

**BOROUGH OF DUMONT**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2016**



# **BOROUGH OF DUMONT**

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**PART I**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**





# LERCH, VINCI & HIGGINS, LLP

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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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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, 2016 and 2015. 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, 2016 and 2015.

***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, 2016 and 2015, 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, 2016 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 21, 2017 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 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. Nanci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
July 21, 2017





**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	A-4	\$ 4,297,743	\$ 3,643,328
Petty Cash	A-5	300	
Change Fund	A-6	250	250
Due From State - Senior Citizens and Veterans Deductions	A-7	<u>4,157</u>	<u>-</u>
		<u>4,302,450</u>	<u>3,643,578</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	635,242	735,116
Tax Title Liens	A-9	7,135	83,887
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-11	8,450	12,746
Due from Animal Control Fund	B-4	5,728	1,315
Due from Other Trust Fund	B-7	<u>95,974</u>	<u>-</u>
		<u>832,055</u>	<u>912,590</u>
Deferred Charges			
Special Emergency Authorizations	A-12	-	50,000
Overexpenditure of Appropriation Reserves	A-13	<u>-</u>	<u>2,831</u>
		<u>-</u>	<u>52,831</u>
Total Assets		<u>\$ 5,134,505</u>	<u>\$ 4,608,999</u>



**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<b><u>Reference</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 402,033	\$ 472,889
Accounts Payable	A-15	605,596	461,716
Special Emergency Note Payable	A-17		50,000
Due to State of NJ - Senior Citizens and Veterans	A-7		1,825
Due to General Capital Fund	C-8	118,503	157,166
Due to Other Trust Fund	B-7		35,000
Miscellaneous Reserves	A-18	975,015	507,449
Prepaid Taxes	A-19	229,815	231,746
Tax Overpayments	A-20	9,465	15,737
County Taxes Payable	A-22	3,286	3,403
Appropriated Reserves for Grants	A-23	45,670	17,716
Unappropriated Reserves for Grants	A-24	<u>3,147</u>	<u>16,910</u>
		2,392,530	1,971,557
Reserve for Receivables and Other Assets	A	832,055	912,590
Fund Balance	A-1	<u>1,909,920</u>	<u>1,724,852</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,134,505</u>	<u>\$ 4,608,999</u>



**BOROUGH OF DUMONT**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 1,110,000	\$ 1,100,000
Miscellaneous Revenues Anticipated	2,623,329	2,498,015
Receipts from Delinquent Taxes	647,212	536,623
Receipts from Current Taxes	57,673,333	56,204,590
Non-Budget Revenues	168,854	290,241
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	259,206	406,143
Accounts Payable Cancelled		3,464
Interfunds Returned		1,756
Statutory Excess - Animal Control	<u>4,413</u>	<u>1,315</u>
Total Revenues	<u>62,486,347</u>	<u>61,042,147</u>
<b>EXPENDITURES</b>		
Municipal Budget	20,850,515	20,449,329
County Taxes	4,632,627	4,376,439
Local District School Taxes	35,590,897	35,003,447
Refund of Prior Year Revenues	16,853	
Overexpenditure of Appropriation Reserves		2,831
Prior Year Senior Citizens and Veterans Disallowed		2,000
Prior Year Adjustment - Recycling Tonnage Grant		18,924
Interfund Advance	<u>100,387</u>	<u>1,315</u>
Total Expenditures	<u>61,191,279</u>	<u>59,854,285</u>
Excess in Revenues	1,295,068	1,187,862
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>2,831</u>
Statutory Excess to Fund Balance	1,295,068	1,190,693
Fund Balance, January 1	<u>1,724,852</u>	<u>1,634,159</u>
	3,019,920	2,824,852
Decreased by:		
Utilization as Anticipated Revenue	<u>1,110,000</u>	<u>1,100,000</u>
Fund Balance, December 31	<u>\$ 1,909,920</u>	<u>\$ 1,724,852</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, 2016**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>NJSA 40A:4-87</u>		
<b>Fund Balance Utilized</b>	<u>\$ 1,110,000</u>	<u>-</u>	<u>\$ 1,110,000</u>	<u>-</u>
<b>Miscellaneous Revenues</b>				
Licenses				
Alcoholic Beverages	14,000		14,713	\$ 713
Other	5,000		5,530	530
Fees and Permits				
Construction Code Official	175,000		211,150	36,150
Other	50,000		57,887	7,887
Fines and Costs - Municipal Court	135,000		134,940	(60)
Interest on Costs on Taxes	100,000		108,821	8,821
Interest on Investments and Deposits	12,000		14,439	2,439
Recreation Fees	42,223		42,433	210
Fire Inspections	14,000		27,525	13,525
Consolidated Municipal Property Tax Relief Aid	71,025		71,025	-
Energy Receipts Tax	1,284,227		1,284,227	-
Clean Community Grant		\$ 36,220	36,220	
Police Body Armor	6,085		6,085	
Recycling Tonnage Grant	10,707		10,707	
Alcohol Education and Rehabilitation	118		118	
FEMA Reimbursements	146,882		168,179	21,297
Police Outside Services - Admin. Fees	75,000		75,000	
General Capital Fund Balance	25,000		25,000	
Reserve for Payment of Debt	25,000		25,000	
Life Hazard Use Fees	7,000		7,974	974
Sale of Recyclables	23,000		29,706	6,706
PILOT - Senior Citizen Club	15,000		15,000	-
Cable Television Franchise Fees	225,000	-	251,650	26,650
<b>Total Miscellaneous Revenues</b>	<u>2,461,267</u>	<u>36,220</u>	<u>2,623,329</u>	<u>125,842</u>
<b>Receipts from Delinquent Taxes</b>	<u>500,000</u>	<u>-</u>	<u>647,212</u>	<u>147,212</u>
<b>Amount to be Raised by Taxes for Support of</b>				
Municipal Budget	17,297,097		17,990,155	693,058
Free Public Library	629,654	-	629,654	-
	<u>17,926,751</u>	<u>-</u>	<u>18,619,809</u>	<u>693,058</u>
<b>Total General Revenues</b>	<u>\$ 21,998,018</u>	<u>\$ 36,220</u>	<u>23,000,350</u>	<u>\$ 966,112</u>
<b>Non-Budget Revenues</b>			<u>168,854</u>	
			<u>\$ 23,169,204</u>	





**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

Analysis of Realized Revenues	
Allocation of Current Tax Collections	
Revenues from Collections	\$ 57,673,333
Less: Allocation to School and County Taxes	<u>40,223,524</u>
Balance for Support of Municipal Budget Appropriation	17,449,809
Add Appropriation - "Reserve for Uncollected Taxes"	<u>1,170,000</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 18,619,809</u></u>
Licenses-Other	
Borough Clerk	\$ 5,308
Board of Health	<u>222</u>
	<u><u>\$ 5,530</u></u>
Fees and Permits-Other	
Borough Clerk	\$ 14,677
Construction Code	1,850
Planning and Zoning	55
Fire Prevention	21,925
Board of Health	<u>19,380</u>
	<u><u>\$ 57,887</u></u>



**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

Analysis of Non-Budget Revenue	
AT&T Tower Rental	\$ 24,402
Metro PCS Monopole Rental	27,190
Pilot - Bergen County Housing	22,215
Miscellaneous	17,489
Admin Fee - Srs. And Veterans	3,020
Homestead Rebate Admin Fee	821
Sale of Assets	2,641
Housing Inspections	723
Dixon Homestead Library Reimbursements	33,482
6% Tax Penalty	18,442
Recycling Cans	970
Unison Revenue Sharing	15,061
Miscellaneous Reimbursements	<u>2,398</u>
	<u>\$ 168,854</u>



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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2016 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 265,916	\$ 221,286	\$ 219,164	\$ 2,122	
Other Expenses	104,600	101,140	97,885	3,255	
Postage	21,000	21,000	19,565	1,435	
Elections					
Other Expenses	14,500	14,500	14,270	230	
Financial Administration					
Salaries and Wages	169,373	205,123	205,118	5	
Other Expenses	109,800	109,800	70,342	39,458	
Assessment of Taxes					
Salaries and Wages	21,619	22,119	22,051	68	
Other Expenses	19,600	13,600	12,309	1,291	
Reassessment of Real Property					
Collection of Taxes					
Salaries and Wages	55,700	64,340	64,333	7	
Other Expenses	10,150	10,150	8,988	1,162	
Legal Services and Costs					
Borough Attorney - Other Expenses	80,500	84,500	83,677	823	
Special Counsel - Other Expenses	80,000	92,620	92,611	9	
Engineering					
Other Expenses	80,000	124,950	124,945	5	
Planning Board/Zoning Board					
Salaries and Wages	1,800	1,800	1,725	75	
Other Expenses	11,300	26,200	26,135	65	
Affordable Housing (COAH)					
Salaries and Wages	3,000				
Other Expenses	2,000				
Insurance					
Unemployment Insurance	20,000	9,590		9,590	
General Liability	340,000	290,000	286,732	3,268	
Workers Compensation	330,000	336,600	320,449	16,151	
Employee Group Health	1,716,734	1,772,264	1,772,264		
Health Benefit Waiver	28,000	28,000	14,335	13,665	
Rent Leveling Board					
Other Expenses	750	750	-	750	
<b>PUBLIC SAFETY</b>					
Fire Department					
Salaries and Wages	3,336	3,336	3,336		
Other Expenses	90,600	90,600	89,277	1,323	
Life Hazard Use Fees					
Salaries and Wages	20,325	35,625	35,610	15	
Other Expenses	7,000	7,000	5,614	1,386	
Aid to Volunteer Fire Companies	42,000	42,000	42,000		
Rental of Fire Houses	30,400	30,400	30,000	400	
Fire Hydrant Services	181,000	181,680	181,677	3	



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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2016 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>PUBLIC SAFETY (Continued)</b>					
Police Department					
Salaries and Wages	\$ 5,255,323	\$ 5,207,323	\$ 5,207,151	\$ 172	
Other Expenses	186,000	186,000	182,469	3,531	
Police Reserve - Other Expenses	1,500	1,500	342	1,158	
Emergency Management					
Salaries and Wages	3,000	3,000		3,000	
Other Expenses	100	100		100	
Volunteer Ambulance Corp.					
Other Expenses	28,000	28,000	26,000	2,000	
Municipal Prosecutor					
Salaries and Wages	7,944	7,944	7,944		
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance					
Salaries and Wages	1,959,231	1,822,671	1,822,610	61	
Other Expenses	181,000	181,000	176,484	4,516	
Recycling					
Salaries and Wages	3,931	3,931	3,931	-	
Garbage and Trash Removal					
Other Expenses	1,325,000	1,348,500	1,347,762	738	
Sewer System					
Other Expenses	10,000	10,000	7,048	2,952	
Public Building and Grounds					
Salaries and Wages	131,192	132,637	132,635	2	
Other Expenses	42,000	46,780	45,335	1,445	
Shade Tree					
Other Expenses	9,000	9,000	9,000	-	
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health					
Salaries and Wages	54,540	54,540	47,439	7,101	
Other Expenses	77,900	77,900	57,784	20,116	
Other Expenses-Contractual (Animal Shelter)	23,000	23,600	23,597	3	
Environmental Commission					
Other Expenses	300	300	-	300	
Administration of Public Assistance					
Salaries and Wages	4,000	4,000		4,000	
Aid to Community Center for Mental Health	8,000	8,000	8,000		
<b>PARKS AND RECREATION</b>					
Senior Citizens					
Salaries and Wages	74,927	74,927	73,199	1,728	
Other Expenses	15,050	15,050	11,984	3,066	
Parks and Playgrounds					
Salaries and Wages	92,625	80,625	79,674	951	
Other Expenses	28,350	28,350	26,058	2,292	





