

BOROUGH OF DUMONT
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

BOROUGH OF DUMONT

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
Independent Auditor's Report		1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	10-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	15-16
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	17
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	19
E	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	20
Notes to Financial Statements		21-59
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Cash	60
A-5	Statement of Petty Cash Funds	61
A-6	Statement of Change Funds	61
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	61
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	62
A-9	Statement of Tax Title Liens Receivable	63
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	63
A-11	Statement of Revenue Accounts Receivable	64
A-12	Statement of Deferred Charges – N.J.S. 40A:4-53 Special Emergency Authorizations	65
A-13	Statement of Deferred Charges	65
A-14	Statement of Appropriation Reserves	66-67
A-15	Statement of Accounts Payable	68
A-16	Statement of Due From Free Public Library	68
A-17	Statement of Special Emergency Note Payable	69
A-18	Statement of Miscellaneous Reserves	69
A-19	Statement of Prepaid Taxes	70
A-20	Statement of Tax Overpayments	70
A-21	Statement of Local School District Tax Payable	70
A-22	Statement of County Taxes Payable	71
A-23	Schedule of Appropriated Grant Reserves	71
A-24	Statement of Unappropriated Reserves for Grants	72

BOROUGH OF DUMONT

**TABLE OF CONTENTS
(Continued)**

Exhibits

Page

Supplementary Schedules (Continued)

Trust Funds

B-1	Statement of Trust Cash	73
B-2	Statement of Reserve for Animal Control Expenditures	74
B-3	Statement of Due To State of New Jersey - Dog Regulation Fees	74
B-4	Statement of Due to Current Fund – Animal Control Fund	74
B-5	Statement of Escrow Deposits	75
B-6	Statement of Reserve for Unemployment Insurance Expenditures	75
B-7	Statement of Due From Current Fund	75
B-8	Statement of Miscellaneous Reserves	76
B-9	Statement of Reserve for Payroll and Payroll Deductions Payable	76
B-10	Statement of Due to State of New Jersey Unemployment Insurance Fund	77
B-11	Statement of Due from Payroll Service Provider	77

General Capital Fund

C-2	Statement of General Capital Cash	78
C-3	Analysis of General Capital Cash	79
C-4	Statement of Deferred Charges to Future Taxation - Funded	80
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	81
C-6	Statement of Grants Receivable	82
C-7	Statement of Environmental Infrastructure Trust Loan Receivable	82
C-8	Statement of Due From Current Fund	83
C-9	Statement of Reserve for Preliminary Costs	83
C-10	Statement of Reserve for Payment of Debt	83
C-11	Statement of General Serial Bonds	84
C-12	Schedule of Pension Obligation Loan Payable	85
C-13	Statement of Bond Anticipation Notes	86-87
C-14	Statement of Improvement Authorizations	88
C-15	Statement of Contracts Payable	89
C-16	Statement of Green Trust Fund Loan Payable	89
C-17	Statement of Environmental Infrastructure Trust Loan Payable	89
C-18	Statement of Capital Improvement Fund	89
C-19	Statement of Bonds and Notes Authorized But Not Issued	90

BOROUGH OF DUMONT

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
	<u>Public Assistance Fund</u>	
D-1	Statement of Public Assistance Cash	91
D-2	Statement of Reserve for Public Assistance Expenditures	91
D-3	Statement of Public Assistance Revenues	92
D-4	Statement of Public Assistance Expenditures	92
<u>Part II – Government Auditing Standards</u>		
	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	93-94
	Schedule of Federal Awards, Schedule A	95
	Schedule of State Financial Assistance, Schedule B	96
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	97-98
	Schedule of Findings and Responses	99-103
	Schedule of Prior Year Audit Findings	104
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>		
	Comparative Schedule of Tax Rate Information	105
	Comparison of Tax Levies and Collection Currently	105
	Delinquent Taxes and Tax Title Liens	106
	Property Acquired by Tax Title Lien Liquidation	106
	Comparative Schedule of Fund Balances	106
	Officials in Office and Surety Bonds	107
	General Comments	108-110
	Recommendations	111-112

PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES



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
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLSI, CPA
ROBERT AMPONSAH, CPA

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, 2015 and 2014, 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, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Dumont on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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, 2015 and 2014, 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 58 percent and 57 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

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 June 30, 2016 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. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 30, 2016

