	A-11	<u>1,831</u>	<u>-</u>
		<u>1,831</u>	<u>-</u>
Total Assets		<u>\$ 7,376,470</u>	<u>\$ 5,134,505</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2017 AND 2016**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<b><u>Reference</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-13	\$ 1,124,103	\$ 402,033
Accounts Payable	A-14	806,337	605,596
Due to General Capital Fund	C-8	183,291	118,503
Miscellaneous Reserves	A-16	759,958	975,015
Prepaid Taxes	A-17	1,885,571	229,815
Tax Overpayments	A-18	22,492	9,465
County Taxes Payable	A-20	4,298	3,286
Appropriated Reserves for Grants	A-21	54,611	45,670
Unappropriated Reserves for Grants	A-22	<u>31,031</u>	<u>3,147</u>
		4,871,692	2,392,530
Reserve for Receivables and Other Assets	A	628,464	832,055
Fund Balance	A-1	<u>1,876,314</u>	<u>1,909,920</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<b><u>\$ 7,376,470</u></b>	<b><u>\$ 5,134,505</u></b>

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

	<u>2017</u>	<u>2016</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 1,250,000	\$ 1,110,000
Miscellaneous Revenues Anticipated	2,456,939	2,623,329
Receipts from Delinquent Taxes	547,687	647,212
Receipts from Current Taxes	59,042,921	57,673,333
Non-Budget Revenues	170,947	168,854
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	147,152	259,206
Prior Year Senior Citizen and Veterans Allowed	250	
Interfunds Returned	101,702	
Statutory Excess - Animal Control Fund	<u>3,713</u>	<u>4,413</u>
 Total Revenues	 <u>63,721,311</u>	 <u>62,486,347</u>
 <b>EXPENDITURES</b>		
Municipal Budget	21,207,993	20,850,515
County Taxes	4,962,118	4,632,627
Local District School Taxes	36,234,439	35,590,897
Refund of Prior Year Revenues	24,497	16,853
Cancelled Balances	20	
Prior Year Senior Citizens and Veterans Disallowed	250	
Prior Year Adjustment - Recycling Tonnage Grant		
Interfund Advance	<u>77,431</u>	<u>100,387</u>
 Total Expenditures	 <u>62,506,748</u>	 <u>61,191,279</u>
 Excess in Revenues	 1,214,563	 1,295,068
 Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>1,831</u>	<u>-</u>
 Statutory Excess to Fund Balance	 1,216,394	 1,295,068
 Fund Balance, January 1	 <u>1,909,920</u>	 <u>1,724,852</u>
	3,126,314	3,019,920
Decreased by:		
Utilization as Anticipated Revenue	<u>1,250,000</u>	<u>1,110,000</u>
 Fund Balance, December 31	 <u>\$ 1,876,314</u>	 <u>\$ 1,909,920</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>Fund Balance Utilized</b>	<u>\$ 1,250,000</u>	<u>-</u>	<u>\$ 1,250,000</u>	<u>-</u>
<b>Miscellaneous Revenues</b>				
Licenses				
Alcoholic Beverages	14,000		14,922	\$ 922
Other	5,000		5,865	865
Fees and Permits				
Construction Code Official	200,000		224,258	24,258
Other	50,000		66,513	16,513
Recreation	42,000			(42,000)
Fines and Costs - Municipal Court	130,000		125,173	(4,827)
Interest on Costs on Taxes	100,000		94,733	(5,267)
Interest on Investments and Deposits	12,000		50,081	38,081
Fire Inspections	20,000		21,860	1,860
Consolidated Municipal Property Tax Relief Aid	71,025		64,115	(6,910)
Energy Receipts Tax	1,284,227		1,291,136	6,909
Clean Community Grant		\$ 30,771	30,771	-
Police Body Armor	3,147		3,147	
Recycling Tonnage Grant	16,928		16,928	
Police Outside Services - Admin. Fees	130,000		130,000	
General Capital Fund Balance	25,000		25,000	
Reserve for Payment of Debt	12,310		12,310	
Life Hazard Use Fees	7,000		9,245	2,245
Sale of Recyclables	23,000		6,021	(16,979)
PILOT - Senior Citizen Club	15,000		15,000	-
Cable Television Franchise Fees	225,000	-	249,861	24,861
<b>Total Miscellaneous Revenues</b>	<u>2,385,637</u>	<u>30,771</u>	<u>2,456,939</u>	<u>40,531</u>
<b>Receipts from Delinquent Taxes</b>	<u>460,000</u>	<u>-</u>	<u>547,687</u>	<u>87,687</u>
<b>Amount to be Raised by Taxes for Support of</b>				
Municipal Budget	17,658,891		18,375,629	716,738
Free Public Library	656,735	-	656,735	-
	<u>18,315,626</u>	<u>-</u>	<u>19,032,364</u>	<u>716,738</u>
<b>Total General Revenues</b>	<u>\$ 22,411,263</u>	<u>\$ 30,771</u>	<u>23,286,990</u>	<u>\$ 844,956</u>
<b>Non-Budget Revenues</b>			<u>170,947</u>	
			<u>\$ 23,457,937</u>	

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(Continued)**

Analysis of Realized Revenues	
Allocation of Current Tax Collections	
Revenues from Collections	\$ 59,042,921
Less: Allocation to School and County Taxes	<u>41,196,557</u>
	.
Balance for Support of Municipal Budget Appropriation	17,846,364
Add Appropriation - "Reserve for Uncollected Taxes"	<u>1,186,000</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 19,032,364</u></u>
Licenses-Other	
Borough Clerk	\$ 5,628
Board of Health	<u>237</u>
	<u><u>\$ 5,865</u></u>
Fees and Permits-Other	
Borough Clerk	\$ 19,896
Police	527
Construction Code	1,915
Planning and Zoning	630
Fire Prevention	21,585
Board of Health	<u>21,960</u>
	<u><u>\$ 66,513</u></u>



**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(Continued)**

Analysis of Non-Budget Revenue	
AT&T Tower Rental	\$ 26,620
Metro PCS Monopole Rental	26,549
Pilot - Bergen County Housing	21,802
Miscellaneous	12,998
Admin Fee - Srs. And Veterans	2,780
Homestead Rebate Admin Fee	730
Police Applications	5,300
Housing Inspections	1,054
Dixon Homestead Library Reimbursements	42,159
6% Tax Penalty	9,755
Recycling Cans	1,150
Unison Revenue Sharing	14,760
Outdoor Advertising	1,003
Miscellaneous Reimbursements	4,287
	<hr/>
	\$ 170,947

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriated</u>		<u>Expended</u>			<u>Over-</u>
	<u>2017 Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Expenditures</u>
<b>OPERATIONS WITHIN "CAPS"</b>		<u>Modification</u>	<u>Charged</u>			
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries and Wages	\$ 274,894	\$ 274,894	\$ 255,323	\$ 19,571		
Other Expenses	126,450	136,450	120,762	15,688		
Postage	21,000	21,000	19,379	1,621		
Elections						
Other Expenses	15,500	15,500	14,322	1,178		
Financial Administration						
Salaries and Wages	113,572	115,272	100,626	14,646		
Other Expenses	108,850	176,850	174,150	2,700		
Assessment of Taxes						
Salaries and Wages	22,460	22,460	22,460	-		
Other Expenses	19,200	19,200	21,031			\$ 1,831
Reassessment of Real Property						
Collection of Taxes						
Salaries and Wages	67,628	73,028	67,762	5,266		
Other Expenses	10,600	11,600	11,308	292		
Legal Services and Costs						
Borough Attorney - Other Expenses	85,000	85,000	59,758	25,242		
Special Counsel - Other Expenses	115,000	178,000	139,948	38,052		
Engineering						
Other Expenses	100,000	85,000	60,337	24,663		
Planning Board/Zoning Board						
Salaries and Wages	1,800	1,800	1,725	75		
Other Expenses	37,875	37,875	29,477	8,398		
Affordable Housing (COAH)						
Salaries and Wages	3,000	3,000		3,000		
Other Expenses	2,000	2,000		2,000		
Insurance						
Unemployment Insurance	18,000	18,000	-	18,000		
General Liability	340,000	361,000	357,294	3,706		
Workers Compensation	345,040	345,040	329,036	16,004		
Employee Group Health	1,822,500	1,822,500	1,728,183	94,317		
Health Benefit Waiver	28,000	28,000	15,094	12,906		
Rent Leveling Board						
Salaries and Wages	360	360		360		
Other Expenses	140	140		140		
<b>PUBLIC SAFETY</b>						
Fire Department						
Salaries and Wages	3,398	3,398	3,335	63		
Other Expenses	110,450	110,450	85,449	25,001		
Life Hazard Use Fees						
Salaries and Wages	36,379	42,179	41,704	475		
Other Expenses	6,000	14,000	3,258	10,742		
Aid to Volunteer Fire Companies	42,000	42,000	42,000	-		
Rental of Fire Houses	30,000	30,200	30,200	-		
Fire Hydrant Services	185,000	185,000	182,363	2,637		

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

	<u>Appropriated</u>		<u>Expended</u>			<u>Over-</u>
	<u>2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Expenditures</u>
<b>PUBLIC SAFETY (Continued)</b>						
Police Department						
Salaries and Wages	\$ 5,154,857	\$ 4,989,557	\$ 4,868,263	\$ 121,294		
Other Expenses	164,289	164,289	83,122	81,167		
Police Reserve - Other Expenses	11,500	11,500	100	11,400		
Emergency Management						
Salaries and Wages	3,000	3,000		3,000		
Other Expenses	3,000	3,000		3,000		
Volunteer Ambulance Corp.						
Other Expenses	28,000	28,000	26,000	2,000		
Municipal Prosecutor						
Salaries and Wages	8,091	8,091	8,090	1		
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance						
Salaries and Wages	1,884,447	1,884,447	1,843,788	40,659		
Other Expenses	183,800	195,800	188,969	6,831		
Recycling						
Salaries and Wages	3,931	4,031	4,004	27		
Garbage and Trash Removal						
Other Expenses	1,495,000	1,495,000	1,470,696	24,304		
Sewer System						
Other Expenses	10,000	25,000	12,774	12,226		
Public Building and Grounds						
Salaries and Wages	135,399	135,399	133,517	1,882		
Other Expenses	41,000	41,000	28,926	12,074		
Shade Tree						
Other Expenses	11,175	11,175	10,735	440		
<b>HEALTH AND HUMAN SERVICES</b>						
Board of Health						
Salaries and Wages	37,811	37,811	22,811	15,000		
Other Expenses	77,300	77,300	66,027	11,273		
Other Expenses-Contractual (Animal Shelter)	24,000	24,300	24,296	4		
Environmental Commission						
Other Expenses	300	300		300		
Administration of Public Assistance						
Salaries and Wages	5,400	5,400	4,000	1,400		
Aid to Community Center for Mental Health	8,000	8,000		8,000		
<b>PARKS AND RECREATION</b>						
Senior Citizens						
Salaries and Wages	70,616	74,716	70,716	4,000		
Other Expenses	20,440	20,440	14,455	5,985		
Parks and Playgrounds						
Salaries and Wages	81,185	81,185	78,763	2,422		
Other Expenses	29,850	29,850	28,213	1,637		