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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2016 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Events					
Other Expenses	\$ 15,000	\$ 15,000	\$ 14,666	\$ 334	
<b>MUNICIPAL COURT</b>					
Salaries and Wages	120,020	120,020	118,765	1,255	
Other Expenses	23,500	23,500	21,100	2,400	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	5,155	5,155	4,964	191	
<b>UNIFORM CONSTRUCTION CODE</b>					
<b>APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)</b>					
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Salaries and Wages	203,311	272,761	272,755	6	
Other Expenses	16,600	16,600	13,817	2,783	
<b>UNCLASSIFIED</b>					
Utilities					
Gasoline	140,000	140,000	69,026	70,974	
Electricity	215,000	215,000	163,129	51,871	
Telephone	105,000	105,000	84,718	20,282	
Street Lighting	193,000	193,000	137,703	55,297	
Water	28,000	28,550	28,538	12	-
Total Operations Within "CAPS"	14,447,502	14,431,237	14,070,039	361,198	-
Detail:					
Salaries and Wages	8,456,268	8,343,163	8,322,404	20,759	-
Other Expenses	5,991,234	6,088,074	5,747,635	340,439	-
<b>DEFERRED CHARGES AND REGULATORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"</b>					
Deferred Charges:					
Overexpenditure of 2014 Appropriation Reserves	2,831	2,831	2,831		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	360,000	374,955	374,955	-	
Public Employees' Retirement System	450,196	450,196	443,325	6,871	
Police and Firemen's Retirement Fund of NJ	1,069,416	1,069,416	1,069,415	1	
Defined Contribution Retirement Plan (DCRP)	1,500	2,810	2,805	5	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	1,883,943	1,900,208	1,893,331	6,877	-
Total General Appropriations for Municipal Purposes within "CAPS"	16,331,445	16,331,445	15,963,370	368,075	-



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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2016 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Bergen County Utilities Authority	\$ 1,769,877	\$ 1,769,877	\$ 1,769,876	\$ 1	
<b>EDUCATION FUNCTIONS</b>					
Maintenance of Free Public Library	629,654	629,654	629,654	-	
<b>GENERAL GOVERNMENT</b>					
Reserve for Tax Appeals	35,000	35,000	35,000		
Insurance					
Employee Group Health	29,066	29,066	29,066	-	
<b>PUBLIC SAFETY</b>					
Length of Service Awards Program (LOSAP)	<u>50,000</u>	<u>50,000</u>	<u>44,350</u>	<u>5,650</u>	<u>-</u>
 Total Other Operations - Excluded from "CAPS"	 <u>2,513,597</u>	 <u>2,513,597</u>	 <u>2,507,946</u>	 <u>5,651</u>	 <u>-</u>
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES</b>					
<b>FEDERAL AND STATE GRANTS</b>					
Clean Communities Grant					
State Share		36,220	20,927	15,293	
Recycling Tonnage Grant					
Other Expenses	10,707	10,707	-	10,707	
Police Body Armor					
Other Expenses	6,085	6,085	3,896	2,189	
Alcohol Education and Rehabilitation					
Other Expenses	<u>118</u>	<u>118</u>	<u>-</u>	<u>118</u>	<u>-</u>
 Total Public and Private Programs Offset by Revenues	 <u>16,910</u>	 <u>53,130</u>	 <u>24,823</u>	 <u>28,307</u>	 <u>-</u>
 Total Operations Excluded from "CAPS"	 <u>2,530,507</u>	 <u>2,566,727</u>	 <u>2,532,769</u>	 <u>33,958</u>	 <u>-</u>
 Detail:					
Other Expenses	<u>2,530,507</u>	<u>2,566,727</u>	<u>2,532,769</u>	<u>33,958</u>	<u>-</u>
<b>CAPITAL IMPROVEMENTS -</b>					
Capital Improvement Fund	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
 Total Capital Improvements - Excluded from "CAPS"	 <u>125,000</u>	 <u>125,000</u>	 <u>125,000</u>	 <u>-</u>	 <u>-</u>



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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2016 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>MUNICIPAL DEBT SERVICE -</b>					
Payment of Bond Principal	\$ 710,000	\$ 710,000	\$ 710,000		
Payment of Bond Anticipation Note Principal	171,667	171,667	171,261		\$ 406
Interest on Bonds	268,628	268,628	268,627		1
Interest on Notes	97,940	97,940	97,939		1
Green Trust					
Loan Repayments for Principal and Interest	12,438	12,438	12,437		1
Bergen County Improvement Authority -					
Loan Repayment	84,862	85,006	85,006		-
NJEIT Loan Principal	358,193	358,193	358,192		1
NJEIT Loan Interest	87,338	87,194	73,881	-	13,313
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,791,066</u>	<u>1,791,066</u>	<u>1,777,343</u>	<u>-</u>	<u>13,723</u>
<b>DEFERRED CHARGES</b>					
Special Emergency Authorizations -					
5 yrs. (N.J.S. 40A:4-55)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal					
Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,496,573</u>	<u>4,532,793</u>	<u>4,485,112</u>	<u>\$ 33,958</u>	<u>13,723</u>
Subtotal General Appropriations	20,828,018	20,864,238	20,448,482	402,033	13,723
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<u>1,170,000</u>	<u>1,170,000</u>	<u>1,170,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 21,998,018</u>	<u>\$ 22,034,238</u>	<u>\$ 21,618,482</u>	<u>\$ 402,033</u>	<u>\$ 13,723</u>
Adopted Budget		\$ 21,998,018			
Added by: NJSA 40A:4-87		<u>36,220</u>			
		<u>\$ 22,034,238</u>			
Cash Disbursements			\$ 19,461,619		
Accounts Payable			605,596		
Due to General Capital Fund			296,261		
Due from Other Trust Fund			(2,825)		
Deferred Charges			2,831		
Special Emergency Authorizations			50,000		
Reserve for Tax Appeals			35,000		
Reserve for Uncollected Taxes			<u>1,170,000</u>		
			<u>\$ 21,618,482</u>		



**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 14,344	\$ 11,422
<b>OTHER TRUST FUND</b>			
Cash	B-1	772,445	658,947
Due From Current Fund	B-7	-	35,000
		<u>772,445</u>	<u>693,947</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	51,466	55,017
Due from Payroll Service Provider	B-11	739	4,456
		<u>52,205</u>	<u>59,473</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b>			
Investment	B	1,093,426	996,791
Contribution Receivable	B	44,350	42,550
		<u>1,137,776</u>	<u>1,039,341</u>
Total Assets		<u>\$ 1,976,770</u>	<u>\$ 1,804,183</u>





**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Reserve for Animal Control Expenditures	B-2	\$ 8,470	\$ 9,961
Due to State of New Jersey	B-3	146	146
Due to Current Fund	B-4	<u>5,728</u>	<u>1,315</u>
		<u>14,344</u>	<u>11,422</u>
<b>OTHER TRUST FUND</b>			
Reserve for Developers Escrow	B-5	43,730	60,045
Miscellaneous Reserves	B-8	587,760	606,153
Due to Current Fund	B-7	95,974	
Payroll Deductions Payable	B-9	<u>44,981</u>	<u>27,749</u>
		<u>772,445</u>	<u>693,947</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to State of New Jersey	B-10	2,316	473
Reserve for Unemployment Insurance Expenditures	B-6	<u>49,889</u>	<u>59,000</u>
		<u>52,205</u>	<u>59,473</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b>			
Reserve for Length of Service Awards Program	B	<u>1,137,776</u>	<u>1,039,341</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,976,770</u>	<u>\$ 1,804,183</u>



**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 1,142,963	\$ 1,368,859
Grants Receivable	C-6	246,407	402,424
Environmental Infrastructure Trust Loans Receivable	C	15,000	15,000
Deferred Charges to Future Taxation			
Funded	C-4	13,344,466	14,663,405
Unfunded	C-5	6,938,733	7,094,962
Cancelled Grant Receivable	C-7	123,762	
Due from Current Fund	C-8	<u>118,503</u>	<u>157,166</u>
Total Assets		<u>\$ 21,929,834</u>	<u>\$ 23,701,816</u>

**LIABILITIES, RESERVES AND FUND BALANCE**

General Serial Bonds	C-11	\$ 7,755,000	\$ 8,640,000
Pension Obligation Lease Payable	C-12	687,000	753,000
Bond Anticipation Notes	C-13	6,575,000	6,508,859
Green Trust Fund Loan Payable	C-16	127,201	136,947
Environmental Infrastructure Trust Loan Payable	C-17	4,775,265	5,133,458
Improvement Authorizations			
Funded	C-14	797,792	789,148
Unfunded	C-14	549,929	809,720
Contracts Payable	C-15	266,476	469,574
Reserve for Payment of Debt	C-10	12,310	37,310
Reserve for Grants Receivable	C-6	74,528	250,020
Reserve for Preliminary Costs	C-9	10,000	10,000
Capital Improvement Fund	C-18	147,161	54,361
Fund Balance	C-1	<u>152,172</u>	<u>109,419</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 21,929,834</u>	<u>\$ 23,701,816</u>

There were bonds and notes authorized but not issued of \$866,633 and \$793,241 at December 31, 2016 and 2015, 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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Balance, January 1	\$ 109,419	\$ 73,431
Increased by:		
Excess Funding - Depew Street	5,224	
Premium on Sale of Bond Anticipation Notes	<u>62,529</u>	<u>60,988</u>
	177,172	134,419
Decreased by:		
Anticipated as Revenue in Current Fund Budget	<u>25,000</u>	<u>25,000</u>
Balance, December 31	<u>\$ 152,172</u>	<u>\$ 109,419</u>



**BOROUGH OF DUMONT  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>3,242</u>	\$ <u>6,528</u>
		\$ <u>3,242</u>	\$ <u>6,528</u>
<b>LIABILITIES</b>			
Reserve for Goodwill	D-2	\$ <u>3,242</u>	\$ <u>6,528</u>
		\$ <u>3,242</u>	\$ <u>6,528</u>





**BOROUGH OF DUMONT  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Land and Site Improvements	\$ 3,319,093	\$ 3,319,093
Buildings and Building Improvements	4,754,780	4,754,780
Machinery and Equipment	<u>8,152,381</u>	<u>8,200,966</u>
	<u>\$ 16,226,254</u>	<u>\$ 16,274,839</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 16,226,254</u>	<u>\$ 16,274,839</u>



## **NOTES TO FINANCIAL STATEMENTS**



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

**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, 2016 AND 2015**

**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, 2015 balances to conform to the December 31, 2016 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, 2016 AND 2015**

**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, 2016 AND 2015**

**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 estimated fair market 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, 2016 AND 2015**

**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 2016 and 2015 the Borough Council increased the original budget by \$36,220 and \$31,682. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2016 and 2015.