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 3,643,328	\$ 3,426,357
Change Fund	A-6	<u>250</u>	<u>250</u>
		<u>3,643,578</u>	<u>3,426,607</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	735,116	733,400
Tax Title Liens	A-9	83,887	5,706
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-11	12,746	12,107
Due from Animal Control Fund	B-4	1,315	
Due from Free Public Library	A-16	<u>-</u>	<u>1,756</u>
		<u>912,590</u>	<u>832,495</u>
Deferred Charges			
Special Emergency Authorizations	A-12	50,000	100,000
Overexpenditure of Appropriation Reserves	A-13	2,831	
Emergency Authorizations	A-13	<u>-</u>	<u>233,651</u>
		<u>52,831</u>	<u>333,651</u>
Total Assets		<u>\$ 4,608,999</u>	<u>\$ 4,592,753</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 472,889	\$ 575,573
Accounts Payable	A-15	461,716	597,704
Special Emergency Note Payable	A-17	50,000	100,000
Due to State of NJ - Senior Citizens and Veterans	A-7	1,825	2,825
Due to General Capital Fund	C-8	157,166	28
Due to Other Trust Fund	B-7	35,000	
Miscellaneous Reserves	A-18	507,449	566,802
Prepaid Taxes	A-19	231,746	170,412
Tax Overpayments	A-20	15,737	5,312
County Taxes Payable	A-22	3,403	17,012
Appropriated Reserves for Grants	A-23	17,716	58,667
Unappropriated Reserves for Grants	A-24	<u>16,910</u>	<u>31,764</u>
		1,971,557	2,126,099
Reserve for Receivables and Other Assets	A	912,590	832,495
Fund Balance	A-1	<u>1,724,852</u>	<u>1,634,159</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,608,999</u>	<u>\$ 4,592,753</u>

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,100,000	\$ 1,249,000
Miscellaneous Revenues Anticipated	2,498,015	2,497,227
Receipts from Delinquent Taxes	536,623	479,144
Receipts from Current Taxes	56,204,590	55,117,357
Non-Budget Revenues	290,241	260,548
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	406,143	235,130
Accounts Payable Cancelled	3,464	
Interfunds Returned	1,756	16,718
Statutory Excess - Animal Control	<u>1,315</u>	<u>-</u>
Total Revenues	<u>61,042,147</u>	<u>59,855,124</u>
EXPENDITURES		
Municipal Budget	20,449,329	20,212,006
County Taxes	4,376,439	4,353,730
Local District School Taxes	35,003,447	34,384,491
Refund of Prior Year Revenues		74
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>1,315</u>	<u>-</u>
Total Expenditures	<u>59,854,285</u>	<u>58,950,301</u>
Excess in Revenues	1,187,862	904,823
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>2,831</u>	<u>233,651</u>
Statutory Excess to Fund Balance	1,190,693	1,138,474
Fund Balance, January 1	<u>1,634,159</u>	<u>1,744,685</u>
	2,824,852	2,883,159
Decreased by:		
Utilization as Anticipated Revenue	<u>1,100,000</u>	<u>1,249,000</u>
Fund Balance, December 31	<u>\$ 1,724,852</u>	<u>\$ 1,634,159</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, 2015

	<u>Anticipated</u>			<u>Excess or</u>
	<u>Budget</u>	<u>NJSA 40A:4-87</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Utilized	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>-</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	14,000		14,880	\$ 880
Other	5,000		6,080	1,080
Fees and Permits				
Construction Code Official	150,000		180,313	30,313
Other	50,000		62,188	12,188
Fines and Costs - Municipal Court	150,000		135,450	(14,550)
Interest on Costs on Taxes	90,000		108,847	18,847
Interest on Investments and Deposits	12,000		12,481	481
Recreation Fees	45,000			(45,000)
Fire Inspections	20,000		14,870	(5,130)
Consolidated Municipal Property Tax Relief Aid	91,826		71,025	(20,801)
Energy Receipts Tax	1,263,426		1,284,227	20,801
Clean Community Grant	26,064	\$ 31,682	57,746	
Police Body Armor	5,346		5,346	
Recycling Tonnage Grant	18,924		18,924	
Alcohol Education and Rehabilitation	354		354	
FEMA Reimbursements	136,000		136,577	577
Police Outside Services - Admin. Fees	50,000		50,000	
General Capital Fund Balance	25,000		25,000	
Reserve for Payment of Debt	25,000		25,000	
Life Hazard Use Fees	11,000		7,283	(3,717)
Sale of Recyclables	60,000		23,890	(36,110)
PILOT - Senior Citizen Club	40,000		15,000	(25,000)
Cable Television Franchise Fees	210,000	-	242,534	32,534
Total Miscellaneous Revenues	<u>2,498,940</u>	<u>31,682</u>	<u>2,498,015</u>	<u>(32,607)</u>
Receipts from Delinquent Taxes	<u>500,000</u>	<u>-</u>	<u>536,623</u>	<u>36,623</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget	16,867,271		17,373,077	505,806
Free Public Library	606,627	-	606,627	-
	<u>17,473,898</u>	<u>-</u>	<u>17,979,704</u>	<u>505,806</u>
Total General Revenues	<u>\$ 21,572,838</u>	<u>\$ 31,682</u>	<u>22,114,342</u>	<u>\$ 509,822</u>
Non-Budget Revenues			<u>290,241</u>	
			<u>\$ 22,404,583</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, 2015
(Continued)