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

	<u>Appropriated</u>		<u>Expended</u>			<u>Over-</u>
	<u>2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Expenditures</u>
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Events						
Other Expenses	\$ 15,000	\$ 28,500	\$ 17,262	\$ 11,238		
Prior Year Bills						
Chasen, Layner and Lamparello 2014	14,372	14,372	14,372	-		
O-Neil Contracting Inc 2014	4,600	4,600	4,599	1		
<b>MUNICIPAL COURT</b>						
Salaries and Wages	142,426	142,426	126,243	16,183		
Other Expenses	24,500	24,500	13,943	10,557		
Public Defender (P.L. 1997, C.256)						
Salaries and Wages	5,056	5,556	5,556	-		
<b>UNIFORM CONSTRUCTION CODE</b>						
<b>APPROPRIATIONS OFFSET BY DEDICATED</b>						
<b>REVENUES (N.J.A.C. 5:23-4-17)</b>						
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>						
Salaries and Wages	295,144	245,144	211,879	33,265		
Other Expenses	17,900	17,900	17,254	646		
<b>UNCLASSIFIED</b>						
Utilities						
Gasoline	125,000	125,000	92,739	32,261		
Electricity	215,000	215,000	138,098	76,902		
Telephone	105,000	105,000	92,411	12,589		
Street Lighting	198,000	184,700	116,993	67,707		
Water	30,000	30,000	27,884	2,116	-	-
Total Operations Within "CAPS"	14,776,485	14,762,485	13,783,782	980,534	-	\$ 1,831
Detail:						
Salaries and Wages	8,350,494	8,152,794	7,870,565	282,229	-	-
Other Expenses	6,425,991	6,609,691	5,913,217	698,305	-	1,831
<b>DEFERRED CHARGES AND REGULATORY</b>						
<b>EXPENDITURES-MUNICIPAL-WITHIN "CAPS"</b>						
Deferred Charges:						
Overexpenditure of 2014 Appropriation Reserves	10,059	10,059			\$ 10,059	
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	375,000	389,000	332,845	56,155		
Public Employees' Retirement System	458,282	458,282	456,269	2,013		
Police and Firemen's Retirement Fund of NJ	1,065,771	1,065,771	1,063,771	2,000		
Defined Contribution Retirement Plan (DCRP)	2,700	2,700	1,750	950	-	-
Total Deferred Charges and Statutory						
Expenditures - Within "CAPS"	1,911,812	1,925,812	1,854,635	61,118	10,059	-
Total General Appropriations for						
Municipal Purposes within "CAPS"	16,688,297	16,688,297	15,638,417	1,041,652	10,059	1,831

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Over-</u>	
	<u>2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Expenditures</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Bergen County Utilities Authority-Operations	\$ 1,243,955	\$ 1,243,955	\$ 1,243,955			
Bergen County Utilities Authority-Debt Service	481,201	481,201	481,201			
<b>EDUCATION FUNCTIONS</b>						
Maintenance of Free Public Library	656,735	656,735	656,735			
<b>GENERAL GOVERNMENT</b>						
Reserve for Tax Appeals	35,000	35,000	35,000			
<b>PUBLIC SAFETY</b>						
Length of Service Awards Program (LOSAP)	50,000	50,000	-	\$ 50,000	-	-
 Total Other Operations - Excluded from "CAPS"	 2,466,891	 2,466,891	 2,416,891	 50,000		
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFFSET BY REVENUES</b>						
<b>FEDERAL AND STATE GRANTS</b>						
Clean Communities Grant						
State Share		30,771	8,640	22,131		
Recycling Tonnage Grant						
Other Expenses	16,928	16,928	8,746	8,182		
Police Body Armor						
Other Expenses	3,147	3,147	1,009	2,138	-	-
 Total Public and Private Programs Offset by Revenues	 20,075	 50,846	 18,395	 32,451		
 Total Operations Excluded from "CAPS"	 2,486,966	 2,517,737	 2,435,286	 82,451	 -	 -
<b>Detail:</b>						
Other Expenses	2,486,966	2,517,737	2,435,286	82,451		
<b>CAPITAL IMPROVEMENTS -</b>						
Capital Improvement Fund	290,000	290,000	290,000	-	-	-
 Total Capital Improvements - Excluded from "CAPS"	 290,000	 290,000	 290,000	 -	 -	 -

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

	<u>Appropriated</u>		<u>Expended</u>			<u>Over-</u>
	<u>2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Expenditures</u>
<b>MUNICIPAL DEBT SERVICE -</b>						
Payment of Bond Principal	\$ 770,000	\$ 770,000	\$ 770,000			
Payment of Bond Anticipation Note Principal						
Interest on Bonds	314,140	314,140	300,422		\$ 13,718	
Interest on Notes	131,550	131,550	131,500		50	
Green Trust						
Loan Repayments for Principal and Interest	12,440	12,440	12,437		3	
Bergen County Improvement Authority -						
Loan Repayment	89,865	89,865	89,865		-	
NJEIT Loan Principal	360,665	360,665	352,742		7,923	
NJEIT Loan Interest	81,340	81,340	63,221	-	18,119	-
	<u>1,760,000</u>	<u>1,760,000</u>	<u>1,720,187</u>	<u>-</u>	<u>39,813</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"						-
						-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,536,966</u>	<u>4,567,737</u>	<u>4,445,473</u>	<u>\$ 82,451</u>	<u>39,813</u>	<u>-</u>
						-
Subtotal General Appropriations	21,225,263	21,256,034	20,083,890	1,124,103	49,872	\$ 1,831
						-
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<u>1,186,000</u>	<u>1,186,000</u>	<u>1,186,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
						-
Total General Appropriations	<u>\$ 22,411,263</u>	<u>\$ 22,442,034</u>	<u>\$ 21,269,890</u>	<u>\$ 1,124,103</u>	<u>\$ 49,872</u>	<u>\$ 1,831</u>
Adopted Budget		\$ 22,411,263				
Added by: NJSA 40A:4-87		<u>30,771</u>				
		<u>\$ 22,442,034</u>				
Cash Disbursements			\$ 18,973,494			
Accounts Payable			785,396			
Due to General Capital Fund			290,000			
Reserve for Tax Appeals			35,000			
Reserve for Uncollected Taxes			<u>1,186,000</u>			
			<u>\$ 21,269,890</u>			

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 11,110	\$ 14,344
<b>OTHER TRUST FUND</b>			
Cash	B-1	953,708	772,445
		<u>953,708</u>	<u>772,445</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	29,483	51,466
Due from Payroll Service Provider	B-11	1,006	739
		<u>30,489</u>	<u>52,205</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b>			
Investment	B	1,311,241	1,093,426
Contribution Receivable	B	39,550	44,350
		<u>1,350,791</u>	<u>1,137,776</u>
Total Assets		<u>\$ 2,346,098</u>	<u>\$ 1,976,770</u>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Reserve for Animal Control Expenditures	B-2	\$ 7,229	\$ 8,470
Due to State of New Jersey	B-3	168	146
Due to Current Fund	B-4	<u>3,713</u>	<u>5,728</u>
		<u>11,110</u>	<u>14,344</u>
<b>OTHER TRUST FUND</b>			
Reserve for Developers Escrow	B-5	31,801	43,730
Miscellaneous Reserves	B-8	786,076	587,760
Due to Current Fund	B-7	73,718	95,974
Payroll Deductions Payable	B-9	<u>62,113</u>	<u>44,981</u>
		<u>953,708</u>	<u>772,445</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to State of New Jersey	B-10	9,510	2,316
Reserve for Unemployment Insurance Expenditures	B-6	<u>20,979</u>	<u>49,889</u>
		<u>30,489</u>	<u>52,205</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b>			
Reserve for Length of Service Awards Program	B	<u>1,350,791</u>	<u>1,137,776</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,346,098</u>	<u>\$ 1,976,770</u>



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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 254,593	\$ 1,142,963
Grants Receivable	C-6	216,955	246,407
Environmental Infrastructure Trust Loans Receivable	C		15,000
Deferred Charges to Future Taxation			
Funded	C-4	18,043,862	13,344,466
Unfunded	C-5	16,272,913	6,938,733
Cancelled Grant Receivable	C-7	140,141	123,762
Due from Current Fund	C-8	183,291	118,503
		<u>          </u>	<u>          </u>
Total Assets		\$ 35,111,755	\$ 21,929,834
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-11	\$ 13,060,000	\$ 7,755,000
Pension Obligation Lease Payable	C-12	615,000	687,000
Bond Anticipation Notes	C-13		6,575,000
Green Trust Fund Loan Payable	C-16	117,259	127,201
Environmental Infrastructure Trust Loan Payable	C-17	4,251,603	4,775,265
Improvement Authorizations			
Funded	C-14	784,332	797,792
Unfunded	C-14	14,444,091	549,929
Contracts Payable	C-15	1,385,571	266,476
Reserve for Payment of Debt	C-10	2,900	12,310
Reserve for Grants Receivable	C-6	142,853	74,528
Reserve for Preliminary Costs	C-9	10,000	10,000
Capital Improvement Fund	C-18	94,161	147,161
Fund Balance	C-1	203,985	152,172
		<u>          </u>	<u>          </u>
Total Liabilities, Reserves and Fund Balance		\$ 35,111,755	\$ 21,929,834

There were bonds and notes authorized but not issued of \$16,272,913 and \$866,633 at December 31, 2017 and 2016, respectively (Exhibit C-19).

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

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 152,172	\$ 109,419
Increased by:		
Excess Funding - Depew Street		5,224
Funded Improvement Authorizations Cancelled	196,063	
Premium on Sale of Serial Bonds	60,750	
Premium on Sale of Bond Anticipation Notes	<u>-</u>	<u>62,529</u>
	<u>408,985</u>	<u>177,172</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	180,000	
Anticipated as Revenue in Current Fund Budget	<u>25,000</u>	<u>25,000</u>
	<u>205,000</u>	<u>25,000</u>
Balance, December 31	<u>\$ 203,985</u>	<u>\$ 152,172</u>

**BOROUGH OF DUMONT  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>1,823</u>	\$ <u>3,242</u>
		\$ <u>1,823</u>	\$ <u>3,242</u>
<b>LIABILITIES</b>			
Reserve for Goodwill	D-2	\$ <u>1,823</u>	\$ <u>3,242</u>
		\$ <u>1,823</u>	\$ <u>3,242</u>

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

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Land and Site Improvements	\$ 3,319,093	\$ 3,319,093
Buildings and Building Improvements	4,822,120	4,754,780
Machinery and Equipment	<u>8,542,949</u>	<u>8,152,381</u>
	<u>\$ 16,684,162</u>	<u>\$ 16,226,254</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 16,684,162</u>	<u>\$ 16,226,254</u>

## NOTES TO FINANCIAL STATEMENTS



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Dumont (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

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

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

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

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

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

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

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

The Borough has the following funds and account group:

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

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

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.

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.

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.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

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

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



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

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

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

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

**Financial Statements – Regulatory Basis**

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

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

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

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

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

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

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New

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

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

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

**Property Tax Revenues/Receivables (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fixed Assets purchased after December 31, 2008 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land and Land Improvements	Estimated Historical Cost
Building and Building Improvements	Assessed Value and/or Cost
Machinery and Equipment	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 the government-wide financial statements.

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

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

**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  
 Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the Borough Council increased the original budget by \$30,771 and \$36,220. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2017 and 2016.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<b><u>2017</u></b>			
<b><u>Current Fund</u></b>			
Assessment of Taxes			
Other Expenses	\$ 19,200	\$ 21,031	\$ 1,831

**2016**

There are none.

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

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

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$7,989,985 and \$6,282,753 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,051,110 and \$6,527,233, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 8,043,466	\$ 6,519,589
Uninsured and Collateralized	<u>7,644</u>	<u>7,644</u>
	<u>\$ 8,051,110</u>	<u>\$ 6,527,233</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the Borough's bank balances of \$7,644 and \$7,644 were exposed to custodial credit risk as follows:

	<u>2017</u>	<u>2016</u>
Collateral Held by Borough's Agent in the Borough's Name	<u>\$ 7,644</u>	<u>\$ 7,644</u>

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

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

**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, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2017</u>	<u>2016</u>
Investment in Lincoln Financial (LOSAP-Unaudited)	\$ 1,311,241	\$ 1,093,426

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$1,311,241 and \$1,093,426 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust		
department but not in the Borough's name (LOSAP - Unaudited)	\$ 1,311,241	\$ 1,093,426

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

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

The fair value of the above-listed 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 DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 TAXES RECEIVABLE**

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

	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Property Taxes	\$ 456,499	\$ 635,242
Tax Title Liens	<u>7,497</u>	<u>7,135</u>
	<u>\$ 463,996</u>	<u>\$ 642,377</u>

In 2017 and 2016, the Borough collected \$547,687 and \$647,212 from delinquent taxes, which represented 85% and 79%, respectively of the prior year delinquent taxes receivable balance.

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

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

	<u>2017</u>		<u>2016</u>
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>
Current Fund	\$ 77,431	\$ 183,291	\$ 101,702
Trust Fund			\$ 118,503
Other Trust Fund		73,718	95,974
Animal Control Fund		3,713	5,728
General Capital Fund	<u>183,291</u>	<u>-</u>	<u>118,503</u>
	<u>\$ 260,722</u>	<u>\$ 260,722</u>	<u>\$ 220,205</u>

The above balances are the result of revenues earned in one fund but owed to another fund and receipts deposited in one fund but owed to another fund.