**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>2016</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
There are none.			
<u>2015</u>			
Current Fund			
Appropriation Reserves			
Other Expenses			
Engineering	\$5,765	\$6,453	\$688
Fire Department	2,181	3,924	1,743
LOSAP	50,000	50,400	400

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, 2016 AND 2015**

**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, 2016 and 2015, the book value of the Borough's deposits were \$6,282,753 and \$5,744,351 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,527,233 and \$5,980,229, 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>2016</u>	<u>2015</u>
Insured	\$ 6,519,589	\$ 5,972,624
Uninsured and Collateralized	<u>7,644</u>	<u>7,605</u>
	<u>\$ 6,527,233</u>	<u>\$ 5,980,229</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, 2016 and 2015, the Borough's bank balances of \$7,644 and \$7,605 were exposed to custodial credit risk as follows:

	<u>2016</u>	<u>2015</u>
Collateral Held by Borough's Agent in the Borough's Name	<u>\$ 7,644</u>	<u>\$ 7,605</u>



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

**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, 2016 and 2015, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2016</u>	<u>2015</u>
Investment in Lincoln Financial (LOSAP-Unaudited)	\$ 1,093,426	\$ 996,791

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, 2016 and 2015, \$1,093,426 and \$996,791 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (LOSAP - Unaudited)	\$ 1,093,426	\$ 996,791

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, 2016 and 2015, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services and A- by Standard and Poor's.

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**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Property Taxes	\$ 635,242	\$ 735,116
Tax Title Liens	<u>7,135</u>	<u>83,887</u>
	<u>\$ 642,377</u>	<u>\$ 819,003</u>

In 2016 and 2015, the Borough collected \$647,212 and \$536,623 from delinquent taxes, which represented 79% and 73%, 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>2016</u>		<u>2015</u>
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>
Current Fund	\$ 101,702	\$ 118,503	\$ 1,315
Trust Fund			\$ 192,166
Other Trust Fund		95,974	35,000
Animal Control Fund		5,728	1,315
General Capital Fund	<u>118,503</u>	<u>-</u>	<u>157,166</u>
	<u>\$ 220,205</u>	<u>\$ 220,205</u>	<u>\$ 193,481</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, 2016 AND 2015**

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

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2016</u></b>			
General Capital Fund			
Cancelled Grant Receivables	<u>\$ 123,762</u>	<u>-</u>	<u>\$ 123,762</u>
<b><u>2015</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	50,000	\$ 50,000	-
Overexpenditure of Appropriation Reserves	<u>2,831</u>	<u>2,831</u>	<u>\$ -</u>
	<u>\$ 52,831</u>	<u>\$ 52,831</u>	<u>\$ -</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:

	<u>2016</u>		<u>2015</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,905,763	\$ 1,250,000	\$ 1,722,021	\$ 1,110,000
Non-Cash Surplus	<u>4,157</u>	<u>-</u>	<u>2,831</u>	<u>-</u>
	<u>\$ 1,909,920</u>	<u>\$ 1,250,000</u>	<u>\$ 1,724,852</u>	<u>\$ 1,110,000</u>





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

**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, 2016 and 2015.

	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>
	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
Land and Site Improvements	\$ 3,310,251	\$ 8,842		\$ 3,319,093
Buildings and Building Improvements	4,754,780			4,754,780
Machinery and Equipment	<u>7,636,969</u>	<u>563,997</u>	<u>-</u>	<u>8,200,966</u>
	<u>\$ 15,702,000</u>	<u>\$ 572,839</u>	<u>\$ -</u>	<u>\$ 16,274,839</u>



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

**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>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes, Leases and Loans	\$ 19,919,466	\$ 21,172,264
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>515,210</u>	<u>244,448</u>
Net Debt Issued	19,404,256	20,927,816
Authorized But Not Issued		
General		
Bonds and Notes	<u>866,633</u>	<u>793,241</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 20,270,889</u>	<u>\$ 21,721,057</u>

**Statutory Net Debt**

The statement of debt condition that follows indicates a statutory net debt of 1.13% and 1.14% at December 31, 2016 and 2015, respectively.

	<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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 21,965,505	\$ 1,014,448	\$ 20,951,057
School Debt	<u>12,990,000</u>	<u>12,990,000</u>	<u>-</u>
Total	<u>\$ 34,955,505</u>	<u>\$ 14,004,448</u>	<u>\$ 20,951,057</u>



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

**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>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 66,255,625	\$ 64,924,155
Net Debt	<u>19,566,889</u>	<u>20,951,057</u>
Remaining Borrowing Power	<u>\$ 46,688,736</u>	<u>\$ 43,973,098</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>2016</u>	<u>2015</u>
\$3,250,000, 2003 Bonds, due in an annual installment of \$610,000 on May 1, 2016, interest at 3.55%		\$ 610,000
\$8,530,000, 2010 Bonds, due in annual installments of \$750,000 to \$800,000 through July, 2019, interest at 2.00% - 2.75%	\$ 2,325,000	8,030,000
\$5,430,000, 2016 Refunding Bonds, due in annual installments of \$20,000 to \$1,060,000 through July 2025, interest at 2.00% to 4.00%	<u>5,430,000</u>	<u>-</u>
	<u>\$ 7,755,000</u>	<u>\$ 8,640,000</u>



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

**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>2016</u>	<u>2015</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%	\$ 127,201	\$ 136,947
Total Green Trust Fund	<u>\$ 127,201</u>	<u>\$ 136,947</u>

	<u>2016</u>	<u>2015</u>
<b>Environmental Infrastructure Trust</b>		
\$1,675,000 Trust Loan, due in annual installments of \$80,000 to \$125,000 through 2027, interest at 5.0%	\$ 1,130,000	\$ 1,210,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	920,445	1,005,959
\$965,000 Trust Loan, due in annual installments of \$45,000 to \$70,000 through 2029, interest at 3.5% to 5.0%	740,000	780,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>1,984,820</u>	<u>2,137,499</u>
Total Environmental Infrastructure Trust	<u>4,775,265</u>	<u>5,133,458</u>
Total Intergovernmental Loans	<u>\$ 4,902,466</u>	<u>\$ 5,270,405</u>





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

**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, 2016:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 89,864
2018	95,442
2019	101,583
2020	109,268
2021	115,410
2022-2024	<u>254,125</u>
Total. Minimum Lease Payments	765,692
Less: Amounts Representing Interest	<u>78,692</u>
Present Value of Net Minimum Lease Payments	<u>\$ 687,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2016 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>	
2017	770,000	229,139	360,663	81,338	9,942	2,495	\$ 1,453,577
2018	775,000	233,225	366,295	75,088	10,142	2,295	1,462,045
2019	800,000	213,850	376,770	68,588	10,346	2,091	1,471,645
2020	795,000	191,850	382,656	62,988	10,554	1,883	1,444,931
2021	810,000	168,000	388,415	56,688	10,765	1,671	1,435,539
2022-2026	3,805,000	388,300	2,029,990	179,240	57,163	5,019	6,464,712
2027-2029	-	-	870,476	21,913	18,289	367	911,045
Total	<u>\$ 7,755,000</u>	<u>\$ 1,424,364</u>	<u>\$ 4,775,265</u>	<u>\$ 545,843</u>	<u>\$ 127,201</u>	<u>\$ 15,821</u>	<u>\$ 14,643,494</u>



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

**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, 2016 and 2015 were as follows:

	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>
	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 9,340,000		\$ 700,000	\$ 8,640,000	\$ 710,000
Intergovernmental Loans Payable	5,632,361		361,956	5,270,405	367,939
Pension Obligation Lease	<u>813,000</u>	<u>-</u>	<u>60,000</u>	<u>753,000</u>	<u>66,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 15,785,361</u>	<u>\$ -</u>	<u>\$ 1,121,956</u>	<u>\$ 14,663,405</u>	<u>\$ 1,143,939</u>



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

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

**Bond Anticipation Notes**

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, 2016 AND 2015**

**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>





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

**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, 2014	Increased	Decreased	Balance, December 31, 2015
1375/1407	Stormwater Sewer System Improvements	1.00%	6/23/2015	\$ 669,392		\$ 669,392	
		1.50%	6/23/2016		\$ 669,392		\$ 669,392
1393	Various General Improvements	1.00%	6/23/2015	640,490		640,490	-
		1.50%	6/23/2016		604,367		604,367
1409	Library and Senior Center Handicap	1.00%	6/23/2015	65,920		65,920	
		1.50%	6/23/2016		58,549		58,549
1416	Park Improvements	1.00%	6/23/2015	168,772		168,772	
		1.50%	6/23/2016		162,744		162,744
1421	Various Capital Improvements	1.00%	6/23/2015	765,714		765,714	
		1.50%	6/23/2016		726,891		726,891
1431	DPW Garage Site Improvements	1.00%	6/23/2015	228,000		228,000	
		1.50%	6/23/2016		225,113		225,113
1432	Storm Sewer Improvements - Phase III	1.00%	6/23/2015	218,500		218,500	
		1.50%	6/23/2016		215,734		215,734
1434	Various Capital Improvements	1.00%	6/23/2015	414,284		414,284	
		1.50%	6/23/2016		398,037		398,037
1436	Various Storm Water Sewer Improvements	1.00%	6/23/2015	114,000		114,000	
		1.50%	6/23/2016		112,556		112,556
1438	Various Improvements - Twin Boro Field	1.00%	6/23/2015	1,140,000		1,140,000	
		1.50%	6/23/2016		1,100,689		1,100,689
1447	Installation of New Walking Path	1.00%	6/23/2015	152,000		152,000	
		1.50%	6/23/2016		88,049		88,049
1448/1456	Improvements to DePew Street (Phases I, II and III)	1.00%	6/23/2015	125,488		125,488	
1478/1487		1.50%	6/23/2016		374,022		374,022



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

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
1450	Acq. And Installation of Air Quality Equip.	1.00%	6/23/2015	\$ 61,750		\$ 61,750	
		1.50%	6/23/2016		\$ 61,750		\$ 61,750
1460	Various Capital Improvements	1.00%	6/23/2015	537,690		537,690	-
		1.50%	6/23/2016		537,690		537,690
1465	Library Window and Exterior Renovation	1.00%	6/23/2015	176,000		176,000	-
		1.50%	6/23/2016		176,000		176,000
1466	Stormwater Sewer System Improvements Phase II	1.00%	6/23/2015	195,000		195,000	-
		1.50%	6/23/2016		195,000		195,000
1479	Various Road Improvements	1.50%	6/23/2016		156,750		156,750
1480	Various Capital Improvements	1.50%	6/23/2016		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
				<u>\$ 5,673,000</u>	<u>\$ 6,508,859</u>	<u>\$ 5,673,000</u>	<u>\$ 6,508,859</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, 2016 AND 2015**

**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 years 2016 and 2015 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>
	<u>Date of Maturity</u>	<u>Balance, December 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2015</u>
Reassessment of Real Property	12/15/2015	\$ 100,000		\$ 100,000	
	5/13/2016	-	\$ 50,000	-	\$ 50,000
		<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>



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

**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>2016</u></b>		
Road Improvements	\$ 40,082	2017
Sewer Infrastructure Improvements	207,245	2017
Roosevelt Ave Flood Project	19,150	2017
<b><u>2015</u></b>		
Sewer Infrastructure Improvements	\$ 39,960	2016
Improvements to Twin Boro Field Remediation	22,575	2016
Locust and Brook Street Improvements	6,936	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 \$4,130,000 and \$4,058,870 at December 31, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

During 2016, the Borough created an accumulated leave reserve to fund the future liabilities. As of December 31, 2016 and 2015, the Borough has reserved in the Other Trust Fund \$49,811 and \$85,000, 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.