Analysis of Realized Revenues	
Allocation of Current Tax Collections	
Revenues from Collections	\$ 56,204,590
Less: Allocation to School and County Taxes	<u>39,379,886</u>
Balance for Support of Municipal Budget Appropriation	16,824,704
Add Appropriation - "Reserve for Uncollected Taxes"	<u>1,155,000</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 17,979,704</u></u>
Licenses-Other	
Borough Clerk	\$ 5,846
Board of Health	<u>234</u>
	<u><u>\$ 6,080</u></u>
Fees and Permits-Other	
Borough Clerk	\$ 20,084
Construction Code	1,645
Police	525
Planning and Zoning	2,650
Fire Prevention	15,904
Board of Health	<u>21,380</u>
	<u><u>\$ 62,188</u></u>

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

Analysis of Non-Budget Revenue	
AT&T Tower Rental	\$ 75,014
Metro PCS Monopole Rental	26,821
Pilot - Bergen County Housing	22,685
Miscellaneous	19,181
Admin Fee - Srs. And Veterans	3,225
Homestead Rebate Admin Fee	956
Division of Motor Vehicles	14,896
Housing Inspections	2,477
Dixon Homestead Library Reimbursements	41,353
6% Penalty	42,756
Recycling Cans	1,185
Unison Revenue Sharing	7,665
Miscellaneous Reimbursements	<u>32,027</u>
	<u>\$ 290,241</u>