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

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<b><u>2017</u></b>			
Current Fund			
Overexpenditure of Appropriation	\$ <u>1,831</u>	\$ <u>1,831</u>	\$ <u>-</u>
General Capital Fund			
Cancelled Grant Receivables	\$ <u>140,141</u>	<u>-</u>	\$ <u>140,141</u>
<b><u>2016</u></b>			
General Capital Fund			
Cancelled Grant Receivables	\$ <u>123,762</u>	<u>-</u>	\$ <u>123,762</u>

**NOTE 7 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 balance at December 31, which was appropriated and included as anticipated revenue in the budget for the succeeding year was as follows:

	<b><u>2017</u></b>		<b><u>2016</u></b>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,867,576	\$ 1,250,000	\$ 1,905,763	\$ 1,250,000
Non-Cash Surplus	<u>8,738</u>	<u>-</u>	<u>4,157</u>	<u>-</u>
	\$ <u>1,876,314</u>	\$ <u>1,250,000</u>	\$ <u>1,909,920</u>	\$ <u>1,250,000</u>



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

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Land and Site Improvements	\$ 3,319,093			\$ 3,319,093
Buildings and Building Improvements	4,754,780	\$ 67,340		4,822,120
Machinery and Equipment	<u>8,152,381</u>	<u>390,568</u>	\$ -	<u>8,542,949</u>
	<u>\$ 16,226,254</u>	<u>\$ 457,908</u>	<u>\$ -</u>	<u>\$ 16,684,162</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
Land and Site Improvements	\$ 3,319,093			\$ 3,319,093
Buildings and Building Improvements	4,754,780			4,754,780
Machinery and Equipment	<u>8,200,966</u>	<u>\$ 62,694</u>	<u>\$ (111,279)</u>	<u>8,152,381</u>
	<u>\$ 16,274,839</u>	<u>\$ 62,694</u>	<u>\$ (111,279)</u>	<u>\$ 16,226,254</u>

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

**NOTE 9 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Notes, Leases and Loans	\$ 18,043,862	\$ 19,919,466
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>2,900</u>	<u>515,210</u>
Net Debt Issued	18,040,962	19,404,256
Authorized But Not Issued		
General		
Bonds and Notes	<u>16,272,913</u>	<u>866,633</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 34,313,875</u>	<u>\$ 20,270,889</u>

**Statutory Net Debt**

The statement of debt condition that follows indicates a statutory net debt of 1.72% and 1.13% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2017</u></b>			
General Debt	\$ 34,316,775	\$ 620,180	\$ 33,696,595
School Debt	<u>10,585,000</u>	<u>10,585,000</u>	<u>-</u>
Total	<u>\$ 44,901,775</u>	<u>\$ 11,205,180</u>	<u>\$ 33,696,595</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2016</u></b>			
General Debt	\$ 20,786,099	\$ 1,219,210	\$ 19,566,889
School Debt	<u>11,810,000</u>	<u>11,810,000</u>	<u>-</u>
Total	<u>\$ 32,596,099</u>	<u>\$ 13,029,210</u>	<u>\$ 19,566,889</u>

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

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

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 68,384,397	\$ 66,255,625
Net Debt	<u>33,696,595</u>	<u>19,566,889</u>
Remaining Borrowing Power	<u>\$ 34,687,802</u>	<u>\$ 46,688,736</u>

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2017</u>	<u>2016</u>
\$8,530,000, 2010 Bonds, due in annual installments of \$775,000 to \$800,000 through July, 2019, interest at 2.50% - 2.75%	\$ 1,575,000	\$ 2,325,000
\$5,430,000, 2016 Refunding Bonds, due in annual installments of \$795,000 to \$1,060,000 through July 2025, interest at 3.00% to 4.00%	5,410,000	5,430,000
\$6,075,000, 2017 Bonds, due in annual installments of \$265,000 to \$445,000 through May 2035, interest at 2.00% to 3.00%	<u>6,075,000</u>	<u>-</u>
	<u>\$ 13,060,000</u>	<u>\$ 7,755,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**General Intergovernmental Loans Payable**

The Borough has entered into loan agreements with the New Jersey Green Trust and the Environmental Infrastructure Trust Funds. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
<b>Green Trust Fund</b>		
\$200,000, Bonds, due in semi-annual installments of \$4,946 to \$6,157 through 2028, interest at 2%	\$ 117,259	\$ 127,201
Total Green Trust Fund	<u>\$ 117,259</u>	<u>\$ 127,201</u>
	<u>2017</u>	<u>2016</u>
<b>Environmental Infrastructure Trust</b>		
\$1,675,000 Trust Loan, due in annual installments of \$68,000 to \$112,000 through 2027, interest at 5.0%	\$ 920,000	\$ 1,130,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	837,460	920,445
\$965,000 Trust Loan, due in annual installments of \$45,000 to \$67,000 through 2029, interest at 3.0% to 5.0%	662,000	740,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>1,832,143</u>	<u>1,984,820</u>
Total Environmental Infrastructure Trust	<u>4,251,603</u>	<u>4,775,265</u>
Total Intergovernmental Loans	<u>\$ 4,368,862</u>	<u>\$ 4,902,466</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Pension Obligation Lease Agreement**

The Borough has entered into an agreement with the Bergen County Improvement Authority ("BCIA") for the retirement of the Borough's outstanding unfunded pension liability for the early retirement incentive program of 2003. The original amount financed totaled \$958,000. The Borough issued refunding revenue bonds totaling \$882,000 through the BCIA during 2012. The following is the schedule of the future minimum lease payments and the present value of the net minimum lease payment at December 31, 2017:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2018	\$ 95,442
2019	101,583
2020	109,268
2021	115,410
2022	123,023
2023-2024	<u>131,102</u>
Total. Minimum Lease Payments	675,828
Less: Amounts Representing Interest	<u>60,828</u>
Present Value of Net Minimum Lease Payments	<u>\$ 615,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

<u>Calendar</u> <u>Year</u>	<u>General Bonds</u>		<u>Intergovernmental Loans</u>				<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Environmental Infrastructure</u> <u>Principal</u>	<u>Interest</u>	<u>Green Trust</u> <u>Principal</u>	<u>Interest</u>	
2018	\$ 1,040,000	\$ 395,075	\$ 354,295	\$ 72,930	\$ 10,142	\$ 2,295	\$ 1,874,737
2019	1,070,000	370,181	360,770	67,030	10,346	2,091	1,880,418
2020	1,070,000	342,219	366,656	61,300	10,554	1,883	1,852,612
2021	1,090,000	311,775	372,415	55,320	10,765	1,672	1,841,947
2022	1,140,000	280,350	374,251	49,090	10,983	1,454	1,856,128
2023-2027	4,520,000	814,039	1,983,863	141,800	58,312	3,873	7,521,887
2028-2032	1,845,000	334,875	439,353	8,040	6,157	62	2,633,487
2033-2035	<u>1,285,000</u>	<u>58,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,343,875</u>
Total	<u>\$ 13,060,000</u>	<u>\$ 2,907,389</u>	<u>\$ 4,251,603</u>	<u>\$ 455,510</u>	<u>\$ 117,259</u>	<u>\$ 13,330</u>	<u>\$ 20,805,091</u>

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Changes in Long-Term Municipal Debt**

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

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 7,755,000	\$ 6,075,000	\$ 770,000	\$ 13,060,000	\$ 1,040,000
Intergovernmental Loans Payable	4,902,466		533,604	4,368,862	364,437
Pension Obligation Lease	<u>687,000</u>	<u>-</u>	<u>72,000</u>	<u>615,000</u>	<u>79,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 13,344,466</u>	<u>\$ 6,075,000</u>	<u>\$ 1,375,604</u>	<u>\$ 18,043,862</u>	<u>\$ 1,483,437</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 8,640,000	\$ 5,430,000	\$ 6,315,000	\$ 7,755,000	\$ 770,000
Intergovernmental Loans Payable	5,270,405		367,939	4,902,466	370,605
Pension Obligation Lease	<u>753,000</u>	<u>-</u>	<u>66,000</u>	<u>687,000</u>	<u>72,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 14,663,405</u>	<u>\$ 5,430,000</u>	<u>\$ 6,748,939</u>	<u>\$ 13,344,466</u>	<u>\$ 1,212,605</u>

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

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

**Bond Anticipation Notes**

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2016	Increased	Decreased	Balance, December 31, 2017
1375/1407	Stormwater Sewer System Improvements	2.00%	6/22/2017	\$ 665,342		\$ 665,342	\$
1393	Various General Improvements	2.00%	6/22/2017	377,227		377,227	
1409	Library and Senior Center Handicap	2.00%	6/22/2017	51,178		51,178	
1416	Park Improvements	2.00%	6/22/2017	156,716		156,716	
1421	Various Capital Improvements	2.00%	6/22/2017	688,068		688,068	
1431	DPW Garage Site Improvements	2.00%	6/22/2017	222,226		222,226	
1432	Storm Sewer Improvements - Phase III	2.00%	6/22/2017	212,968		212,968	
1434	Various Capital Improvements	2.00%	6/22/2017	381,790		381,790	
1436	Various Storm Water Sewer Improvements	2.00%	6/22/2017	111,112		111,112	
1438	Various Improvements - Twin Boro Field	2.00%	6/22/2017	1,061,378		1,061,378	
1447	Installation of New Walking Path	2.00%	6/22/2017	82,807		82,807	
1448/1456							
1478/1487	Improvements to DePew Street (Phases I, II and III)	2.00%	6/22/2017	366,503		366,503	
1450	Acq. And Installation of Air Quality Equip.	2.00%	6/22/2017	58,500		58,500	
1460	Various Capital Improvements	2.00%	6/22/2017	537,690		537,690	
1465	Library Window and Exterior Renovation	2.00%	6/22/2017	176,000		176,000	
1466	Stormwater Sewer System Improvements Phase II	2.00%	6/22/2017	195,000		195,000	
1479	Various Road Improvements	2.00%	6/22/2017	156,750		156,750	
1480	Various Capital Improvements	2.00%	6/22/2017	380,000		380,000	
1486	Various Capital Improvements	2.00%	6/22/2017	75,526		75,526	
1490	Various Capital Improvements	2.00%	6/22/2017	490,475		490,475	
1493	Various Improvements to Locust Ave and Brook St	2.00%	6/22/2017	127,744	-	127,744	
				<u>\$ 6,575,000</u>	<u>\$ -</u>	<u>\$ 6,575,000</u>	<u>\$ -</u>

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2015	Increased	Decreased	Balance, December 31, 2016
1375/1407	Stormwater Sewer System Improvements	1.50%	6/23/2016	\$ 669,392		\$ 669,392	
		2.00%	6/22/2017		\$ 665,342		\$ 665,342
1393	Various General Improvements	1.50%	6/23/2016	604,367		604,367	
		2.00%	6/22/2017		377,227		377,227
1409	Library and Senior Center Handicap	1.50%	6/23/2016	58,549		58,549	
		2.00%	6/22/2017		51,178		51,178
1416	Park Improvements	1.50%	6/23/2016	162,744		162,744	
		2.00%	6/22/2017		156,716		156,716
1421	Various Capital Improvements	1.50%	6/23/2016	726,891		726,891	
		2.00%	6/22/2017		688,068		688,068
1431	DPW Garage Site Improvements	1.50%	6/23/2016	225,113		225,113	
		2.00%	6/22/2017		222,226		222,226
1432	Storm Sewer Improvements - Phase III	1.50%	6/23/2016	215,734		215,734	
		2.00%	6/22/2017		212,968		212,968
1434	Various Capital Improvements	1.50%	6/23/2016	398,037		398,037	
		2.00%	6/22/2017		381,790		381,790
1436	Various Storm Water Sewer Improvements	1.50%	6/23/2016	112,556		112,556	
		2.00%	6/22/2017		111,112		111,112
1438	Various Improvements - Twin Boro Field	1.50%	6/23/2016	1,100,689		1,100,689	
		2.00%	6/22/2017		1,061,378		1,061,378
1447	Installation of New Walking Path	1.50%	6/23/2016	88,049		88,049	
		2.00%	6/22/2017		82,807		82,807
1448/1456	Improvements to DePew Street (Phases I, II and III)	1.50%	6/23/2016	374,022		374,022	
1478/1487		2.00%	6/22/2017		366,503		366,503



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

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2015	Increased	Decreased	Balance, December 31, 2016
1450	Acq. And Installation of Air Quality Equip.	1.50%	6/23/2016	\$ 61,750		\$ 61,750	
		2.00%	6/22/2017		\$ 58,500		\$ 58,500
1460	Various Capital Improvements	1.50%	6/23/2016	537,690		537,690	
		2.00%	6/22/2017		537,690		537,690
1465	Library Window and Exterior Renovation	1.50%	6/23/2016	176,000		176,000	
		2.00%	6/22/2017		176,000		176,000
1466	Stormwater Sewer System Improvements Phase II	1.50%	6/23/2016	195,000		195,000	
		2.00%	6/22/2017		195,000		195,000
1479	Various Road Improvements	1.50%	6/23/2016	156,750		156,750	
		2.00%	6/22/2017		156,750		156,750
1480	Various Capital Improvements	1.50%	6/23/2016	380,000		380,000	
		2.00%	6/22/2017		380,000		380,000
1481	Relocation of Borough Offices	1.50%	6/23/2016	190,000		190,000	
1486	Various Capital Improvements	1.50%	6/23/2016	75,526		75,526	
		2.00%	6/22/2017		75,526		75,526
1490	Various Capital Improvements	2.00%	6/22/2017		490,475		490,475
1493	Various Improvements to Locust Ave and Brook St	2.00%	6/22/2017	-	127,744	-	127,744
				<u>\$ 6,508,859</u>	<u>\$ 6,575,000</u>	<u>\$ 6,508,859</u>	<u>\$ 6,575,000</u>

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

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

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

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations 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 year 2016 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.