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

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

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
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	<u>21,908,278</u>	<u>4,078,510</u>	<u>1,063,771</u>	<u>24,923,017</u>	<u>-</u>
	<u>\$ 37,718,789</u>	<u>\$ 7,922,232</u>	<u>\$ 1,675,618</u>	<u>\$ 43,965,403</u>	<u>\$ 137,000</u>

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 3,563,881	\$ 607,631	\$ 112,642	\$ 4,058,870	\$ 50,000
Net Pension Liability					
PERS	9,902,397	2,299,318	450,074	11,751,641	
PFRS	<u>16,166,634</u>	<u>6,810,785</u>	<u>1,069,141</u>	<u>21,908,278</u>	<u>-</u>
	<u>\$ 29,632,912</u>	<u>\$ 9,717,734</u>	<u>\$ 1,631,857</u>	<u>\$ 37,718,789</u>	<u>\$ 50,000</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.

**Consolidated Police and Firemen's Pension Fund (CPFPPF)** – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. CPFPPF is a cost-sharing plan with special funding situations.

**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.



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

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

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. 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 PERS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPF. 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).



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

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

**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).

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 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, 2015 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) 7.65% for investment rate of return for all the retirement systems except CPFPPF ( 2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.



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

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2016.

**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, 2016 and 2015 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, 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>
2016	\$1,069,415	\$ 450,195	\$ 2,805
2015	987,123	436,015	1,480
2014	932,557	387,246	1,047

**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, 2016 and 2015, the Borough reported a liability of \$14,912,386 and \$11,751,641, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, 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, 2016, the Borough's proportionate share was .05035 percent, which was a decrease of .002 percent from its proportionate share measured as of June 30, 2015 of .05235 percent.





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

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

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$1,378,630 and \$797,139, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$450,195 and \$436,015, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 277,325		\$ 280,353	
Changes of Assumptions	3,089,050		1,262,032	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	568,623			\$ 188,944
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>152,657</u>	<u>\$ 393,430</u>	<u>197,034</u>	<u>85,645</u>
Total	<u>\$ 4,087,655</u>	<u>\$ 393,430</u>	<u>\$ 1,739,419</u>	<u>\$ 274,589</u>

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 840,698
2018	840,698
2019	988,230
2020	796,571
2021	228,028
Thereafter	<u>-</u>
	<u>\$ 3,694,225</u>



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

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

*Actuarial Assumptions*

The Borough's total pension liability reported for the year ended December 31, 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. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
		Based on Age
Through 2026	1.65-4.15%	
	Based on Age	
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.



**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)**

***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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***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>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%



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

**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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, 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, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, 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 (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
<b>2016</b>			
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>
	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
<b>2015</b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 14,605,852</u>	<u>\$ 11,751,641</u>	<u>\$ 9,358,691</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. 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**  
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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**

**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, 2016 and 2015, the Borough reported a liability of \$24,923,017 and \$21,908,278, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, 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, 2016, the Borough's proportionate share was .13047 percent, which was a decrease of .00106 percent from its proportionate share measured as of June 30, 2015 of .13153 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$2,727,983 and \$1,981,125, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$1,069,415 and \$987,123, respectively. At December 31, 2016 and 2015, 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:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		\$ 163,374		\$ 188,966
Changes of Assumptions	\$ 3,452,043		\$ 4,044,812	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,746,306			381,294
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	304,976	121,964	392,907	-
Total	\$ 5,503,325	\$ 285,338	\$ 4,437,719	\$ 570,260



**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)**

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

At December 31, 2016 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 Ending December 31,</u>	<u>Total</u>
2017	\$ 1,269,715
2018	1,269,715
2019	1,682,153
2020	974,701
2021	21,703
Thereafter	-
	<u>\$ 5,217,987</u>

**Actuarial Assumptions**

The Borough's 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. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
		Based on Age
Through 2026	2.10-8.98%	
	Based on Age	
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
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, 2015 and July 1, 2014 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**  
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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)**

**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, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</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>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***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>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%









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

**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 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, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,092,915 and \$1,921,282, respectively. For the years ended December 31, 2016 and 2015, 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 \$267,315 and \$239,652 respectively, which is more than the actual contributions the State made on behalf of the Borough of \$80,194 and \$100,013, 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.



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

**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 \$84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members, \$16.8 billion for local active and retired members and \$41.6 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, 2016 AND 2015**

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

**Actuarial Methods and Assumptions**

In the July 1, 2015 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, 2016, there were 110,512 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 \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. 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 \$48.3 million in Fiscal Year 2016 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, 2016, 2015 and 2014 were \$311,565, \$283,991, and \$262,540, 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, 2016, 2015 and 2014 were \$8,613, \$7,363, and \$1,599, 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, 2016 AND 2015**

**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>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016		\$ 10,414	\$ 19,669	\$ 49,889
2015		11,046	22,135	59,000
2014	\$ 24,000	9,194	20,658	69,932

**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, 2016 AND 2015**

**NOTE 15 CONTINGENT LIABILITIES (Continued)**

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. 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, 2016 and 2015, the Borough reserved \$181,130 and \$159,352, 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, 2016 and 2015, 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, 2016 and 2015, 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 \$44,350 and \$42,550 for 2016 and 2015, 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, 2016 AND 2015**

**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, 2016 and 2015, 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, 2016 and 2015 the Borough abated property taxes totaling \$149,737 and \$145,935, respectively, under the NJHMFA program. The Borough received \$37,215 and \$37,685 in PILOT payments under this program for the years ended December 31, 2016 and 2015, respectively.



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

**NOTE 19 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On April 18, 2017 the Borough adopted a resolution for the issuance of \$6,075,000 General Obligation Bonds for the purpose of finding various capital improvements. The Borough has awarded the sale of said bonds to Roosevelt, Cross, Inc. at variable interest rates of 2.0% to 3.0%. These bonds dated June 9, 2017 will mature over 18 years with the first maturity due May 15, 2018.

**Debt Authorized**

The Borough has adopted the following bond ordinances which authorized the issuance of bonds or bond anticipation notes to fund capital projects:

<u>Date Adopted</u>	<u>Bonds or Notes Authorized</u>	<u>Purpose</u>
April 18, 2017	\$ 213,000	Various Road Improvements
May 16, 2017	57,000	Various Capital Improvements
May 30, 2017	15,075,000	Construction of a Municipal Complex
July 18, 2017	76,000	Sewage System Improvements

As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.



## **SUPPLEMENTARY SCHEDULES**





**CURRENT FUND**



**BOROUGH OF DUMONT  
STATEMENT OF CASH**

Balance, December 31, 2015 \$ 3,643,328

Increased by Receipts:

Taxes Receivable	\$	57,869,383
Tax Title Liens		77,475
Revenue Accounts Receivable		2,441,048
Non Budget Revenue		168,854
Prepaid Taxes		229,815
General Capital Receipts Deposited in Current Fund		32,724
Other Trust Receipts Deposited in Current Fund		34,983
Unappropriated Reserves for Grants		3,147
Miscellaneous Reserves		988,871
Tax Overpayments		5,318
Senior Citizens' and Veterans' Deductions		151,000
Receipts from Library		284,474

62,287,092

65,930,420

Decreased by Disbursements:

Budget Appropriations		19,461,619
Appropriation Reserves		183,419
Accounts Payable		461,476
Tax Overpayments		26,631
County Taxes		4,632,744
Local District School Taxes		35,590,897
Special Emergency Note		50,000
Appropriated Grant Reserves		2,550
Miscellaneous Reserves		556,305
Payments to Library		284,474
Payments to General Capital Fund		296,261
General Capital Expenditure Paid by Current Fund		21,387
Other Trust Expenditures Paid by Current Fund		47,761
Refund of Prior Year Revenue		16,853
Petty Cash		300

61,632,677

Balance, December 31, 2016 \$ 4,297,743



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

<u>Office</u>	Petty Cash <u>Advance</u>	Balance, December 31, <u>2016</u>
Finance Department	\$ 300	\$ 300
	<u>\$ 300</u>	<u>\$ 300</u>

EXHIBIT A-6

**STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2015</u>	Balance, December 31, <u>2016</u>
Tax Collector	\$ 250	\$ 250
	<u>\$ 250</u>	<u>\$ 250</u>

EXHIBIT A-7

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

Balance, December 31, 2015 (Due To)		\$ 1,825
Increased by:		
Deductions Disallowed by Tax Collector	\$ 3,750	
Cash Receipts	<u>151,000</u>	<u>154,750</u>
		156,575
Decreased by:		
Deductions Allowed by Tax Collector	8,232	
Senior Citizens' and Veterans' Deductions Per Tax Billing	<u>152,500</u>	<u>160,732</u>
Balance, December 31, 2016 (Due From)		<u>\$ 4,157</u>



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

Year	Balance, December 31, 2015	Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collections 2015	2016	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Tax Overpayments Applied	Transferred to Tax Title Lien	Balance, December 31, 2016
2014	\$ 165,015				\$ 569,737	\$ 3				\$ 165,015
2015	570,101				57,299,646	160,732				361
2016	-	\$ 58,190,336	3,750	206,985	57,299,646	160,732	46,414	9,720	723	469,866
	\$ 735,116	\$ 58,190,336	3,750	206,985	57,869,383	160,732	46,417	9,720	723	635,242

Analysis of Property Tax Levy

<b>TAX YIELD</b>	
General Property Tax	
Real Property Tax	\$ 58,154,287
Added Taxes (54:4-63.1 et seq.)	36,049
	<u>\$ 58,190,336</u>

<b>TAX LEVY</b>	
Local School Tax (Abstract)	\$ 35,590,897
County Taxes (Abstract)	
County Open Space (Abstract)	\$ 4,582,497
Due County for Added Taxes (54:4-63.1)	47,251
	<u>2,879</u>
	4,632,627
Local Tax for Municipal Purposes	17,297,097
Local Tax For Free Public Library	629,654
Add Additional Tax Levied	<u>40,061</u>
	17,966,812
	<u>\$ 58,190,336</u>





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

Balance, December 31, 2015	\$ 83,887
Increased by:	
Transferred from 2016 Taxes Receivable	<u>723</u>
	84,610
Decreased by:	
Cash Receipts	<u>77,475</u>
Balance, December 31, 2016	<u>\$ 7,135</u>

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

Balance, December 31, 2015	<u>\$ 79,526</u>
Balance, December 31, 2016	<u>\$ 79,526</u>