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 272,370	\$ 283,670	\$ 283,563	\$ 107	
Other Expenses	85,500	100,500	93,323	7,177	
Postage	19,000	20,800	20,525	275	
Elections					
Other Expenses	14,175	13,175	12,880	295	
Financial Administration					
Salaries and Wages	129,496	142,296	142,171	125	
Other Expenses	89,278	127,978	73,857	54,121	
Assessment of Taxes					
Salaries and Wages	21,619	21,620	21,619	1	
Other Expenses	7,100	17,600	17,207	393	
Reassessment of Real Property					
Collection of Taxes					
Salaries and Wages	81,505	79,505	77,869	1,636	
Other Expenses	9,350	9,550	9,526	24	
Legal Services and Costs					
Borough Attorney - Other Expenses	75,500	63,500	61,027	2,473	
Special Counsel - Other Expenses	105,000	60,500	42,160	18,340	
Engineering					
Other Expenses	65,000	82,200	80,916	1,284	
Planning Board/Zoning Board					
Salaries and Wages	1,400	1,400	1,208	192	
Other Expenses	8,350	12,150	12,116	34	
Insurance					
Unemployment Insurance	20,000				
General Liability	329,008	329,008	309,419	19,589	
Workers Compensation	319,686	319,686	319,686		
Employee Group Health	1,727,277	1,560,779	1,560,779		
Health Benefit Waiver	17,500	28,105	28,105		
Rent Leveling Board					
Other Expenses		40	34	6	
PUBLIC SAFETY					
Fire Department					
Other Expenses	92,400	92,400	88,419	3,981	
Life Hazard Use Fees					
Salaries and Wages	21,465	21,465	20,225	1,240	
Other Expenses	7,250	7,250	6,961	289	
Aid to Volunteer Fire Companies	42,000	42,000	42,000		
Rental of Fire Houses	32,000	28,000	28,000		
Fire Hydrant Services	188,000	188,000	179,217	8,783	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY (Continued)					
Police Department					
Salaries and Wages	\$ 5,322,564	\$ 5,272,106	\$ 5,214,513	\$ 57,593	
Other Expenses	66,800	156,300	155,128	1,172	
Police Reserve - Other Expenses	4,000	4,000	1,491	2,509	
Emergency Management	2,000	2,000	106	1,894	
Volunteer Ambulance Corp.					
Other Expenses	28,000	28,000	26,000	2,000	
Municipal Prosecutor					
Salaries and Wages	7,944	7,944	7,944		
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	1,891,102	1,891,102	1,868,967	22,135	
Other Expenses	173,900	191,500	183,211	8,289	
Recycling					
Salaries and Wages	3,931	3,931	3,931	-	
Garbage and Trash Removal					
Other Expenses	1,169,992	1,169,992	1,169,992	-	
Sewer System					
Other Expenses	10,000	10,000	7,310	2,690	
Public Building and Grounds					
Salaries and Wages	130,404	130,404	129,337	1,067	
Other Expenses	41,500	43,000	42,201	799	
Shade Tree					
Other Expenses	9,000	9,000	8,375	625	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	53,609	53,610	53,610	-	
Other Expenses	81,800	81,800	70,928	10,872	
Other Expenses-Contractual (Animal Shelter)	19,000	23,200	22,198	1,002	
Hepatitis Program	500	500		500	
Environmental Commission					
Other Expenses	500	500	290	210	
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		
PARKS AND RECREATION					
Senior Citizens					
Salaries and Wages	71,061	73,486	73,486	-	
Other Expenses	13,050	15,050	14,555	495	
Parks and Playgrounds					
Salaries and Wages	84,996	87,796	87,721	75	
Other Expenses	25,850	27,250	26,279	971	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	\$ 19,000	\$ 22,000	\$ 20,950	\$ 1,050	
MUNICIPAL COURT					
Salaries and Wages	131,393	120,393	110,112	10,281	
Other Expenses	12,500	20,500	19,520	980	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	4,964	5,159	5,155	4	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	190,600	200,550	200,121	429	
Other Expenses	15,500	15,500	8,426	7,074	
UNCLASSIFIED					
Utilities					
Gasoline	150,000	150,000	100,487	49,513	
Electricity	215,000	215,000	198,369	16,631	
Telephone	84,000	100,500	99,236	1,264	
Street Lighting	175,000	183,000	178,024	4,976	
Water	22,000	27,800	27,256	544	-
Total Operations Within "CAPS"	14,024,689	14,008,050	13,676,041	332,009	-
Detail:					
Salaries and Wages	8,424,423	8,400,437	8,301,552	98,885	-
Other Expenses	5,600,266	5,607,613	5,374,489	233,124	-
DEFERRED CHARGES AND REGULATORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	345,000	355,000	353,137	1,863	
Public Employees' Retirement System	436,015	436,965	436,936	29	
Police and Firemen's Retirement Fund of NJ	987,123	992,523	992,429	94	
Defined Contribution Retirement Plan (DCRP)	1,200	1,482	1,480	2	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	1,769,338	1,785,970	1,783,982	1,988	-
Total General Appropriations for Municipal Purposes within "CAPS"	15,794,027	15,794,020	15,460,023	333,997	-