	<u>Date of Maturity</u>	<u>Balance, December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2016</u>
Reassessment of Real Property	5/13/2016	\$ 50,000	\$ -	\$ 50,000	\$ -
		<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

	<u>Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2017</u></b>		
Sewer Infrastructure Improvements	\$ 149,041	2018
Road Improvements	173,365	2018
Acquisition of Property - Municipal Complex	401,275	2018
Municipal Complex	630,000	2018
<b><u>2016</u></b>		
Road Improvements	\$ 40,082	2017
Sewer Infrastructure Improvements	207,245	2017
Roosevelt Ave Flood Project	19,150	2017

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

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement. Bargaining unit agreements and a local ordinance establish the maximum number of accumulated days an employee can be compensated for.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$4,118,185 and \$4,130,000 at December 31, 2017 and 2016, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2017 and 2016, the Borough has reserved in the Other Trust Fund \$75,226 and \$49,811, respectively, to fund compensated absences in accordance with NJSA 40A:4-39.

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the footnotes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 4,130,000		\$ 11,815	\$ 4,118,185	\$ 115,000
Net Pension Liability					
PERS	14,912,386		4,731,528	10,180,858	
PFRS	<u>24,923,017</u>	<u>-</u>	<u>4,976,666</u>	<u>19,946,351</u>	<u>-</u>
	<u>\$ 43,965,403</u>	<u>\$ -</u>	<u>\$ 9,720,009</u>	<u>\$ 34,245,394</u>	<u>\$ 115,000</u>

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

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016	Due Within One Year
Compensated Absences	\$ 4,058,870	\$ 235,670	\$ 164,540	\$ 4,130,000	\$ 137,000
Net Pension Liability					
PERS	11,751,641	3,608,052	447,307	14,912,386	
PFRS	21,908,278	4,078,510	1,063,771	24,923,017	-
	<u>\$ 37,718,789</u>	<u>\$ 7,922,232</u>	<u>\$ 1,675,618</u>	<u>\$ 43,965,403</u>	<u>\$ 137,000</u>

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

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

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

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

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

**Other Pension Funds**

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

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

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

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

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

**Basis of Accounting**

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

**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).

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

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

**Funded Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Cost (APC)**

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

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

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

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ending</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 1,063,771	\$ 447,307	\$ 1,750
2016	1,069,415	450,195	2,805
2015	987,123	436,015	1,480

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

**Public Employees Retirement System (PERS)**

At December 31, 2017 and 2016, the Borough reported a liability of \$10,180,858 and \$14,912,386, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .04374 percent, which was a decrease of .00661 percent from its proportionate share measured as of June 30, 2016 of .05035 percent.

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

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$434,239 and \$1,378,630, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$447,307 and \$450,195 respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience	\$ 239,724		\$ 277,325	
Changes of Assumptions	2,051,092	\$ 2,043,572	3,089,050	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	69,325		568,623	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	108,280	1,483,048	152,657	\$ 393,430
Total	<u>\$ 2,468,421</u>	<u>\$ 3,526,620</u>	<u>\$ 4,087,655</u>	<u>\$ 393,430</u>

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

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

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

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

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2018	\$ (43,573)
2019	103,961
2020	(87,699)
2021	(656,241)
2022	(374,647)
Thereafter	<u>-</u>
	<u>\$ (1,058,199)</u>

***Actuarial Assumptions***

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

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

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

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



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

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

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

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

***Discount Rate***

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

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

**BOROUGH OF DUMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2040

Municipal Bond Rate \*                                      From July 1, 2040  
and Thereafter

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

***Sensitivity of Net Pension Liability***

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

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 12,630,045</u>	<u>\$ 10,180,858</u>	<u>\$ 8,140,381</u>
	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 18,273,388</u>	<u>\$ 14,912,386</u>	<u>\$ 12,137,587</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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

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

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

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

***Pension Plan Fiduciary Net Position***

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

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

At December 31, 2017 and 2016, the Borough reported a liability of \$19,946,351 and \$24,923,017, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .12920 percent, which was a decrease of .00127 percent from its proportionate share measured as of June 30, 2016 of .13047 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$1,835,743 and \$2,727,983, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,063,771 and \$1,069,415, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 129,400	\$ 117,068		\$ 163,374
Changes of Assumptions	2,459,607	3,266,629	\$ 3,452,043	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	380,623		1,746,306	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	217,045	253,935	304,975	121,964
Total	<u>\$ 3,186,675</u>	<u>\$ 3,637,632</u>	<u>\$ 5,503,324</u>	<u>\$ 285,338</u>

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

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

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

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

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

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2018	\$ 276,514
2019	688,954
2020	(18,508)
2021	(971,500)
2022	(426,417)
Thereafter	-
	<u>\$ (450,957)</u>

***Actuarial Assumptions***

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

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

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

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

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

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

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

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

***Discount Rate***

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

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

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)****Police and Firemen's Retirement System (PFRS) (Continued)**

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

Payments for which the Following  
Rates were Applied:

Through June 30, 2057

From July 1, 2057  
and Thereafter

### *Sensitivity of Net Pension Liability*

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 26,280,960	\$ 19,946,351	\$ 14,741,749

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 32,136,403	\$ 24,923,017	\$ 19,040,935

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

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

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

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

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,234,159 and \$2,092,915, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$273,288 and \$267,315, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$111,737 and \$80,194, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

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

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

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

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

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

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

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$85.4 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members, \$16.1 billion for local active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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



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

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contribution**

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

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017, 2016 and 2015 were \$396,487, \$311,565, and \$283,991, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2017, 2016 and 2015 were \$9,352, \$8,613, and \$7,363, , respectively.

**NOTE 14 RISK MANAGEMENT**

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

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

**NOTE 14 RISK MANAGEMENT (Continued)**

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 10,697	\$ 32,814	\$ 20,979
2016	10,414	19,669	49,889
2015	11,046	22,135	59,000

**NOTE 15 CONTINGENT LIABILITIES**

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

**Pending Litigation** – The Borough has one matter before the Superior Court of New Jersey, Bergen County. This litigation stems from Administrative disciplinary charges against five Borough employees (the "Plaintiff's").

The Plaintiff's filed an Order to Show Cause and Verified Complaint in Superior Court on June 21, 2017, contesting the charges. The complaint included a claim for monetary charges under the New Jersey Civil Rights Act. It is too early to make any determination as to the validity of this claim as discovery in this matter has not commenced.

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

**NOTE 15 CONTINGENT LIABILITIES (Continued)**

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Borough reserved \$193,762 and \$181,130, 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, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Dumont Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 17, 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 Dumont approved the adoption of the Plan at the general election held on November 2, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. 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 Dumont has contributed \$38,950 and \$44,350 for 2017 and 2016, respectively, for eligible volunteer fire department, volunteer ambulance corp. and eligible volunteer first aid squad members into the Plan.

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

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

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

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

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 18 TAX ABATEMENTS**

For the years ended December 31, 2017 and 2016, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act (NJHMFA).

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for Payments in Lieu of Taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to remit a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2017 and 2016 the Borough abated property taxes totaling \$522,218, and \$510,070, respectively, under the NJHMFA program. The Borough received \$63,351 and \$53,506 in PILOT payments under this program for the years ended December 31, 2017 and 2016, respectively.

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

**NOTE 19 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

In 2018 the Borough adopted a resolution authorizing the issuance of \$3,000,000 of Bond Anticipation Notes for the purpose of finding various capital improvements. The Borough has awarded the sale of said notes to Jefferies Inc. at an interest rate of 2.50%. These notes dated March 14, 2018 will mature on March 14, 2019.

**Debt Authorized**

On July 17, 2018 the Borough adopted a bond ordinance authorizing the issuance of \$1,858,900 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds or notes.

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**BOROUGH OF DUMONT  
STATEMENT OF CASH**

Balance, December 31, 2016		\$ 4,297,743
Increased by Receipts:		
Taxes Receivable	\$ 59,199,760	
Revenue Accounts Receivable	2,286,482	
Non Budget Revenue	170,947	
Prepaid Taxes	1,885,571	
General Capital Receipts Deposited in Current Fund	81,398	
Other Trust Receipts Deposited in Current Fund	963	
Receipts from Other Trust Fund	339,599	
Receipts from General Capital Fund	37,310	
Receipts from Animal Control Fund	5,728	
Unappropriated Reserves for Grants	31,031	
Miscellaneous Reserves	743,856	
Tax Overpayments	48,992	
Senior Citizens' and Veterans' Deductions	137,250	
Receipts from Library	<u>343,277</u>	
		<u>65,312,164</u>
		69,609,907
Decreased by Disbursements:		
Budget Appropriations	18,973,494	
Appropriation Reserves	224,754	
Accounts Payable	575,189	
Tax Overpayments	14,932	
County Taxes	4,961,106	
Local District School Taxes	36,234,439	
Appropriated Grant Reserves	5,237	
Miscellaneous Reserves	993,913	
Payments Made On Behalf Of Library	343,297	
Payments to General Capital Fund	290,000	
General Capital Expenditure Paid by Current Fund	16,610	
Other Trust Fund Expenditures Paid by Current Fund	213,721	
Refund of Prior Year Revenue	<u>24,497</u>	
		<u>62,871,189</u>
Balance, December 31, 2017		<u>\$ 6,738,718</u>

**BOROUGH OF DUMONT  
STATEMENT OF PETTY CASH FUNDS**

<u>Office</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
Finance Department	\$ <u>300</u>	\$ <u>300</u>

**STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2016</u>	Balance, December 31, <u>2017</u>
Tax Collector	\$ <u>250</u>	\$ <u>250</u>

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

Balance, December 31, 2016	\$ 4,157
Increased by:	
Senior Citizens' and Veterans' Deductions Per Tax Billing	\$ 141,250
Deductions Allowed by Tax Collector - 2017 Taxes	3,000
Deductions Allowed by Tax Collector - Prior Years Taxes	<u>250</u>
	<u>144,500</u>
	148,657
Decreased by:	
Deductions Disallowed by Tax Collector - 2017 Taxes	3,500
Deductions Disallowed by Tax Collector - Prior Years Taxes	1,000
Cash Receipts	<u>137,250</u>
	<u>141,750</u>
Balance, December 31, 2017	\$ <u>6,907</u>