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

	Balance, December 31, <u>2015</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2016</u>
Licenses				
Alcoholic Beverages		\$ 14,713	\$ 14,713	
Board of Health		222	222	
Borough Clerk		5,308	5,308	
Fees and Permits				
Construction Code Official		211,150	211,150	
Board of Health		19,380	19,380	
Borough Clerk		14,677	14,677	
Fire Prevention		21,925	21,925	
Planning and Zoning		55	55	
Construction Code		1,850	1,850	
Fines and Costs - Municipal Court	\$ 12,746	130,644	134,940	\$ 8,450
Recreation Fees		42,433	42,433	
Interest and Cost on Taxes		108,821	108,821	
Interest on Investments and Deposits		14,439	14,439	
Consolidated Municipal Property Tax Relief		71,025	71,025	
Energy Receipts Tax		1,284,227	1,284,227	
Clean Communities Grant		36,220	36,220	
Life Hazard Use Fees		7,974	7,974	
Fire Inspections		27,525	27,525	
FEMA Reimbursements		168,179	168,179	
Sale of Recyclables		29,706	29,706	
PILOT - Senior Citizens Club		15,000	15,000	
Cable Television Franchise Fees	-	251,650	251,650	-
	<u>\$ 12,746</u>	<u>\$ 2,477,123</u>	<u>\$ 2,481,419</u>	<u>\$ 8,450</u>
Cash Receipts			\$ 2,441,048	
Due From Other Trust Fund			<u>40,371</u>	
			<u>\$ 2,481,419</u>	



**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES**  
**N.J.S. 40A:4-53 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Purpose</u>	Net Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, December 31, <u>2015</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2016</u>
Reassessment of Real Property	\$ 250,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -

**STATEMENT OF DEFERRED CHARGES**

	Balance, December 31, <u>2015</u>	Increase in <u>2016</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2016</u>
Overexpenditure of Appropriation Reserves	\$ 2,831	\$ -	\$ 2,831	\$ -
	<u>\$ 2,831</u>	<u>\$ -</u>	<u>\$ 2,831</u>	<u>\$ -</u>



**BOROUGH OF DUMONT**  
**STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance December 31, <u>2015</u>	Encumbrances Restored to Appropriation <u>Reserves</u>	<u>Transfers</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages						
General Administration	\$ 107			\$ 107		\$ 107
Financial Administration	125			125		125
Assessment of Taxes	1			1		1
Collection of Taxes	1,636			1,636		1,636
Planning Board/Zoning Board	192			192		192
Fire Department						
Life Hazard Use Fees	1,240			1,240		1,240
Police Department	57,593			57,593		57,593
Streets and Roads	22,135			22,135		22,135
Public Buildings and Grounds	1,067			1,067		1,067
Administration of Public Assistance	4,000			4,000		4,000
Parks and Playgrounds	75			75		75
Municipal Court	10,281			10,281		10,281
Public Defender	4			4		4
Code Enforcement & Administration	429	-	-	429	-	429
	<u>98,885</u>	<u>-</u>	<u>-</u>	<u>98,885</u>	<u>-</u>	<u>98,885</u>
Other Expenses						
General Administration						
Other Expenses	7,177		\$ 7,500	14,677	\$ 1,750	12,927
Postage	275			275		275
Elections	295			295		295
Financial Administration / Audit	54,121			54,121	53,881	240
Assessment of Taxes	393			393		393
Collection of Taxes	24			24		24
Legal Services and Costs						
Borough Attorney - Other Expenses	2,473			2,473		2,473
Special Counsel	18,340			18,340	11,589	6,751
Engineering	1,284		5,000	6,284	4,627	1,657
Planning Board/Zoning Board	34			34		34
Rent Leveling Board	6		27	33	33	-
Fire Department						
Other Expenses	3,981			3,981	3,033	948
Life Hazard Use Fees	289			289	102	187
Fire Hydrant Services	8,783			8,783		8,783
Police	1,172			1,172	193	979
Police Reserves	2,509			2,509		2,509
Emergency Management	1,894			1,894		1,894
Volunteer Ambulance	2,000			2,000	2,000	-
Streets and Roads	8,289			8,289	2,010	6,279
Garbage and Trash Removal			19,000	19,000	18,506	494
Sewer System	2,690			2,690		2,690
Public Buildings and Grounds	799			799		799
Shade Tree	625	\$ 90		715		715
Board of Health	10,872		(10,000)	872		872
Animal Shelter	1,002			1,002		1,002
Hepatitis Program	500			500		500
Senior Citizens	495			495		495





**BOROUGH OF DUMONT  
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance December 31, 2015	Encumbrances Restored to Appropriation Reserves	Transfers	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed
Other Expenses (Continued)						
Environmental Commission	\$ 210			\$ 210		\$ 210
Parks and Playgrounds	971		\$ 10,500	11,471	\$ 11,030	441
Celebration of Public Events	1,050	\$ 150		1,200		1,200
Utilities						
Electricity	16,631			16,631	844	15,787
Street Lighting	4,976		11,000	15,976	15,173	803
Telephone	1,264		4,000	5,264	4,998	266
Gasoline	49,513		(40,000)	9,513		9,513
Water	544		300	844	825	19
Municipal Court	980		900	1,880	1,850	30
Code Enforcement & Administration	7,074			7,074	6,225	849
Insurance						
General Liability	19,589		(8,227)	11,362		11,362
Employee Group Health (out of CAP)	52,748			52,748		52,748
Statutory Expenditures						
Social Security System (OASI)	1,863			1,863		1,863
Public Employees Retirement System	29			29		29
Police and Firemen's Retirement System	94			94		94
DCRP	2			2		2
Bergen County Utilities Authority	499			499		499
Maintenance of Free Public Library	2,941			2,941		2,941
LOSAP	50,000			50,000	42,550	7,450
Clean Communities	31,799			31,799	31,799	-
Alcohol Education & Rehabilitation	354			354	354	-
Police Body Armor	551	-	-	551	551	-
	<u>374,004</u>	<u>240</u>	<u>-</u>	<u>374,244</u>	<u>213,923</u>	<u>160,321</u>
	<u>\$ 472,889</u>	<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 473,129</u>	<u>\$ 213,923</u>	<u>\$ 259,206</u>

## CONCLUSION:

Cash Disbursements	\$ 183,419
Transfer to Appropriated Grants	<u>30,504</u>
	<u>\$ 213,923</u>



**BOROUGH OF DUMONT  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2015		\$ 461,716
Increased by:		
Transfer from 2016 Budget Appropriations		<u>605,596</u>
		1,067,312
Decreased by:		
Payables Restored to Appropriation Reserves	\$ 240	
Cash Disbursements	<u>461,476</u>	
		<u>461,716</u>
Balance, December 31, 2016		<u><u>\$ 605,596</u></u>

EXHIBIT A-16

**STATEMENT OF DUE FROM FREE PUBLIC LIBRARY**

Balance, December 31, 2015		\$ -
Increased by:		
Cash Disbursements		<u>284,474</u>
		284,474
Decreased by:		
Cash Receipts		<u>284,474</u>
Balance, December 31, 2016		<u><u>\$ -</u></u>



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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	Balance, December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2016</u>
Reassessment of Real Property	12/15/2015	5/13/2016	\$ 50,000	\$ -	\$ 50,000	\$ -
			<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2015</u>	<u>Increased</u>	<u>Disbursed</u>	Balance, December 31, <u>2016</u>
Tax Sale Premium	\$ 337,900	\$ 741,400	\$ 305,800	\$ 773,500
Redemption of Tax Sale Certificates		230,445	221,158	9,287
Tax Appeals	159,352	35,000	13,222	181,130
Master Plan	6,955			6,955
DCA Fees	2,349	15,176	14,325	3,200
Marriage Licenses	500	1,850	1,800	550
Homestead Rebate	393	-	-	393
	<u>\$ 507,449</u>	<u>\$ 1,023,871</u>	<u>\$ 556,305</u>	<u>\$ 975,015</u>
Cash Receipts		\$ 988,871		
Budget Appropriations		<u>35,000</u>		
		<u>\$ 1,023,871</u>		



**BOROUGH OF DUMONT  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2015		\$ 231,746
Increased by:		
Collection of 2017 Taxes		<u>229,815</u>
		461,561
Decreased by:		
Application to 2016 Taxes	\$ 206,985	
Transferred to Tax Overpayments	<u>24,761</u>	
		<u>231,746</u>
Balance, December 31, 2016		<u><u>\$ 229,815</u></u>

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2015		\$ 15,737
Increased by:		
Cash Receipts	\$ 5,318	
Transferred from Prepaid Taxes	<u>24,761</u>	
		<u>30,079</u>
		45,816
Decreased by:		
Refunds	26,631	
Applied to Taxes Receivable	<u>9,720</u>	
		<u>36,351</u>
Balance, December 31, 2016		<u><u>\$ 9,465</u></u>

**STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE**

Increased by:		
Levy - Calendar Year		\$ 35,590,897
Decreased by:		
Payments		<u>35,590,897</u>
Balance, December 31, 2016		<u><u>\$ -</u></u>





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

Balance, December 31, 2015	\$ 3,403
Increased by:	
2016 Levy	\$ 4,582,497
2016 County Open Space	47,251
Added Taxes	<u>2,879</u>
	<u>4,632,627</u>
	4,636,030
Decreased by:	
Payments	<u>4,632,744</u>
Balance, December 31, 2016	<u>\$ 3,286</u>

EXHIBIT A-23

**SCHEDULE OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2015</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2016</u>
Clean Communities Grant	\$ 12,042	\$ 29,599	\$ 2,550	\$ 39,091
Alcohol Education and Rehabilitation Fund	2,604	354		2,958
Body Armor Grant	<u>3,070</u>	<u>551</u>	<u>-</u>	<u>3,621</u>
	<u>\$ 17,716</u>	<u>\$ 30,504</u>	<u>\$ 2,550</u>	<u>\$ 45,670</u>

EXHIBIT A-24

**STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2015</u>	Increased by <u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2016</u>
Recycling Tonnage	\$ 10,707		\$ 10,707	
Police Body Armor Fund	6,085	\$ 3,147	6,085	\$ 3,147
Alcohol Education	<u>118</u>	<u>-</u>	<u>118</u>	<u>-</u>
	<u>\$ 16,910</u>	<u>\$ 3,147</u>	<u>\$ 16,910</u>	<u>\$ 3,147</u>



## **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, 2015	\$ 11,422	\$ 658,947	\$ 55,017
Increased by Receipts:			
Escrow Deposits	\$ 69		\$ 144
Interest on Investments and Deposits			
Miscellaneous Reserves	544,354		
Current Fund Receipt Deposited In Other Trust Fund	2,825		
License Fees Collected	\$ 3,410		
Receipts from Payroll Service Provider			14,131
Due to State of New Jersey	684		
Payroll and Payroll Deductions	-	5,190,057	-
	<u>4,094</u>	<u>5,737,305</u>	<u>14,275</u>
	15,516	6,396,252	69,292
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	488		
Escrow Deposits		16,384	
Payments to State of NJ	684		17,826
Payroll and Payroll Deductions Payable		5,168,325	
Miscellaneous Reserves	-	<u>439,098</u>	-
	<u>1,172</u>	<u>5,623,807</u>	<u>17,826</u>
Balance, December 31, 2016	\$ <u>14,344</u>	\$ <u>772,445</u>	\$ <u>51,466</u>



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

Balance, December 31, 2015		\$ 9,961
Increased by:		
Animal Control Fees		<u>3,410</u>
		13,371
Decreased by:		
Cash Disbursements	\$ 488	
Statutory Excess Due to Current Fund	<u>4,413</u>	
		<u>4,901</u>
Balance, December 31, 2016		<u>\$ 8,470</u>

## EXHIBIT B-3

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

Balance, December 31, 2015		\$ 146
Increased by:		
Registration Fees - Due State of New Jersey		<u>684</u>
		830
Decreased by:		
Payments		<u>684</u>
Balance, December 31, 2016		<u>\$ 146</u>