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority	\$ 1,735,527	\$ 1,735,527	\$ 1,735,028	\$ 499	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	606,627	606,627	603,686	2,941	
GENERAL GOVERNMENT					
Reserve for Tax Appeals	55,000	55,000	55,000		
Insurance					
Employee Group Health	53,998	53,998	1,250	52,748	
PUBLIC SAFETY					
Length of Service Awards Program (LOSAP)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total Other Operations - Excluded from "CAPS"	<u>2,501,152</u>	<u>2,501,152</u>	<u>2,394,964</u>	<u>106,188</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant					
State Share	26,064	57,746	25,947	31,799	
Recycling Tonnage Grant					
Other Expenses	18,924	18,924	18,924	-	
Police Body Armor					
Other Expenses	5,346	5,346	4,795	551	
Alcohol Education and Rehabilitation					
Other Expenses	<u>354</u>	<u>354</u>	<u>-</u>	<u>354</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>50,688</u>	<u>82,370</u>	<u>49,666</u>	<u>32,704</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,551,840</u>	<u>2,583,522</u>	<u>2,444,630</u>	<u>138,892</u>	<u>-</u>
Detail:					
Other Expenses	<u>2,551,840</u>	<u>2,583,522</u>	<u>2,444,630</u>	<u>138,892</u>	<u>-</u>
CAPITAL IMPROVEMENTS -					
Capital Improvement Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	\$ 700,000	\$ 700,000	\$ 700,000		
Payment of Bond Anticipation Note Principal	151,000	151,000	151,000		
Interest on Bonds	291,805	291,805	291,805		
Interest on Notes	58,068	58,073	58,072		\$ 1
Green Trust					
Loan Repayments for Principal and Interest - Bergen County Improvement Authority -	12,436	12,438	12,437		1
Loan Repayment	79,521	79,521	79,521		
NJEIT Loan Principal	352,402	352,402	352,398		4
NJEIT Loan Interest	93,088	93,088	92,903	-	185
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,738,320</u>	<u>1,738,327</u>	<u>1,738,136</u>	<u>-</u>	<u>191</u>
DEFERRED CHARGES					
Emergency Authorizations	233,651	233,651	233,651		
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>283,651</u>	<u>283,651</u>	<u>283,651</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,623,811</u>	<u>4,655,500</u>	<u>4,516,417</u>	<u>\$ 138,892</u>	<u>191</u>
Subtotal General Appropriations	20,417,838	20,449,520	19,976,440	472,889	191
RESERVE FOR UNCOLLECTED TAXES	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,155,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 21,572,838</u>	<u>\$ 21,604,520</u>	<u>\$ 21,131,440</u>	<u>\$ 472,889</u>	<u>\$ 191</u>
Adopted Budget		\$ 21,572,838			
Added by: NJSA 40A:4-87		<u>31,682</u>			
		<u>\$ 21,604,520</u>			
Cash Disbursements			\$ 18,975,073		
Accounts Payable			461,716		
Due to General Capital Fund			201,000		
Emergency Appropriations			233,651		
Special Emergency Authorizations			50,000		
Reserve for Tax Appeals			55,000		
Reserve for Uncollected Taxes			<u>1,155,000</u>		
			<u>\$ 21,131,440</u>		

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 11,422	\$ 9,821
OTHER TRUST FUND			
Cash	B-1	658,947	746,391
Due From Current Fund	B-7	35,000	-
		<u>693,947</u>	<u>746,391</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	55,017	71,086
Due from Payroll Service Provider	B-11	4,456	-
		<u>59,473</u>	<u>71,086</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investment	B	996,791	1,051,442
Contribution Receivable	B	42,550	50,400
		<u>1,039,341</u>	<u>1,101,842</u>
Total Assets		<u>\$ 1,804,183</u>	<u>\$ 1,929,140</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-3	\$ 146	\$ 146
Reserve for Animal Control Expenditures	B-2	9,961	9,675
Due to Current Fund	B-4	<u>1,315</u>	<u>-</u>
		<u>11,422</u>	<u>9,821</u>
OTHER TRUST FUND			
Reserve for Developers Escrow	B-5	60,045	63,388
Miscellaneous Reserves	B-8	606,153	507,597
Payroll Deductions Payable	B-9	<u>27,749</u>	<u>175,406</u>
		<u>693,947</u>	<u>746,391</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-10	473	1,154
Reserve for Unemployment Insurance Expenditures	B-6	<u>59,000</u>	<u>69,932</u>
		<u>59,473</u>	<u>71,086</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>1,039,341</u>	<u>1,101,842</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,804,183</u>	<u>\$ 1,929,140</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	C-2, C-3	\$ 1,368,859	\$ 1,678,094
Grants Receivable	C-6	402,424	651,112
Environmental Infrastructure Trust Loans Receivable	C-7	15,000	15,000
Deferred Charges to Future Taxation			
Funded	C-4	14,663,405	15,785,361
Unfunded	C-5	7,094,962	6,371,565
Due from Current Fund	C-8	<u>157,166</u>	<u>28</u>
Total Assets		<u>\$ 23,701,816</u>	<u>\$ 24,501,160</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes	C-13	\$ 6,508,859	\$ 5,673,000
General Serial Bonds	C-11	8,640,000	9,340,000
Pension Obligation Lease Payable	C-12	753,000	813,000
Green Trust Fund Loan Payable	C-16	136,947	146,501
Environmental Infrastructure Trust Loan Payable	C-17	5,133,458	5,485,860
Improvement Authorizations			
Funded	C-14	789,148	834,010
Unfunded	C-14	809,720	1,605,662
Contracts Payable	C-15	469,574	43,786
Reserve for Payment of Debt	C-10	37,310	62,310
Reserve for Grants Receivable	C-6	250,020	357,937
Reserve for Preliminary Costs	C-9	10,000	
Capital Improvement Fund	C-18	54,361	65,663
Fund Balance	C-1	<u>109,419</u>	<u>73,431</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 23,701,816</u>	<u>\$ 24,501,160</u>