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

Year	Balance, December 31, 2016	Levy	Senior Citizens' and Veterans' Deductions Disallowed	2016	Collections 2017	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Tax Overpayments Applied	Transferred to Tax Title Lien	Balance, December 31, 2017
2014	\$ 165,015		\$ 750	\$	\$ 77,960		\$ 87,805			
2015	361				361					
2016	469,866		250		470,116					
2017	-	\$ 59,568,799	3,500	\$ 229,815	58,651,323	\$ 144,250	69,017	\$ 21,033	\$ 362	\$ 456,499
	\$ 635,242	\$ 59,568,799	\$ 4,500	\$ 229,815	\$ 59,199,760	\$ 144,250	\$ 156,822	\$ 21,033	\$ 362	\$ 456,499

Analysis of Property Tax Levy

**TAX YIELD**

General Property Tax	
Real Property Tax	\$ 59,522,480
Added Taxes (54:4-63.1 et seq.)	46,319
	<u>\$ 59,568,799</u>

**TAX LEVY**

Local School Tax (Abstract)	\$ 36,234,439
County Taxes (Abstract)	4,761,072
County Open Space (Abstract)	197,186
Due County for Added Taxes (54:4-63.1)	<u>3,860</u>
	41,196,557

Local Tax for Municipal Purposes  
 Local Tax For Free Public Library  
 Add Additional Tax Levied

	17,658,891
	656,735
	<u>56,616</u>
	18,372,242
	<u>\$ 59,568,799</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2016	\$ 7,135
Increased by:	
Transferred from 2017 Taxes Receivable	<u>362</u>
Balance, December 31, 2017	<u>\$ 7,497</u>

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

Balance, December 31, 2016	<u>\$ 79,526</u>
Balance, December 31, 2017	<u>\$ 79,526</u>

**STATEMENT OF DEFERRED CHARGES**

	Balance, December 31, <u>2016</u>	Increase in <u>2017</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2017</u>
Overexpenditure of Appropriations	<u>\$ -</u>	<u>\$ 1,831</u>	<u>\$ -</u>	<u>\$ 1,831</u>

**BOROUGH OF DUMONT  
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2017</u>
Licenses				
Alcoholic Beverages		\$ 14,922	\$ 14,922	
Board of Health		237	237	
Borough Clerk		5,628	5,628	
Fees and Permits				
Construction Code Official		224,258	224,258	
Board of Health		21,960	21,960	
Borough Clerk		19,896	19,896	
Fire Prevention		21,585	21,585	
Planning and Zoning		630	630	
Police		527	527	
Construction Code		1,915	1,915	
Fines and Costs - Municipal Court	\$ 8,450	124,234	125,173	\$ 7,511
Interest and Cost on Taxes		94,733	94,733	
Interest on Investments and Deposits		50,081	50,081	
Consolidated Municipal Property Tax Relief		64,115	64,115	
Energy Receipts Tax		1,291,136	1,291,136	
Clean Communities Grant		30,771	30,771	
Recycling Tonnage Grant		16,928	16,928	
Life Hazard Use Fees		9,245	9,245	
Fire Inspections		21,860	21,860	
Sale of Recyclables		6,021	6,021	
PILOT - Senior Citizens Club		15,000	15,000	
Police Outside Services - Admin. Fees		130,000	130,000	
Cable Television Franchise Fees	-	249,861	249,861	-
	<u>\$ 8,450</u>	<u>\$ 2,415,543</u>	<u>\$ 2,416,482</u>	<u>\$ 7,511</u>
Due from Other Trust Fund			\$ 130,000	
Cash Receipts			<u>2,286,482</u>	
			\$ 2,416,482	

**BOROUGH OF DUMONT**  
**STATEMENT OF APPROPRIATION RESERVES**

	Balance December 31, 2016	Encumbrances Restored to Appropriation Reserves	Transfers	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed
Salaries and Wages						
General Administration / Mayor / Clerk	\$ 2,122			\$ 2,122	\$ 2,122	
Financial Administration	5			5	5	
Assessment of Taxes	68			68	68	
Collection of Taxes	7			7	7	
Planning Board/Zoning Board	75			75	75	
Fire Department						
Life Hazard Use Fees	15			15	15	
Police Department	172		\$ 10,000	10,172	10,172	
Emergency Management	3,000			3,000	3,000	
Streets and Roads	61			61	61	
Public Buildings and Grounds	2			2	2	
Board of Health	7,101			7,101	7,101	
Administration of Public Assistance	4,000			4,000	4,000	
Senior Citizens	1,728			1,728	1,728	
Parks and Playgrounds	951			951	951	
Municipal Court	1,255			1,255	1,255	
Public Defender	191			191	191	
Code Enforcement & Administration	6	-	-	6	6	-
	<u>20,759</u>	<u>-</u>	<u>10,000</u>	<u>30,759</u>	<u>30,759</u>	<u>-</u>
Other Expenses						
General Administration / Mayor / Clerk						
Other Expenses	3,255		5,554	8,809	8,577	\$ 232
Postage	1,435	\$ 162		1,597		1,597
Elections	230			230		230
Financial Administration / Audit	39,458		21,000	60,458	60,458	-
Assessment of Taxes	1,291			1,291		1,291
Collection of Taxes	1,162			1,162	344	818
Legal Services and Costs						
Borough Attorney - Other Expenses	823		8,500	9,323	9,323	-
Special Council	9		11,500	11,509	11,428	81
Engineering	5		7,000	7,005	6,935	70
Planning Board/Zoning Board	65		10,600	10,665	155	10,510
Rent Leveling Board	750			750		750
Fire Department						
Other Expenses	1,323	554		1,877		1,877
Life Hazard Use Fees	1,386			1,386		1,386
Rental of Fire Houses	400			400		400
Fire Hydrant Services	3			3		3
Police	3,531	8,747		12,278		12,278
Police Reserves	1,158			1,158		1,158
Emergency Management	100			100		100
Volunteer Ambulance	2,000			2,000	2,000	-
Streets and Roads	4,516	5,962		10,478		10,478
Garbage and Trash Removal	738		75,000	75,738	71,259	4,479
Sewer System	2,952			2,952	1,176	1,776
Shade Tree			156	156	156	-
Public Buildings and Grounds	1,445			1,445	1,445	-
Board of Health	20,116			20,116		20,116
Animal Shelter	3			3		3
Senior Citizens	3,066			3,066	443	2,623

**BOROUGH OF DUMONT**  
**STATEMENT OF APPROPRIATION RESERVES**

	Balance December 31, 2016	Encumbrances Restored to Appropriation Reserves	Transfers	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed
Other Expenses (Continued)						
Environmental Commission	\$ 300			\$ 300		\$ 300
Parks and Playgrounds	2,292			2,292	\$ 1,872	420
Celebration of Public Events	334			334	171	163
Utilities						
Electricity	51,871		\$ (45,000)	6,871		6,871
Street Lighting	55,297		(40,000)	15,297	12,266	3,031
Telephone	20,282		(15,130)	5,152	1,388	3,764
Gasoline	70,974		(50,000)	20,974	3,274	17,700
Water	12		820	832	832	-
Municipal Court	2,400	\$ 332		2,732		2,732
Code Enforcement & Administration	2,783			2,783	1,370	1,413
Insurance						
Unemployment Insurance	9,590			9,590		9,590
General Liability	3,268			3,268		3,268
Workers Compensation	16,151		(3,100)	13,051		13,051
Employee Group Health			16,700	16,700	16,700	-
Health Benefit Waiver	13,665		(13,600)	65		65
Statutory Expenditures						
Public Employees Retirement System	6,871			6,871		6,871
Police and Firemen's Retirement System	1			1		1
DCRP	5			5		5
Bergen County Utilities Authority	1			1		1
LOSAP	5,650			5,650		5,650
Clean Communities	15,293			15,293	15,293	-
Recycling Tonnage Grant	10,707			10,707	10,707	-
Alcohol Education & Rehabilitation	118			118	118	-
Police Body Armor	2,189	-	-	2,189	2,189	-
	<u>381,274</u>	<u>15,757</u>	<u>(10,000)</u>	<u>387,031</u>	<u>239,879</u>	<u>147,152</u>
	<u>\$ 402,033</u>	<u>\$ 15,757</u>	<u>\$ -</u>	<u>\$ 417,790</u>	<u>\$ 270,638</u>	<u>\$ 147,152</u>
Appropriation Reserves				\$ 402,033		
Accounts Payable Restored to Appropriation Reserves				<u>15,757</u>		
				<u>\$ 417,790</u>		

Cash Disbursements	\$ 224,754
Accounts Payable	6,291
Transfer to Other Trust Fund	25,415
Transfer to Appropriated Grants	<u>14,178</u>
	<u>\$ 270,638</u>

**BOROUGH OF DUMONT  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2016		\$ 605,596
Increased by:		
Transfer from 2017 Budget Appropriations	\$ 785,396	
Transfer from 2016 Appropriations Reserves	<u>6,291</u>	
		<u>791,687</u>
		1,397,283
Decreased by:		
Payables Restored to Appropriation Reserves	15,757	
Cash Disbursements	<u>575,189</u>	
		<u>590,946</u>
Balance, December 31, 2017		<u><u>\$ 806,337</u></u>

EXHIBIT A-15

**STATEMENT OF DUE FROM FREE PUBLIC LIBRARY**

Increased by:		
Cash Disbursements		\$ 343,297
Decreased by:		
Cash Receipts	\$ 343,277	
Cancellation	<u>20</u>	
		<u>343,297</u>
Balance, December 31, 2017		<u><u>\$ -</u></u>



**BOROUGH OF DUMONT  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2016</u>	<u>Increased</u>	<u>Disbursed</u>	Balance, December 31, <u>2017</u>
Tax Sale Premium	\$ 773,500	\$ 393,200	\$ 612,700	\$ 554,000
Redemption of Tax Sale Certificates	9,287	336,895	346,182	-
Tax Appeals	181,130	35,000	22,368	193,762
Master Plan	6,955			6,955
DCA Fees	3,200	11,786	10,913	4,073
Marriage Licenses	550	1,975	1,750	775
Homestead Rebate	393	-	-	393
	<u>\$ 975,015</u>	<u>\$ 778,856</u>	<u>\$ 993,913</u>	<u>\$ 759,958</u>
Cash Receipts		\$ 743,856		
Budget Appropriations		<u>35,000</u>		
		<u>\$ 778,856</u>		

EXHIBIT A-17

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2016	\$ 229,815
Increased by:	
Collection of 2018 Taxes	<u>1,885,571</u>
	2,115,386
Decreased by:	
Application to 2017 Taxes Receivable	<u>229,815</u>
Balance, December 31, 2017	<u>\$ 1,885,571</u>

**BOROUGH OF DUMONT  
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2016		\$ 9,465
Increased by:		
Cash Receipts		<u>48,992</u>
		58,457
Decreased by:		
Refunds	\$ 14,932	
Applied to Taxes Receivable	<u>21,033</u>	
		<u>35,965</u>
Balance, December 31, 2017		<u>\$ 22,492</u>

**STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE**

Increased by:		
Levy - Calendar Year		\$ 36,234,439
Decreased by:		
Payments		<u>36,234,439</u>
Balance, December 31, 2017		<u>\$ -</u>

**BOROUGH OF DUMONT  
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2016	\$ 3,286
Increased by:	
2017 Levy	\$ 4,761,072
2017 County Open Space	197,186
Added Taxes	<u>3,860</u>
	<u>4,962,118</u>
	4,965,404
Decreased by:	
Payments	<u>4,961,106</u>
Balance, December 31, 2017	<u>\$ 4,298</u>

EXHIBIT A-21

**SCHEDULE OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2016</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2017</u>
Clean Communities Grant	\$ 39,091	\$ 3,353	\$ 1,616	\$ 40,828
Alcohol Education and Rehabilitation Fund	2,958	118		3,076
Recycling Tonnage Grant		10,707		10,707
Body Armor Grant	<u>3,621</u>	<u>-</u>	<u>3,621</u>	<u>-</u>
	<u>\$ 45,670</u>	<u>\$ 14,178</u>	<u>\$ 5,237</u>	<u>\$ 54,611</u>

EXHIBIT A-22

**STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2016</u>	Increased by <u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2017</u>
Recycling Tonnage		\$ 22,460		\$ 22,460
Police Body Armor Fund	\$ 3,147	3,071	\$ 3,147	3,071
Distracted Driving	<u>-</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
	<u>\$ 3,147</u>	<u>\$ 31,031</u>	<u>\$ 3,147</u>	<u>\$ 31,031</u>