## EXHIBIT B-4

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

Balance, December 31, 2015		\$ 1,315
Increased by:		
Statutory Excess		<u>4,413</u>
Balance, December 31, 2016		<u>\$ 5,728</u>





## EXHIBIT B-5

**BOROUGH OF DUMONT  
STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2015	\$ 60,045
Increased by:	
Cash Receipts	<u>69</u>
	60,114
Decreased by:	
Cash Disbursements	<u>16,384</u>
Balance, December 31, 2016	<u>\$ 43,730</u>

## EXHIBIT B-6

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES**

Balance, December 31, 2015	\$ 59,000
Increased by:	
Payroll Deductions	\$ 10,414
Interest on Investments and Deposits	<u>144</u>
	<u>10,558</u>
	69,558
Decreased by:	
Unemployment Insurance Claims	<u>19,669</u>
Balance, December 31, 2016	<u>\$ 49,889</u>

## EXHIBIT B-7

**STATEMENT OF DUE TO/FROM CURRENT FUND**

Balance, December 31, 2015 (Due From)	\$ 35,000
Increased by:	
Other Trust Receipts Deposited in Current Fund	<u>34,983</u>
	69,983
Decreased by:	
Anticipated as Revenue in Current Fund Budget	
Police Outside Services	\$ 75,000
Recreation Fees	40,371
Current Fund Receipt Deposited in Other Trust Fund	2,825
Other Trust Expenditure Paid by Current Fund - Payroll	4,500
Other Trust Expenditure Paid by Current Fund - Miscellaneous Reserves	<u>43,261</u>
	<u>165,957</u>
Balance, December 31, 2016 (Due To)	<u>\$ 95,974</u>



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

	Balance, December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2016</u>
Fire Prevention Fees	\$ 10,233		\$ 2,828	\$ 7,405
Recreation Commission	195,981	\$ 200,352	278,739	117,594
Tax Sale Premiums	200			200
Street Openings	8,718		500	8,218
Maintenance Bond	11,155			11,155
POAA	7,858	450		8,308
Affordable Housing (COAH)		34,558		34,558
Drug and Alcohol	18,071	7,266	9,827	15,510
Police Outside Services	147,065	331,786	255,668	223,183
Police Donations	426	250		676
Shade Tree	4,198	4,675	3,358	5,515
Accumulated Leave	85,000		35,189	49,811
Storm Emergency	<u>117,248</u>	<u>-</u>	<u>11,621</u>	<u>105,627</u>
	<u>\$ 606,153</u>	<u>\$ 579,337</u>	<u>\$ 597,730</u>	<u>\$ 587,760</u>
Cash Receipts		\$ 544,354		
Cash Disbursements			\$ 439,098	
Due From/To Current Fund		<u>34,983</u>	<u>158,632</u>	
		<u>\$ 579,337</u>	<u>\$ 597,730</u>	

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

Balance, December 31, 2015	\$ 27,749
Increased by:	
Cash Receipts	<u>5,190,057</u>
	5,217,806
Decreased by:	
Cash Disbursements	\$ 5,168,325
Other Trust Expenditure Paid by Current Fund	<u>4,500</u>
	<u>5,172,825</u>
Balance, December 31, 2016	<u>\$ 44,981</u>



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

Balance, December 31, 2015	\$ 473
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>19,669</u>
	20,142
Decreased by:	
Unemployment Insurance Claims Payments	<u>17,826</u>
Balance, December 31, 2016	<u>\$ 2,316</u>

EXHIBIT B-11

**STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER**

Balance, December 31, 2015	\$ 4,456
Increased by:	
Payroll Deductions Transferred to Payroll Service Provider	<u>10,414</u>
	14,870
Decreased by:	
Cash Receipts from Payroll Service Provider	<u>14,131</u>
Balance, December 31, 2016	<u>\$ 739</u>



**GENERAL CAPITAL FUND**





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

Balance, December 31, 2015		\$	1,368,859
Increased by Receipts:			
Bond Anticipation Notes Issued	\$	618,827	
Premium on Bond Anticipation Notes		62,529	
Grant Receipts		268,768	
Receipts from Current Fund		<u>296,261</u>	
			<u>1,246,385</u>
			2,615,244
Decreased by:			
Improvement Authorizations		457,318	
Contracts Payable		462,277	
Payment of Bond Anticipation Notes		<u>552,686</u>	
			<u>1,472,281</u>
Balance, December 31, 2016		\$	<u>1,142,963</u>



**BOROUGH OF DUMONT  
ANALYSIS OF GENERAL CAPITAL CASH  
AS OF DECEMBER 31, 2016**

Fund Balance	\$ 152,172
Contracts Payable	266,476
Grants Receivable	(171,879)
Loan Receivable	(15,000)
Due From Current Fund	(118,503)
Deferred Charges - Cancelled Grant Receivable	(123,762)
Reserve for Payment of Notes	502,900
Reserve for Payment of Debt	12,310
Reserve for Preliminary Costs	10,000
Capital Improvement Fund	147,161

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)
1292/1315	Repaving of Roads	6,748
1299/1320	Various Public Improvements	1,625
1311/1354/1365	Various Park Improvements	615
1321	Acquisition of Street Sweeper	13,690
1353	Acquisition of a Fire Truck	1,359
1363	Resurfacing of Howard Street	2,938
1364/1397	Various Improvements	779
1380	Park Improvements	234,666
1393	Various General Capital Improvements	(191,425)
1400	Reconstruction of Short Street	63,762
1401	Reconstruction of Bussell Court	129,463
1407/1466	Various Storm Sewer Improvements	100,262
1421	Various Capital Improvements	878
1431	DPW Garage Site Improvements	11,024
1432	Phase III Storm Sewer Improvements	3,114
1438	Various Improvements - Twin Boro Field	22,575
1447	Installation of New Walking Path	317
1448	Improvements to DePew Street	21
1456	Improvements to DePew Street Phase II	42
1460	Various Capital Improvements	20,005
1464	Various Park Improvements	1,070
1467	Road Resurfacing & Repairs to Curbs/Sidewalks	281,521
1478	Road Improvements - Depew Street - Phase III	20,960
1481/1496	Temporary Relocation of Borough Offices	(317,285)
1479	Various Road Improvements	7,888
1490	Various Capital Improvements	86,582
1493	Various Improvements to Locust and Brook	48,445
1498	Various Capital Improvements	58,983
1501	Various Capital Improvements	(91,425)
1504	Various Storm Water Sewer Improvements	(31,473)
1508	Purchase and Installation of Computer Server	552
		<u>\$ 1,142,963</u>



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

Balance, December 31, 2015		\$ 14,663,405
Increased by		
Serial Bonds Issued		<u>5,430,000</u>
		20,093,405
Decreased by:		
Budget Appropriations		
Serial Bonds	\$ 710,000	
Green Trust Loans	9,746	
NJEIT Loan Payable	358,193	
Pension Obligation Lease	66,000	
Bonds Refunded	<u>5,605,000</u>	
		<u>6,748,939</u>
Balance, December 31, 2016		<u>\$ 13,344,466</u>



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

Ord. No.	Improvement Description	Balance, December 31, 2015	2016 Authorizations	Grant Residuals	2016 Budget Appropriation	Adjustment	Balance, December 31, 2016	Bond Anticipation Notes	Analysis of Balance:	
									Expenditures	Unexpended Improvement Authorizations
1250	Imprts of Various Parks and Acq. Of Equip.	\$ 4,908					4,908		\$ 4,908	14,720
1275	Refund Unfunded Pension Liab	17,000					17,000		2,280	
1375	Sewer System Improvements	385,000					380,342	\$ 380,342		
1393	Various General Capital Improvements	604,367			4,658		568,652		191,425	
1407	Acq. of Easements and Prop Relating to Storm Water	285,000			35,715		285,000			
1409	Library and Senior Center Handicap Access	58,549					51,178		51,178	
1416	Imprts to Veteran's Memorial Park and Other Fields	162,744			7,371		156,716		156,716	
1421	Various Capital Improvements	726,891			6,028		688,068		688,068	
1431	DPW Garage Site Improvements	225,113			38,823		222,226		222,226	
1432	Phase III Storm Sewer System Improvements	215,734			2,887		212,968		212,968	
1434	Various Capital Improvements	398,037			2,766		381,790		381,790	
1436	Roosevelt Ave Flood Project	112,556			16,247		111,112		111,112	
1438	Twin Boro Field Remediation	1,100,689			1,444		1,061,378		1,061,378	
1447	Installation of New Walking Path	88,049			39,311		82,807		82,807	
1448	Improvements to DePew Street	2,295			7,519	\$ 5,224	58,500		58,500	
1450	Acq. And Installation of Air Quality Equip.	61,750			3,250		27,805		27,805	
1456	Improvements to DePew Street Phase II	27,805					537,690		537,690	
1460	Various Capital Improvements	537,690		\$ 75,460			100,540		100,540	
1465	Library Window and Exterior Restoration	176,000					195,000		195,000	
1478	Stormwater System Improvements Phase III	195,000					25,526		25,526	
1480	Road Improvements - DePew Street Phase III	58,250		32,724			380,000		380,000	
1481	Various Capital Improvements	380,000					190,000		190,000	
1479	Temporary Relocation of Borough Offices	190,000		126,000			30,750		30,750	
1486	Various Road Improvements	156,750					75,526		75,526	
1487	Various Capital Improvements (amend 1434)	75,526					78,534		78,534	
1490	Improvements to DePew Street Phase III (amend 1478)	78,534					490,475		490,475	
1493	Various Capital Improvements	490,475		67,308			152,000		152,000	
1496	Various Improvements to Locust and Brook	128,250					91,800		91,800	
1498	Temporary Relocation of Borough Offices	152,000	\$ 91,800				176,000		84,575	24,715
1498	Various Capital Improvements								91,425	91,800
1501	Various Capital Improvements		176,000				43,500		31,473	12,027
1504	Various Storm Water Sewer Improvements		43,500							
		\$ 7,094,962	\$ 311,300	\$ 301,492	\$ 171,261	\$ 5,224	\$ 6,938,733	\$ 6,072,100	\$ 638,796	\$ 227,857
Bond Anticipation Notes										
Less: Excess Note Proceeds										
	Ord. No. 1448						\$ 45,180			
	Ord. No. 1456						44,984			
	Ord. No. 1465						75,460			
	Ord. No. 1479						126,000			
	Ord. No. 1478/1487						144,474			
	Ord. No. 1493						66,802			
							502,500			
								\$ 6,072,100		
	Improvement Authorizations - Unfunded									\$ 549,929
Less: Unexpended Proceeds on Bond Anticipation Notes Issued										
	Ord. No. 1421								878	
	Ord. No. 1431								11,024	
	Ord. No. 1432								3,114	
	Ord. No. 1438								22,575	
	Ord. No. 1447								317	
	Ord. No. 1456								42	
	Ord. No. 1460								20,005	
	Ord. No. 1407/1466								100,262	
	Ord. No. 1478								20,960	
	Ord. No. 1479								7,888	
	Ord. No. 1490								86,582	
	Ord. No. 1493								48,445	
										322,092
										\$ 227,837
										\$





**BOROUGH OF DUMONT  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2015</u>	<u>Grant Awards</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2016</u>
<b>Community Development</b>					
Ord No. 1354 Improvements to Memorial Park & C. Deangeles Park	\$ 123,762			\$ 123,762	
Ord No. 1479 Improvements to Locust and Dumont Avenue		\$ 126,000	\$ 126,000		
Ord. No. 1493 Various Improvements to Locust Avenue and Brook Street	99,221		67,308		\$ 31,913
<b>Bergen County Open Space</b>					
Ord. No. 1380 Improvements to Veterans Memorial Park	12,263			12,263	
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	37,250		32,724		4,526
Ord. No. 1498 Improvements to Johnson Avenue		155,500			155,500
<b>Historic Preservation Trust Fund</b>					
Ord. No. 1465 Library Window and Exterior Restoration	87,400	-	75,460	-	11,940
	<u>\$ 402,424</u>	<u>\$ 281,500</u>	<u>\$ 301,492</u>	<u>\$ 136,025</u>	<u>\$ 246,407</u>
			Cash Receipts		
			\$ 268,768		
			Due From Current Fund		
			32,724		
			<u>\$ 301,492</u>		
			Reserve for Receivable		\$ 74,528
			Pledged to Ordinance		171,879
					<u>\$ 246,407</u>

EXHIBIT C-7

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

Increased by	
Cancelled Grant Receivable	<u>\$ 123,762</u>
Balance, December 31, 2016	<u>\$ 123,762</u>



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

Balance, December 31, 2015		\$ 157,166
Increased by:		
Budget Appropriation - Current Fund		
Note Principal	\$ 171,261	
Capital Improvement Fund	125,000	
Grant Receipts Deposited in Current Fund	<u>32,724</u>	
		<u>328,985</u>
		486,151
Decreased by:		
Anticipated as Revenue in Current Fund		
General Capital Surplus	25,000	
Reserve for Payment of Debt	25,000	
General Capital Expenditure Paid by Current Fund	21,387	
Receipts from Current Fund	<u>296,261</u>	
		<u>367,648</u>
Balance, December 31, 2016		<u>\$ 118,503</u>

EXHIBIT C-9

**STATEMENT OF RESERVE FOR PRELIMINARY COSTS**

Balance, December 31, 2015	<u>\$ 10,000</u>
Balance, December 31, 2016	<u>\$ 10,000</u>

EXHIBIT C-10

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2015	\$ 37,310
Decreased by:	
Anticipated as Current Fund Revenue	<u>25,000</u>
Balance, December 31, 2016	<u>\$ 12,310</u>



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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2016</u>
			<u>Leases Outstanding</u>	<u>December 31, 2016</u>				
			<u>Date</u>	<u>Amount</u>				
Refunding - Unfunded Pension Obligation	3/15/2012	\$ 882,000	3/15/2017	72,000	1.64%			
			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%			
						\$ 753,000	\$ 66,000	\$ 687,000
						<u>\$ 753,000</u>	<u>\$ 66,000</u>	<u>\$ 687,000</u>





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

Ord. No.	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2015	Increased	Decreased	Balance, December 31, 2016
1375/1407	6/26/2013	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	\$ 669,392	\$ 665,342	\$ 669,392	\$ 665,342
1393	12/22/2009	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	604,367	377,227	604,367	377,227
1409	7/1/2011	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	58,549	51,178	58,549	51,178
1416	7/1/2011	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	162,744	156,716	162,744	156,716
1421	7/1/2011	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	726,891	688,068	726,891	688,068
1431	6/28/12	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	225,113	222,226	225,113	222,226
1432	6/28/12	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	215,734	212,968	215,734	212,968
1434	6/28/12	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	398,037	381,790	398,037	381,790
1436	6/28/12	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	112,556	111,112	112,556	111,112
1438	6/28/12	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	1,100,689	1,061,378	1,100,689	1,061,378
1447	6/26/13	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	88,049	82,807	88,049	82,807
1448	6/26/13	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	52,699	45,180	52,699	45,180
1450	6/26/13	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	61,750	58,500	61,750	58,500
1456	6/24/2014	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	72,789	72,789	72,789	72,789
1460	6/24/2014	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	537,690	537,690	537,690	537,690



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

Ord. No.	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2015	Increased	Decreased	Balance, December 31, 2016
1465	Library Window and Exterior Renovation	6/24/2014	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	\$ 176,000	\$ 176,000	\$ 176,000	\$ 176,000
1466	Stormwater System Improvements Phase II	6/24/2014	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	195,000	195,000	195,000	195,000
1478/1487	Improvements to DeFew Street - Phase III	6/23/2015	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	248,534	248,534	248,534	248,534
1479	Various Road Improvements	6/23/2015	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	156,750	156,750	156,750	156,750
1480	Various Capital Improvements	6/23/2015	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	380,000	380,000	380,000	380,000
1481	Relocation of Borough Offices	6/23/2015	6/23/2015	6/23/2016	1.50%	190,000	190,000		
1486	Various Capital Improvements (Amend 1434)	6/23/2015	6/23/2015 6/22/2016	6/23/2016 6/22/2017	1.50% 2.00%	75,526	75,526	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
						<u>\$ 6,508,859</u>	<u>\$ 6,575,000</u>	<u>\$ 6,508,859</u>	<u>\$ 6,575,000</u>
						Renewals			
						Paid by Budget Appropriation	\$ 5,956,173	\$ 5,956,173	
						Paid by Capital Cash	171,261	171,261	
						Notes Issued	381,425	381,425	
							<u>618,827</u>	<u>-</u>	
						<u>\$ 6,575,000</u>	<u>\$ 6,575,000</u>	<u>\$ 6,508,859</u>	



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**BOROUGH OF DUMONT  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2015		\$ 469,574
Increased by:		
Charges to Improvement Authorizations		<u>266,476</u>
		736,050
Decreased by:		
Payments	\$ 462,277	
Cancellations	<u>7,297</u>	
		<u>469,574</u>
Balance, December 31, 2016		<u>\$ 266,476</u>

**STATEMENT OF GREEN TRUST FUND LOAN PAYABLE**

Balance, December 31, 2015	\$ 136,947
Decreased by:	
2016 Budget Appropriation	<u>9,746</u>
Balance, December 31, 2016	<u>\$ 127,201</u>

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE  
TRUST LOAN PAYABLE**

Balance, December 31, 2015	\$ 5,133,458
Decreased by:	
2016 Budget Appropriation	<u>358,193</u>
Balance, December 31, 2016	<u>\$ 4,775,265</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2015	\$ 54,361
Increased by:	
Current Fund Budget Appropriation	<u>125,000</u>
	179,361
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>32,200</u>
Balance, December 31, 2016	<u>\$ 147,161</u>





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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2015</u>	<u>2016 Improvement Authorizations</u>	<u>Notes Paid by Capital Cash</u>	<u>Grant Proceeds</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2016</u>
1250	Impvts of Various Parks and Acq. Of Equip	\$ 4,908					\$ 4,908
1275	Refund Unfunded Pension Liab	17,000					17,000
1375	Sewer System Improvements	608				\$ 608	
1393	Various General Capital Improvements			\$ 191,425			191,425
1481/1496	Relocation of Borough Offices	152,000		190,000			342,000
1490	Various Capital Improvements	490,475				490,475	
1493	Various Improvements to Locust and Brook	128,250			\$ 506	127,744	
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
		<u>\$ 793,241</u>	<u>\$ 311,300</u>	<u>\$ 381,425</u>	<u>\$ 506</u>	<u>\$ 618,827</u>	<u>\$ 866,633</u>



**PUBLIC ASSISTANCE FUND**



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

Balance, December 31, 2015	\$ 6,528
Increased by:	
Donations	<u>14</u>
	6,542
Decreased by:	
Expenditures	<u>3,300</u>
Balance, December 31, 2016	<u><u>\$ 3,242</u></u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

Balance, December 31, 2015	\$ 6,528
Increased by:	
Revenues	<u>14</u>
	6,542
Decreased by:	
Expenditures	<u>3,300</u>
Balance, December 31, 2016	<u><u>\$ 3,242</u></u>



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

Revenues/Receipts	
Donations	<u>\$ 14</u>

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

Expenditures/Disbursements	
Current Year Assistance	
Non-Reimbursable Expenditures	<u>\$ 3,300</u>





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





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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ELIZABETH A. SHICK, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA, PSA

## 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated July 21, 2017. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2016-001 and 2016-002 that we consider to be significant deficiencies in internal control over financial reporting.

### ***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 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 and which are described in the accompanying schedule of findings and responses as items 2016-001 and 2016-002.

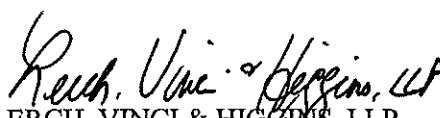

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Dumont in Part III of this report of audit entitled; "Letter of Comments and Recommendations"

### ***Borough of Dumont's Responses to Findings***

The Borough of Dumont's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Borough of Dumont's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### ***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



SCHEDULE A

**BOROUGH OF DUMONT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Program	CFDA Number	Grant Receipts	Grant Award	Balance, January 1, 2016	Revenue	Expended	Balance, December 31, 2016	Cumulative Expenditures
United States Department of Homeland Security Federal Emergency Management Agency Hurricane Sandy - October 30, 2012 Winter Storm - January 22, 2016	97.036	\$ 132,278	\$ 132,278		\$ 132,278	\$ 132,278		\$ 132,278
	97.036	35,901	35,901		35,901	35,901		35,901
United States Department of Housing and Urban Development (Passed through Bergen County Department of Community Development) Improvements to Locust and Dumont Avenues (Ord. No. 1479) Improvements to Locust Avenue and Brook Street (Ord. No. 1493)	14.218	126,000	126,000		126,000	126,000		126,000
	14.218	67,308	99,221	\$ -	67,308	67,308	\$ -	67,308
				\$ -	\$ 361,487	\$ 361,487	\$ -	

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, 2016**

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2015	Revenue	Expended	Adjustment	Balance, December 31, 2015	Cumulative Expenditures
Department of Transportation									
Improvements to Depew Street, Phase I	609162	2012							\$ 132,615
Improvements to Depew Street, Phase II	609163	2013							135,135
Improvements to Depew Street, Phase III	609164	2014	\$ 32,724		\$ 32,724	\$ 32,724			144,474
Improvements to Johnson Avenue (Ord. No. 1498)		2016							
Division of Criminal Justice									
Body Armor		2016	3,147						
Body Armor	1020-718-066-1020-001-YCIS-6120	2015			6,085	3,896		\$ 2,189	3,896
Body Armor	1020-718-066-1020-001-YCIS-6120	2014		\$ 551				551	4,795
Body Armor	1020-718-066-1020-001-YCIS-6120	2013		2,445				2,445	1,822
Body Armor	1020-718-066-1020-001-YCIS-6120	2012		625				625	4,956
Department of Environmental Protection									
Clean Communities Program	4900-765-178910-60	2016	36,220		36,220	20,927		15,293	20,927
Clean Communities Program	4900-765-178910-60	2015		31,682		2,083		29,599	2,083
Clean Communities Program	4900-765-178910-60	2014		117		117		-	26,064
Clean Communities Program	4900-765-178910-60	2012		12,042		2,550		9,492	14,181
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				\$ 50,420	\$ 85,854	\$ 62,297	\$ -	\$ 73,977	

\* 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, 2016**

**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	\$ 168,179	\$ 53,130	\$ 221,309
General Capital Fund	<u>193,308</u>	<u>32,724</u>	<u>226,032</u>
Total Financial Awards	<u>\$ 361,487</u>	<u>\$ 85,854</u>	<u>\$ 447,341</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, 2016**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2016, 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	\$ 127,201
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	1,130,000
Fund Loan - 2007	920,445
Trust Loan - 2010	740,000
Fund Loan - 2010	<u>1,984,820</u>
	<u>\$ 4,902,466</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, 2016**

*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)?