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## TRUST FUNDS



**BOROUGH OF DUMONT  
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2016	\$ 14,344	\$ 772,445	\$ 51,466
Increased by Receipts:			
Escrow Deposits	\$ 49,678		\$ 401
Interest on Investments and Deposits			
Miscellaneous Reserves		889,326	
License Fees Collected	\$ 2,976		10,430
Receipts from Payroll Service Provider	604		
Due to State of New Jersey	-	10,499,785	-
Payroll and Payroll Deductions	<u>3,580</u>	<u>11,438,789</u>	<u>10,831</u>
	17,924	12,211,234	62,297
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	504		
Escrow Deposits		61,607	
Payments to State of NJ	582		32,814
Payments to Current Fund	5,728	339,599	
Payroll and Payroll Deductions Payable		10,482,653	
Miscellaneous Reserves	-	<u>373,667</u>	-
	<u>6,814</u>	<u>11,257,526</u>	<u>32,814</u>
Balance, December 31, 2017	\$ <u>11,110</u>	\$ <u>953,708</u>	\$ <u>29,483</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2016	\$ 8,470
Increased by:	
Animal Control Fees	<u>2,976</u>
	11,446
Decreased by:	
Cash Disbursements	\$ 504
Statutory Excess Due to Current Fund	<u>3,713</u>
	<u>4,217</u>
Balance, December 31, 2017	<u><u>\$ 7,229</u></u>

## EXHIBIT B-3

**STATEMENT OF DUE TO STATE OF NEW JERSEY**  
**DOG REGULATION FEES**

Balance, December 31, 2016	\$ 146
Increased by:	
Registration Fees - Due State of New Jersey	<u>604</u>
	750
Decreased by:	
Payments	<u>582</u>
Balance, December 31, 2017	<u><u>\$ 168</u></u>

## EXHIBIT B-4

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

Balance, December 31, 2016	\$ 5,728
Increased by:	
Statutory Excess	<u>3,713</u>
	9,441
Decreased by:	
Payments to Current Fund	<u>5,728</u>
Balance, December 31, 2017	<u><u>\$ 3,713</u></u>



**BOROUGH OF DUMONT  
STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2016	\$ 43,730
Increased by:	
Cash Receipts	<u>49,678</u>
	93,408
Decreased by:	
Cash Disbursements	<u>61,607</u>
Balance, December 31, 2017	<u>\$ 31,801</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES**

Balance, December 31, 2016	\$ 49,889
Increased by:	
Payroll Deductions	\$ 10,697
Interest on Investments and Deposits	<u>401</u>
	<u>11,098</u>
	60,987
Decreased by:	
Unemployment Insurance Claims	<u>40,008</u>
Balance, December 31, 2017	<u>\$ 20,979</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2016	\$ 95,974
Increased by:	
Anticipated as Revenue in Current Fund Budget	
Police Outside Services	\$ 130,000
Other Trust Expenditures Paid by Current Fund	<u>213,721</u>
	<u>343,721</u>
	439,695
Decreased by:	
Payments to Current Fund	339,599
Transfer to Accumulated Leave Reserve	25,415
Other Trust Fund Receipts Deposited in Current Fund	<u>963</u>
	<u>365,977</u>
Balance, December 31, 2017	<u>\$ 73,718</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2017</u>
Fire Prevention Fees	\$ 7,405			\$ 7,405
Recreation Commission	117,594	\$ 271,298	\$ 216,347	172,545
Tax Sale Premiums	200			200
Street Openings	8,218	2,000		10,218
Maintenance Bond	11,155			11,155
POAA	8,308	588	1,797	7,099
Affordable Housing (COAH)	34,558	1,067		35,625
Drug and Alcohol	15,510	7,071	6,433	16,148
Police Outside Services	223,183	596,299	483,106	336,376
Police Donations	676			676
Shade Tree	5,515	8,346	5,370	8,491
Accumulated Leave	49,811	25,415		75,226
Storm Emergency	<u>105,627</u>	<u>3,620</u>	<u>4,335</u>	<u>104,912</u>
	<u>\$ 587,760</u>	<u>\$ 915,704</u>	<u>\$ 717,388</u>	<u>\$ 786,076</u>
Cash Receipts		\$ 889,326		
Cash Disbursements			\$ 373,667	
Due From/To Current Fund		<u>26,378</u>	<u>343,721</u>	
		<u>\$ 915,704</u>	<u>\$ 717,388</u>	

**STATEMENT OF ACCRUED SALARIES/WAGES AND PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2016	\$ 44,981
Increased by:	
Cash Receipts	<u>10,499,785</u>
	10,544,766
Decreased by:	
Cash Disbursements	<u>10,482,653</u>
Balance, December 31, 2017	<u>\$ 62,113</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DUE TO STATE OF NEW JERSEY UNEMPLOYMENT INSURANCE FUND**

Balance, December 31, 2016	\$ 2,316
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>40,008</u>
	42,324
Decreased by:	
Unemployment Insurance Claims Payments	<u>32,814</u>
Balance, December 31, 2017	<u>\$ 9,510</u>

EXHIBIT B-11

**STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER**

Balance, December 31, 2016	\$ 739
Increased by:	
Payroll Deductions Transferred to Payroll Service Provider	<u>10,697</u>
	11,436
Decreased by:	
Cash Receipts from Payroll Service Provider	<u>10,430</u>
Balance, December 31, 2017	<u>\$ 1,006</u>

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**GENERAL CAPITAL FUND**



**BOROUGH OF DUMONT  
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2016		\$ 1,142,963
Increased by Receipts:		
Serial Bond Proceeds	\$ 6,075,000	
Premium on Sale of Serial Bonds	60,750	
Receipts from Current Fund	<u>290,000</u>	
		<u>6,425,750</u>
		7,568,713
Decreased by:		
Improvement Authorizations	590,503	
Contracts Payable	111,307	
Payment of Bond Anticipation Notes	6,575,000	
Payments to Current Fund	<u>37,310</u>	
		<u>7,314,120</u>
Balance, December 31, 2017		<u>\$ 254,593</u>

**BOROUGH OF DUMONT  
ANALYSIS OF GENERAL CAPITAL CASH  
AS OF DECEMBER 31, 2017**

Fund Balance	\$ 203,985
Contracts Payable	1,385,571
Grants Receivable	(74,102)
Due From Current Fund	(183,291)
Deferred Charges - Cancelled Grant Receivable	(140,141)
Reserve for Payment of Debt	2,900
Reserve for Preliminary Costs	10,000
Capital Improvement Fund	94,161

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
1250	Impvts of Various Parks and Acq. Of Equipment	(4,908)
1275	Unfunded Pension Liability	(2,280)
1380	Park Improvements	231,454
1393	Various General Capital Improvements	(191,425)
1400	Reconstruction of Short Street	3,766
1401	Reconstruction of Bussell Court	7,850
1407/1466	Various Storm Sewer Improvements	85,262
1434/1486	Various Capital Improvements	5,140
1448	Improvements to DePew Street	21
1460	Various Capital Improvements	20,005
1464	Various Park Improvements	1,070
1467	Road Resurfacing & Repairs to Curbs/Sidewalks	281,521
1478/1487	Road Improvements - Depew Street - Phase III	20,960
1481/1496	Temporary Relocation of Borough Offices	(339,449)
1479	Various Road Improvements	7,888
1490	Various Capital Improvements	86,582
1493	Various Improvements to Locust and Brook	3,411
1498	Various Capital Improvements	(91,800)
1501	Various Capital Improvements	(91,925)
1504	Various Storm Water Sewer Improvements	(43,500)
1508	Purchase and Installation of Computer Server	152
1517	Thompson Street and Schrallenburgh Way	
	Road Improvements	(143,019)
1518	Purchase of Additional Sports Utility Vehicle	(50,713)
1519	Various Capital Improvements	(843,267)
1523	Sewerage System Improvements	(26,536)
1526	Various Equipment and Improvements	25,862
1527	Various Equipment and Improvements	3,388
		<u>\$ 254,593</u>



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

Balance, December 31, 2016		\$ 13,344,466
Increased by		
Serial Bonds Issued		<u>6,075,000</u>
		19,419,466
Decreased by:		
Budget Appropriations		
Serial Bonds	\$ 770,000	
Green Trust Loans	9,942	
NJEIT Loan Payable	348,662	
Pension Obligation Lease	72,000	
Refinancing of NJEIT Loans by State of New Jersey	<u>175,000</u>	
		<u>1,375,604</u>
Balance, December 31, 2017		<u><u>\$ 18,043,862</u></u>

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

Ord. No.	Improvement Description	Balance, December 31, 2016	2017 Authorizations	Cancelled	Serial Bonds Issued	Balance, December 31, 2017	Analysis of Balance	
							Expenditures	Unexpended Improvement Authorizations
1250	Impvts of Various Parks and Acq. Of Equip.	\$ 4,908				\$ 4,908	\$ 4,908	
1275	Refund Unfunded Pension Liab	17,000				2,280	2,280	
1375	Sewer System Improvements	380,342		\$ 14,720	\$ 380,342			
1393	Various General Improvements	568,652			377,227	191,425	191,425	
1407	Acq. of Easements and Prop Relating to Storm Water	285,000			285,000			
1409	Library and Senior Center Handicap Access	51,178			51,178			
1416	Impvts to Veteran's Memorial Park and Parks and Other Fields	156,716			156,716			
1421	Various Capital Improvements	688,068			688,068			
1431	DPW Garage Site Improvements	222,226			222,226			
1432	Phase III Storm Sewer System Improvements	212,968			212,968			
1434	Various Capital Improvements	381,790			381,790			
1436	Roosevelt Ave Flood Project	111,112			111,112			
1438	Twin Boro Field Remediation	1,061,378			1,061,378			
1447	Installation of New Walking Path	82,807			82,807			
1450	Acq. And Installation of Air Quality Equip.	58,500			58,500			
1456	Improvements to DePew Street Phase II	27,805			27,805			
1460	Various Capital Improvements	537,690			537,690			
1465	Library Window and Exterior Restoration	100,540			100,540			
1466	Stormwater System Improvements Phase II	195,000			195,000			
1478	Road Improvements - Depew Street Phase III	25,526			25,526			
1480	Various Capital Improvements	380,000			380,000	190,000	190,000	
1481	Temporary Relocation of Borough Offices	190,000						
1479	Various Road Improvements	30,750			30,750			
1486	Various Capital Improvements (Amend 1434)	75,526			75,526			
1487	Improvements to DePew Street Phase III (Amend 1478)	78,534			78,534			
1490	Various Capital Improvements	490,475			490,475			
1493	Various Impvts to Locust and Brook	60,942			60,942			
1496	Temporary Relocation of Borough Offices	152,000				152,000	149,449	2,551
1498	Various Capital Improvements	91,800				91,800	91,800	
1501	Various Capital Improvements	176,000				176,000	91,925	84,075
1504	Various Storm Water Sewer Improvements (Amend 1436)	43,500				43,500	43,500	
1517	Thompson Street and Schraalenburgh Way Road Impvts		\$ 213,000			213,000	143,019	69,981
1518	Purchase of Additional Sports Utility Vehicle		57,000			57,000	50,713	6,287
1519	Various Capital Improvements		15,075,000			15,075,000	843,267	14,231,733
1523	Sewerage System Improvements		76,000			76,000	26,536	49,464
		\$ 6,938,733	\$ 15,421,000	\$ 14,720	\$ 6,072,100	\$ 16,272,913	\$ 1,828,822	\$ 14,444,091

**BOROUGH OF DUMONT  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2016</u>	<u>Grant Awards</u>	Collections Due From <u>Current Fund</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
<b>Community Development</b>					
Ord. No. 1493 Various Improvements to Locust Avenue and Brook Street	\$ 31,913				\$ 31,913
Ord. No. 1517 Thompson Street and Schraalenburgh Way Road Improvements		\$ 99,000			99,000
<b>Bergen County Open Space</b>					
Ord. No. 1416 Improvements to Veterans Memorial Park and Other Fields	16,379			\$ 16,379	
Ord. No. 1447 Installation of New Walking Path	1,049			1,049	
<b>Department of Transportation</b>					
Ord. No. 1448 Improvements to Depew Street	10,235			10,235	
Ord. No. 1456 Improvements to DePew Street, Phase II	14,865			14,865	
Ord. No. 1478 Improvements to Depew Street - Phase III	4,526			4,526	
Ord. No. 1498 Improvements to Johnson Avenue	155,500		\$ 81,398		74,102
<b>Historic Preservation Trust Fund</b>					
Ord. No. 1465 Library Window and Exterior Restoration	11,940	-	-	-	11,940
	<u>\$ 246,407</u>	<u>\$ 99,000</u>	<u>\$ 81,398</u>	<u>\$ 47,054</u>	<u>\$ 216,955</u>