  X   yes    \_\_\_\_\_ none

Noncompliance material to the financial  
statements noted?

  X   yes    \_\_\_\_\_ 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, 2016**

*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*.

**Finding 2016-001**

Our audit of the Borough's financial accounting records revealed the general ledgers were not reconciled with subsidiary revenue and budget appropriation reports on a monthly basis.

**Criteria or Specific Requirement**

NJAC 5:30-5.7.

Division of Local Government Services Technical Accounting Directive 85-3.

**Condition**

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

**Cause**

Unknown.

**Effect**

The accuracy of the Borough's Financial Statements could be compromised.

**Recommendation**

The Borough reconcile the subsidiary revenue and budget appropriation reports to the general ledgers on a monthly basis.

**Response**

Borough personnel will continue to receive training with regards to recording and reconciliation of the bank accounts and of the various general ledgers to the subsidiary ledgers.



**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*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*.

**Finding 2016-002**

Our audit of payroll revealed the following:

- Certain employees were not paid in accordance with the Borough's salary ordinance.
- Payments to employees for unused sick/vacation days are not supported by the employees time and attendance reports, nor included the approval signature of a supervisory person.
- Employees' time and attendance information is not centrally maintained. In addition, the required valuation of accumulated sick, vacation and personal or compensatory time was not performed as of December 31, 2016.
- Certain health benefit opt-out waivers were not correctly calculated in 2016.
- The Net Payroll bank account was not reconciled during 2016 and was overdrawn by \$2,977, at year end.
- Formal written documentation supporting salary amounts is not always available in the personnel files.
- In certain instances, documentation for employee overtime was not always detailed by day, on the required municipal forms nor approved by a supervisory person.

**Criteria or Specific Requirement**

Internal Controls

**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.

**Cause**

Unknown.



**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

*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*.

**Finding 2016-002 (Continued)**

**Effect**

Under or overpayment to employees, Federal and/or State agencies may occur.

**Recommendation**

Internal control procedures over payroll processing and reporting be reviewed and enhanced.

**Response**

Borough personnel will continue to receive training with regards to payroll processing, timekeeping and financial reporting.



**BOROUGH OF DUMONT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 2015-001**

**Condition**

Monthly bank reconciliations were not prepared in a timely manner nor reconciled with the general ledgers. The Borough's general ledgers were not reconciled with the Borough's revenue and budget account status reports.

**Current Status**

See Finding 2016-001

**Finding 2015-002**

**Condition**

General Capital Fund contracts were approved by the Governing Body but were not encumbered in the internal financial accounting records. We noted \$420,491 of contracts that were not recorded as of December 31, 2015.

**Current Status**

See General Comments

**Finding 2015-003**

**Condition**

- Employees hired in 2015 were not enrolled in the PERS or PFRS pension systems.
- Documentation to support payments of the employees unused sick and vacation time was not always available for audit.
- Copies of payroll tax remittance forms filed by the third party payroll service provider were not maintained by the Borough.
- Time and attendance records were maintained by individual departments. A valuation of the accumulated time was not accurately performed at December 31, 2015.
- Payments to employees for the opt-out of health benefits were not paid in correct amounts.
- Employees receiving Worker's Compensation benefits did not have their wages reported as non-taxable. Adjustments were made to correct this during 2015.
- Deposits to the Net Payroll account were less than the actual amount of payroll checks issued.

**Current Status**

See Finding 2016-002





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



**BOROUGH OF DUMONT  
SUPPORTING DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	\$3.443	\$3.364	\$3.298

Apportionment of Tax Rate

Municipal	1.024	.998	.969
County	.275	.260	.257
Local School	2.107	2.071	2.036
Library	.037	.035	.036

Assessed Valuation

2016	<u>\$1,689,058,529</u>	
2015		<u>\$1,690,056,233</u>
2014		<u>\$1,689,579,054</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>
2016	\$ 58,190,336	\$ 57,673,333	99.11%
2015	56,892,205	56,204,590	98.79%
2014	55,940,205	55,117,357	98.52%



**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>
2016	\$ 635,242	\$ 7,135	\$ 642,377	1.10%
2015	735,116	83,887	819,003	1.44%
2014	733,400	5,706	739,106	1.32%

The Borough held a tax sale on June 8, 2016.

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>
2016	1
2015	3
2014	1

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2016 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>
2016	\$79,526
2015	79,526
2014	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	2016	\$1,909,920	\$1,250,000
	2015	1,724,852	1,110,000
	2014	1,634,159	1,100,000



**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		
Matthew Hayes	Councilman		
Louis DiPaolo	Councilman		
Donald Morrell	Councilman		
Rafael Riquelme	Councilman		
Ellen Zamechansky	Councilwoman		
John Perkins	Administrator (January to March)		
Raymond Herr	Administrator (March to December)		
	Chief Financial Officer		
Frank Berardo	Qualified Purchasing Agent (June to December)		
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**

Our audit of the Other Trust Fund revealed that escrow monies are not always refunded upon completion of project. It is recommended that the Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.

Certain municipal departments ordered goods or materials prior to the issuance of a purchase order. It is recommended that the encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.

Our audit noted that the Borough's fixed asset accounting records are not updated in a timely manner, nor integrated with the Borough's financial accounting software. It is recommended that the Borough's fixed asset accounting records be currently maintained and integrated with the Borough's financial accounting software.

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 General Capital Fund noted that the Borough's improvement authorization ledger was not in agreement with the audited balances. It is recommended that the General Capital Fund improvement authorization ledger be reviewed, adjusted and be in agreement with the audited balances.

Our audit of the Other Trust Funds revealed that various reserve balances, recreation trust balances, and payroll agency balances were not always in agreement with audited balances. It is recommended that Other Trust Fund reserve budget reports be reviewed, adjusted and be in agreement with the audited balances.

Our audit of disbursements revealed the following:

- Certain General Capital Fund contracts were not encumbered when awarded by the Governing Body.
- Documentation supporting certain purchase orders was not available for audit.
- State contracts were not approved by the Borough Council and included in the official minutes.

It is recommended that internal control procedures over expenditures be enhanced to ensure the Borough complies with the requirements of the Local Public Contracts Law.

Our audit of municipal departments revealed the following:

- Construction Code
  - The Department maintains four separate cash receipt ledgers for monies collected during the year. The certificate of occupancy inspections, garage sales and other miscellaneous receipts ledgers were not added by month nor in agreement with the Finance Department records. In addition, the cash receipts per the Department ledgers were not in agreement with the State Report submitted by the Department.
- Recreation
  - Certain receipts were not recorded in the Community Pass registration system.
  - The Community Pass records were not reconciled with the Finance Department accounting records.
- We noted differences between the cash receipts ledgers of certain municipal departments and the finance office records.



## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Prior Year Unresolved (Continued)**

It is recommended that:

- Consideration be given to consolidate and computerize the Construction Code Department cash receipts ledgers. In addition, the Construction Code ledgers be in agreement with the monthly State reports.
- The Recreation Department review Community Pass to ensure that all receipts are recorded in the system and that the records are in agreement with the Finance Department's records.
- The municipal departments reconcile their respective cash receipt ledgers with the finance office on a periodic basis.

#### **Current Year**

Our audit noted that the Borough's open purchase order report was not in agreement with the Borough's subsidiary ledgers. It is recommended that the open purchase order report be reconciled with the subsidiary budget reports.

Our audit revealed that in certain instances approved budget transfers were not posted to the correct budget line item. An audit adjustment was made to correct the posting in the Borough's appropriations reserves. It is recommended that the budget transfers be reviewed and compared with approved resolutions to ensure that the budget adjustment has been properly entered.

Our audit of the current year budget transactions noted that in certain instances, reimbursements from the library for salaries and wages, Social Security and health benefits were not applied to the proper budget account. It is recommended that all budget reimbursements be reviewed prior to posting to ensure that the proper budget line item is reimbursed.

Our audit of the Borough's health and dental insurance bills revealed that certain retirees were included on the dental insurance bill. We were unable to obtain documentation that permitted non police officer retirees to be eligible to receive dental insurance benefits upon retirement. It is recommended that health and dental insurance bills be reviewed on a monthly basis to ensure that all individuals listed on the respective insurance invoices are eligible to receive such benefits.

Our audit noted that the Borough adopted a Council on Affordable Housing (COAH) ordinance; however, a separate interest bearing account was not maintained for the fees collected. It is recommended that an interest bearing bank account be established and utilized for all COAH activities.

#### **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:

- Disposal of Yard Waste
- Locust and Brook Street Project
- Roosevelt Avenue Drainage Improvements



## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Contracts and Contracts Required To Be Advertised For NJS 40A:11-4 (Continued)**

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

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.

#### **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 5, 2016 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 2016 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 2016 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.



## **BOROUGH OF DUMONT SUPPORTING DATA**

### **RECOMMENDATIONS**

It is recommended that:

- \* 1. The Borough reconcile the subsidiary revenue and budget appropriation reports to the general ledgers on a monthly basis.
- \* 2. Internal control procedures over payroll processing and reporting be reviewed and enhanced.
- \* 3. The Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.
- \* 4. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- \* 5. The Borough's fixed asset accounting records be currently maintained and integrated with the Borough's financial accounting software.
- \* 6. 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.
- \* 7. The General Capital Fund improvement authorization ledger be reviewed, adjusted and be in agreement with the audited balances.
- \* 8. Other Trust Fund reserve budget reports be reviewed, adjusted and be in agreement with the audited balances.
- \* 9. Internal control procedures over expenditures be enhanced to ensure the Borough complies with the requirements of the Local Public Contracts Law.
- \* 10. Municipal departments reconcile their respective cash receipt ledgers with the finance office on a periodic basis.
- \* 11. Consideration be given to consolidate and computerize the Construction Code Department cash receipts ledger. In addition, the Construction Code ledgers be in agreement with the monthly State reports.
- \* 12. The Recreation Department review Community Pass to ensure that all receipts are recorded in the system and that the records are in agreement with the Financial Department's records.
- 13. The open purchase order report be reconciled with the subsidiary budget reports.
- 14. The budget transfers be reviewed and compared with approved resolutions to ensure that the budget adjustment has been properly entered.
- 15. All budget reimbursements be reviewed prior to posting to ensure that the proper budget line item is reimbursed.
- 16. An interest bearing bank account be established and utilized for COAH activities.
- 17. Health and dental insurance bills be reviewed on a monthly basis to ensure that all individuals listed on the respective insurance invoices are eligible to receive such benefits.





**BOROUGH OF DUMONT  
SUPPORTING DATA**

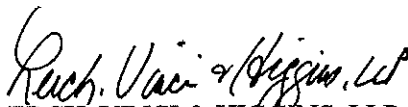
**RECOMMENDATIONS (Continued)**

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