Deferred Charges-Grant Receivables	\$ 16,379
Reserve for Grants Receivable	<u>30,675</u>
	<u>\$ 47,054</u>

Reserve for Receivable	\$ 142,853
Pledged to Ordinance	<u>74,102</u>
	<u>\$ 216,955</u>

EXHIBIT C-7

**STATEMENT OF DEFERRED CHARGES UNFUNDED - CANCELLED GRANT RECEIVABLES**

Balance, December 31, 2016	\$ 123,762
Increased by Cancelled Grant Receivable	<u>16,379</u>
Balance, December 31, 2017	<u>\$ 140,141</u>

**BOROUGH OF DUMONT  
STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2016		\$ 118,503
Increased by:		
Budget Appropriation - Current Fund		
Capital Improvement Fund	\$ 290,000	
Grant Receipts Deposited in Current Fund	81,398	
Payments to Current Fund	<u>37,310</u>	
		<u>408,708</u>
		527,211
Decreased by:		
Anticipated as Revenue in Current Fund		
General Capital Surplus	25,000	
Reserve for Payment of Debt	12,310	
General Capital Expenditure Paid by Current Fund	16,610	
Receipts from Current Fund	<u>290,000</u>	
		<u>343,920</u>
Balance, December 31, 2017		<u>\$ 183,291</u>

EXHIBIT C-9

**STATEMENT OF RESERVE FOR PRELIMINARY COSTS**

Balance, December 31, 2016	<u>\$ 10,000</u>
Balance, December 31, 2017	<u>\$ 10,000</u>

EXHIBIT C-10

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2016	\$ 12,310
Increased by:	
Excess Cash Received on Issuance of Bonds	<u>2,900</u>
	15,210
Decreased by:	
Anticipated as Current Fund Revenue	<u>12,310</u>
Balance, December 31, 2017	<u>\$ 2,900</u>

**BOROUGH OF DUMONT  
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance, December 31, 2016	Increased		Decreased		Balance, December 31, 2017
			Date	Amount							
General Improvements	7/15/2010	8,530,000	7/15/2018	\$ 775,000	2.50%						
			7/15/2019	800,000	2.75%	\$ 2,325,000		\$ 750,000		\$ 1,575,000	
2016 Refunding Bonds	7/15/2016	5,430,000	7/15/2020	795,000	3.00%						
			7/15/2021	810,000	3.00%						
			7/15/2022	850,000	3.00%						
			7/15/2023	855,000	4.00%						
			7/15/2024	1,040,000	4.00%						
			7/15/2025	1,060,000	4.00%	5,430,000		20,000		5,410,000	
General Obligation Bonds	5/23/2017	6,075,000	5/15/2018	265,000	2.00%						
			5/15/2019	270,000	2.13%						
			5/15/2020	275,000	2.25%						
			5/15/2021	280,000	2.50%						
			5/15/2022	290,000	2.50%						
			5/15/2023	295,000	2.50%						
			5/15/2024	305,000	2.50%						
			5/15/2025	315,000	2.50%						
			5/15/2026	320,000	2.50%						
			5/15/2027	330,000	2.50%						
			5/15/2028	345,000	3.00%						
			5/15/2029	355,000	3.00%						
			5/15/2030	370,000	3.00%						
			5/15/2031	380,000	3.00%						
			5/15/2032	395,000	3.00%						
			5/15/2033	410,000	3.00%						
			5/15/2034	430,000	3.00%						
			5/15/2035	445,000	3.00%						
						-	\$ 6,075,000		-	6,075,000	
						\$ 7,755,000	\$ 6,075,000	\$ 770,000		\$ 13,060,000	

**BOROUGH OF DUMONT**  
**SCHEDULE OF PENSION OBLIGATION LEASE PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Leases Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2016</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Refunding - Unfunded Pension Obligation	3/15/2012	\$ 882,000	3/15/2018	\$ 79,000	2.11%			
			3/15/2019	87,000	2.36%			
			3/15/2020	97,000	2.66%			
			3/15/2021	106,000	2.96%			
			3/15/2022	117,000	3.11%			
			3/15/2023	129,000	3.26%	\$ 687,000	\$ 72,000	\$ 615,000
						<u>\$ 687,000</u>	<u>\$ 72,000</u>	<u>\$ 615,000</u>

**BOROUGH OF DUMONT  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2016	Increased	Decreased	Balance, December 31, 2017
1375/1407	Stormwater Sewer System Improvements	6/26/2013	6/22/2016	6/22/2017	2.00%	\$ 665,342		\$ 665,342	
1393	Various General Improvements	12/22/2009	6/22/2016	6/22/2017	2.00%	377,227		377,227	
1409	Library and Senior Center Handicap	7/1/2011	6/22/2016	6/22/2017	2.00%	51,178		51,178	
1416	Park Improvements	7/1/2011	6/22/2016	6/22/2017	2.00%	156,716		156,716	
1421	Various Capital Improvements	7/1/2011	6/22/2016	6/22/2017	2.00%	688,068		688,068	
1431	DPW Garage Site Improvements	6/28/12	6/22/2016	6/22/2017	2.00%	222,226		222,226	
1432	Storm Sewer Improvements - Phase III	6/28/12	6/22/2016	6/22/2017	2.00%	212,968		212,968	
1434	Various Capital Improvements	6/28/12	6/22/2016	6/22/2017	2.00%	381,790		381,790	
1436	Various Storm Water Sewer Improvements	6/28/12	6/22/2016	6/22/2017	2.00%	111,112		111,112	
1438	Various Improvements - Twin Boro Field	6/28/12	6/22/2016	6/22/2017	2.00%	1,061,378		1,061,378	
1447	Installation of New Walking Path	6/26/13	6/22/2016	6/22/2017	2.00%	82,807		82,807	
1448	Improvements to DePew Street	6/26/13	6/22/2016	6/22/2017	2.00%	45,180		45,180	
1450	Acq. And Installation of Air Quality Equip.	6/26/13	6/22/2016	6/22/2017	2.00%	58,500		58,500	
1456	Improvements to DePew Street - Phase II	6/24/2014	6/22/2016	6/22/2017	2.00%	72,789		72,789	
1460	Various Capital Improvements	6/24/2014	6/22/2016	6/22/2017	2.00%	537,690		537,690	
1465	Library Window and Exterior Renovation	6/24/2014	6/22/2016	6/22/2017	2.00%	176,000		176,000	
1466	Stormwater System Improvements Phase II	6/24/2014	6/22/2016	6/22/2017	2.00%	195,000		195,000	
1478/1487	Improvements to DePew Street - Phase III	6/23/2015	6/22/2016	6/22/2017	2.00%	248,534		248,534	
1479	Various Road Improvements	6/23/2015	6/22/2016	6/22/2017	2.00%	156,750		156,750	
1480	Various Capital Improvements	6/23/2015	6/22/2016	6/22/2017	2.00%	380,000		380,000	
1486	Various Capital Improvements (Amend 1434)	6/23/2015	6/22/2016	6/22/2017	2.00%	75,526		75,526	
1490	Various Capital Improvements	6/22/2016	6/22/2016	6/22/2017	2.00%	490,475		490,475	
1493	Various Improvements to Locust and Brook	6/22/2016	6/22/2016	6/22/2017	2.00%	127,744		127,744	
						\$ 6,575,000	\$ -	\$ 6,575,000	\$ -
						Serial Bonds Issued			
						Excess Note Proceeds			
						\$ 6,075,000			
						500,000			
						\$ 6,575,000			

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**BOROUGH OF DUMONT  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2016		\$ 266,476
Increased by:		
Charges to Improvement Authorizations		<u>1,235,542</u>
		1,502,018
Decreased by:		
Payments	\$ 111,307	
Cancellations	<u>5,140</u>	
		<u>116,447</u>
Balance, December 31, 2017		<u>\$ 1,385,571</u>

**STATEMENT OF GREEN TRUST FUND LOAN PAYABLE**

Balance, December 31, 2016		\$ 127,201
Decreased by:		
2017 Budget Appropriation		<u>9,942</u>
Balance, December 31, 2017		<u>\$ 117,259</u>

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE  
TRUST LOAN PAYABLE**

Balance, December 31, 2016		\$ 4,775,265
Decreased by:		
2017 Budget Appropriation	\$ 348,662	
Adjustment for State Refinancing	<u>175,000</u>	
		<u>523,662</u>
Balance, December 31, 2017		<u>\$ 4,251,603</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2016		\$ 147,161
Increased by:		
Current Fund Budget Appropriation		<u>290,000</u>
		437,161
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>343,000</u>
Balance, December 31, 2017		<u>\$ 94,161</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2016	Improvement Authorizations	Authorizations Cancelled	Balance, December 31, 2017
1250	Impvts of Various Parks and Acq. Of Equip	\$ 4,908			\$ 4,908
1275	Refund Unfunded Pension Liab	17,000		\$ 14,720	2,280
1375	Sewer System Improvements				
1393	Various General Capital Improvements	191,425			191,425
1481/1496	Relocation of Borough Offices	342,000			342,000
1490	Various Capital Improvements				
1493	Various Improvements to Locust and Brook				
1498	Various Capital Improvements	91,800			91,800
1501	Various Capital Improvements	176,000			176,000
1436/1504	Various Storm Water Sewer Improvements	43,500			43,500
1517	Thompson Street and Schrallenburgh Way Road Improvements		\$ 213,000		213,000
1518	Purchase of Additional Sports Utility Vehicle		57,000		57,000
1519	Various Capital Improvements		15,075,000		15,075,000
1523	Sewerage System Improvements	-	76,000	-	76,000
		<u>\$ 866,633</u>	<u>\$ 15,421,000</u>	<u>\$ 14,720</u>	<u>\$ 16,272,913</u>

**PUBLIC ASSISTANCE FUND**



**BOROUGH OF DUMONT  
STATEMENT OF PUBLIC ASSISTANCE CASH**

Balance, December 31, 2016	\$ 3,242
Increased by:	
Donations	<u>335</u>
	3,577
Decreased by:	
Expenditures	<u>1,754</u>
Balance, December 31, 2017	<u>\$ 1,823</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

Balance, December 31, 2016	\$ 3,242
Increased by:	
Revenues	<u>335</u>
	3,577
Decreased by:	
Expenditures	<u>1,754</u>
Balance, December 31, 2017	<u>\$ 1,823</u>

**BOROUGH OF DUMONT  
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

Revenues/Receipts  
Donations

\$ 335

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

Expenditures/Disbursements  
Current Year Assistance  
Non-Reimbursable Expenditures

\$ 1,754

**PART II**  
**GOVERNMENT AUDITING STANDARDS**







# LERCH, VINCI & HIGGINS, LLP

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ROBERT LERCH, CPA  
ADWOA BOACHIE, CPA

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

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, 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 Dumont, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

#### *Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Borough of Dumont'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 Dumont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Dumont's internal control.

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

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


### ***Compliance and Other Matters***


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Dumont 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 Dumont'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 Dumont'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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
July 25, 2018

SCHEDULE A

BOROUGH OF DUMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, January 1, 2017</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2017</u>	<u>Cumulative Expenditures</u>
United States Department of Transportation Division of Highway Traffic Safety Distracted Driving Incentive	20.616	\$ 5,500	\$ 5,500	\$ -	\$ 5,500	\$ -	\$ 5,500	\$ -

This schedule is not subject to a single audit as defined by U.S. Uniform Guidance

**BOROUGH OF DUMONT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2016	Revenue	Expended	Adjustment	Balance, December 31, 2017	Cumulative Expenditures
Department of Transportation Improvements to Johnson Avenue (Ord. No. 1498)	609166	2016	\$ 81,398	\$	\$ 81,398	\$ 81,398			81,398
Division of Criminal Justice									
Body Armor	1020-718-066-1020-001-YCJS-6120	2017	3,071						
Body Armor	1020-718-066-1020-001-YCJS-6120	2016			3,147	1,009		\$ 2,138	1,009
Body Armor	1020-718-066-1020-001-YCJS-6120	2015		2,189		2,189		-	6,085
Body Armor	1020-718-066-1020-001-YCJS-6120	2014		551		551		-	5,346
Body Armor	1020-718-066-1020-001-YCJS-6120	2013		2,445		2,445		-	4,267
Body Armor	1020-718-066-1020-001-YCJS-6120	2012		625		625		-	5,581
Department of Environmental Protection									
Clean Communities Program	4900-765-178910-60	2017	30,771		30,771	8,640		22,131	8,640
Clean Communities Program	4900-765-178910-60	2016		15,293		11,940		3,353	32,867
Clean Communities Program	4900-765-178910-60	2015		29,599				29,599	2,083
Clean Communities Program	4900-765-178910-60	2012		9,492		1,616		7,876	15,797
State Recycling Fund	*	2017	22,460						
State Recycling Fund	*	2016	16,928		16,928	8,746		8,182	8,746
State Recycling Fund	*	2015		10,707				10,707	
Administrative Offices of the Courts									
Alcohol Education and Rehabilitation	9735-760-060000-60	2015		118				118	
Alcohol Education and Rehabilitation	9735-760-060000-60	2014		354				354	
Alcohol Education and Rehabilitation	9735-760-060000-60	2013		475				475	
Alcohol Education and Rehabilitation	9735-760-060000-60	2012		270				270	
Alcohol Education and Rehabilitation	9735-760-060000-60	2007		395				395	
Alcohol Education and Rehabilitation	9735-760-060000-60	2006		205				205	
Alcohol Education and Rehabilitation	9735-760-060000-60	2005		250				250	
Alcohol Education and Rehabilitation	9735-760-060000-60	2002		434				434	
Alcohol Education and Rehabilitation	9735-760-060000-60	1998		575				575	
Total State Financial Assistance				\$ 73,977	\$ 132,244	\$ 119,159	\$ -	\$ 87,062	

\* Not Available

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

**BOROUGH OF DUMONT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 5,500	\$ 50,846	\$ 56,346
General Capital Fund	<u>-</u>	<u>81,398</u>	<u>81,398</u>
Total Financial Awards	<u>\$ 5,500</u>	<u>\$ 132,244</u>	<u>\$ 137,744</u>

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

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

**BOROUGH OF DUMONT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2017**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2017, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

Green Trust Fund	
Park Improvements	\$ 117,259
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	920,000
Fund Loan - 2007	837,460
Trust Loan - 2010	662,000
Fund Loan - 2010	<u>1,832,143</u>
	<u>\$ 4,368,862</u>

**NOTE 6 DE MINIMIS INDIRECT COST RATE**

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

**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*Part I – Summary of Auditor's Results*

**Financial Statements**

Type of auditors' report issued on financial statements

Modified, Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified

\_\_\_\_\_ yes      X   no

2) Significant deficiency(ies) that are not considered to be material weakness(es)?

\_\_\_\_\_ yes      X   none reported

Noncompliance material to the financial statements noted?

\_\_\_\_\_ yes      X   no

**Federal Awards Section**

**NOT APPLICABLE**

**State Awards Section**

**NOT APPLICABLE**

**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*Part II – Schedule of Financial Statement Findings*

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

There are none.



**BOROUGH OF DUMONT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2016-001**

**Condition**

The Borough's general ledgers were not reconciled with the Borough's revenue and budget account status reports.

**Current Status**

Corrective action has been taken.

**Finding 2016-002**

**Condition**

- Certain employees were not paid in accordance with the Borough's salary ordinance.
- Documentation to support payments of the employees unused sick and vacation time was not always available for audit.
- Time and attendance records were maintained by individual departments. A valuation of the accumulated time was not accurately performed at December 31, 2016.
- Payments to employees for the opt-out of health benefits were not always paid in correct amounts.
- The Net Payroll bank account was not reconciled during 2016. Furthermore, deposits to the Net Payroll account were less than the actual amount of payroll checks issued.
- A formal written worksheet documenting employee salary amounts is not prepared.
- In certain instances, overtime hours were paid based on hours written on notes by employees.

**Current Status**

See General Comments and Recommendations.

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**PART III**  
**SUPPORTING DATA**  
**AND**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**



# **BOROUGH OF DUMONT SUPPORTING DATA**

## **Comparative Schedule Of Tax Rate Information**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	3.525	\$3.443	\$3.364

## **Apportionment of Tax Rate**

Municipal	1.046	1.024	.998
County	.294	.275	.260
Local School	2.146	2.107	2.071
Library	.039	.037	.035

## **Assessed Valuation**

2017	<u>\$1,688,580,640</u>	
2016		<u>\$1,689,058,529</u>
2015		<u>\$1,690,056,233</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>
2017	\$ 59,568,799	\$ 59,042,921	99.12%
2016	58,190,336	57,673,333	99.11%
2015	56,892,205	56,204,590	98.79%

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**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>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2017	\$ 456,499	\$ 7,497	\$ 463,996	0.78%
2016	635,242	7,135	642,377	1.10%
2015	735,116	83,887	819,003	1.44%

The Borough held a tax sale on June 8, 2017.

The following is a comparison of the number of tax title liens receivable held by the Borough on December 31 of the last three years.

<u>Year</u>	<u>Number of Liens</u>
2017	1
2016	3
2015	1

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$79,526
2016	79,526
2015	79,526

**Comparative Schedule Of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2017	\$1,876,314	\$1,250,000
	2016	1,909,920	1,250,000
	2015	1,724,852	1,110,000

## BOROUGH OF DUMONT SUPPORTING DATA

### OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
James J. Kelly	Mayor		
Barbara Correa	Councilwoman		
Carl Manna	Councilman		
Louis DiPaolo	Councilman		
Jared Geist	Councilman		
Rafael Riquelme	Councilman		
Donald Morrell	Councilman		
Tom Richards	Administrator (October to December)		
Raymond Herr	Administrator (January to July)		
	Chief Financial Officer (January to July)		
Joseph Rutch	Chief Financial Officer (July to December)		
Frank Berardo	Qualified Purchasing Agent		
Susan Connelly	Borough Clerk		
Gregg Paster	Attorney		
Remington Vernick Arango	Engineers		
Frank Berardo	Tax Collector		
Donald Holdsworth	Magistrate		
Beryl Horbert	Court Administrator		
Wendy Vasquez-Moody	Moody Deputy Court Administrator		
James Anzevino	Tax Assessor		

The Bergen County Municipal Joint Insurance Fund and Hartford Fire Insurance Company provide a blanket position bond in the amount of \$1,000,000.

## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Prior Year Unresolved**

Certain municipal departments ordered goods or materials prior to the issuance of a purchase order. In addition, certain General Capital Fund contracts were not encumbered when awarded by the Governing Body. It is recommended that the encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed, and where necessary contracts approved by the Governing Body.

Our audit of payroll tax remittances revealed that the Borough is not verifying that the payroll service provider has made the state withholding tax payments by the required due dates. It is recommended that the Borough verify on a monthly basis that the various state taxes have been paid by the Borough's payroll service provider by the required due dates.

Our audit of the Construction Code Department revealed that the cash receipts ledger was not in agreement with the State Report prepared by the Department. It is recommended that the Construction Code Department reconcile their respective cash receipt ledger with the reports submitted to the State of New Jersey, and with the finance office, on a monthly basis.

#### **Current Year**

Our audit of the Other Trust Fund revealed that escrow monies are not always refunded upon completion of project. It is recommended that the prior year escrow balances be reviewed and either refunded to the applicant or cancelled and cleared of record.

Our audit noted that the payroll agency ledger by deduction is not in agreement with the monthly bank reconciliations. It is recommended that all payroll agency transactions be recorded in the Borough's accounting system and that the payroll agency ledger be reconciled with the monthly bank reconciliations.

Our audit revealed that a purchase order is encumbered for the full contract amount of the contract, however additional purchase orders are also created upon receipt of an invoice from the vendor for the same contract. It is recommended that only one purchase order be created and utilized for an encumbrance and subsequent payments to the vendor.

Our audit of expenditures noted that certain vendors were paid in excess of \$600 and did not receive an Internal Revenue Service (the "IRS") Tax Reporting Form 1099. It is recommended that all vendors paid in excess of \$600 who meet the reporting requirements of the IRS be issued a year end Form 1099.

Our audit of the municipal departments revealed the following:

- Recreation
  - Program fees are established by the individual league sport, but are not memorialized in a municipal ordinance.
- Construction Code
  - Cash receipt ledgers did not report fees collected for non-UCC charges.
  - The minimum amount for plumbing fees was not charged correctly for the months January through October, 2017. The fee was updated in November 2017 therefore no recommendation is warranted.
- Fire Prevention
  - A cash receipts ledger was not maintained.



## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Current Year (Continued)**

It is recommended that:

- Recreation fees be approved by the Borough Council and included in a municipal ordinance.
- Cash receipt ledgers be currently maintained by the Fire Prevention Department. In addition, all fees collected by the Construction Code Department be recorded in the cash receipts ledger.

#### **Contracts and Contracts Required To Be Advertised For NJS 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 \$17,500 (without a Qualified Purchasing Agent) and \$40,000 (With a Qualified Purchasing Agent) 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 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were received for the following items:

Johnson Avenue Improvements-Phase II  
Replacement of Roof of Library

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.

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.

Our examination of expenditures revealed instances where the accumulation of expenditures exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **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 3, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**WHEREAS**, N.J.S.A. 54:4-67 authorizes the Borough to fix a rate of interest to be charged for delinquent taxes; and

**WHEREAS**, N.J.S.A. 54:4-67, as amended by Section 29 of P.L. 1991, c. 75, authorizes the Borough to fix a penalty of 6% to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year.

**WHEREAS**, the Council has decided to charge the maximum interest and penalty allowed by law on delinquent taxes.

**RESOLVED**, by the Council of the Borough of Dumont, as follows:

1. For the year 2017 the rate of interest for delinquent taxes and Borough charges shall be 8% per annum for the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 except that, for any quarter if the taxes are paid during the first ten (10) days following February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup> there shall be no interest. If the office of the Tax Collector is closed on the 10<sup>th</sup> day of February, May, August or November this shall be extended to include the first business day thereafter.

2. For the year 2017 any taxpayer with a tax delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year shall be charged a penalty of 6% of the amount of the delinquency.

3. The Tax Collector is hereby authorized to cancel any overpayment of taxes or tax delinquency which is less than \$10.00.

#### **Suggestions to Management**

- Deferred charges for cancelled grants in the General Capital Fund be funded in future municipal budgets.
- Consider integrating the fixed asset record keeping with the purchasing system.
- Consider computerizing the cash receipts ledgers maintained by the Borough Clerk and Police Departments.
- Consider inputting "walk in/mail in" cash receipts into the Community Pass registration system.

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**RECOMMENDATIONS**

It is recommended that:

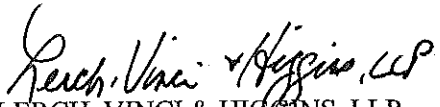
- \* 1. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed, and where necessary contracts approved by the Governing Body.
- \* 2. The Borough verify on a monthly basis that the various state taxes have been paid by the Borough's payroll service provider by the required due dates.
- 3. With respect to the Municipal Departments:
  - \* a) The Construction Code Department reconcile their respective cash receipt ledgers with the reports submitted to the State of New Jersey, on a monthly basis
  - b) All fees collected by the Construction Code Department be recorded in a cash receipts ledger.
  - c) Cash receipt ledgers be currently maintained by the Fire Prevention Department.
  - d) Recreation fees be approved by the Borough Council and included in a municipal ordinance.
- 4. The prior year escrow balances be reviewed and either refunded to the applicant or cancelled and cleared of record.
- 5. All payroll agency transactions be recorded in the Borough's accounting system and that the payroll agency ledger be reconciled with the monthly bank reconciliations.
- 6. Only one purchase order be created and utilized for an encumbrance and subsequent payments to the vendor.
- 7. All vendors paid in excess of \$600 who meet the reporting requirements of the IRS be issued a year end Form 1099.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk (\*).

The problems and weaknesses noted in our review 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