There were bonds and notes authorized but not issued of \$793,241 and \$762,516 at December 31, 2015 and 2014, 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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Balance, January 1	\$ 73,431	\$ 64,675
Increased by:		
Premium on Bond Anticipation Notes	<u>60,988</u>	<u>33,756</u>
	134,419	98,431
Decreased by:		
Anticipated as Revenue in Current Fund Budget	<u>25,000</u>	<u>25,000</u>
Balance, December 31	<u>\$ 109,419</u>	<u>\$ 73,431</u>

**BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	D-1	\$ <u>6,528</u>	\$ <u>6,947</u>
		<u>\$ 6,528</u>	<u>\$ 6,947</u>
LIABILITIES			
Reserve for Goodwill	D-2	\$ <u>6,528</u>	\$ <u>6,947</u>
		<u>\$ 6,528</u>	<u>\$ 6,947</u>

**BOROUGH OF DUMONT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Land and Site Improvements	\$ 3,319,093	\$ 3,310,251
Buildings and Building Improvements	4,754,780	4,754,780
Machinery and Equipment	<u>8,200,966</u>	<u>7,636,969</u>
	<u>\$ 16,274,839</u>	<u>\$ 15,702,000</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 16,274,839</u>	<u>\$ 15,702,000</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014

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, 2015 AND 2014

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, 2014 balances to conform to the December 31, 2015 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, 2015 AND 2014**

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

Miscellaneous Revenues/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, 2015 AND 2014

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 as 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
 General Capital Fund
 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 2015 and 2014 the Borough Council increased the original budget by \$31,682 and \$233,651. The increases were funded by additional aid allotted to the Borough in 2015 and to emergency authorizations in 2014. In addition, the governing body approved several budget transfers during 2015 and 2014.

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>2015</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

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.

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), 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. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$5,744,351 and \$5,938,946 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,980,229 and \$6,020,724, 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>2015</u>	<u>2014</u>
Insured	\$ 5,972,624	\$ 6,013,119
Uninsured and Collateralized	<u>7,605</u>	<u>7,605</u>
	<u>\$ 5,980,229</u>	<u>\$ 6,020,724</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, 2015 and 2014, the Borough's bank balances of \$7,605 and \$7,605 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Collateral Held by Borough's Agent in the Borough's Name	<u>\$ 7,605</u>	<u>\$ 7,605</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2015</u>	<u>2014</u>
Investment in Lincoln Financial (LOSAP-Unaudited)	\$ 996,791	\$ 1,051,442

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, 2015 and 2014, \$996,791 and \$1,051,442 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust		
department but not in the Borough's name (LOSAP - Unaudited)	\$ 996,791	\$ 1,051,442

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, 2015 and 2014, 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 735,116	\$ 733,400
Tax Title Liens	<u>83,887</u>	<u>5,706</u>
	<u>\$ 819,003</u>	<u>\$ 739,106</u>

In 2015 and 2014, the Borough collected \$536,623 and \$479,144 from delinquent taxes, which represented 73% and 94%, 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>2015</u>		<u>2014</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 1,315	\$ 192,166		\$ 28
Trust Fund				
Other Trust Fund	35,000			
Animal Control Fund		1,315		
General Capital Fund	<u>157,166</u>	<u>-</u>	<u>\$ 28</u>	<u>\$ -</u>
	<u>\$ 193,481</u>	<u>\$ 193,481</u>	<u>\$ 28</u>	<u>\$ 28</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, 2015 AND 2014

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
2015			
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>
2014			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 100,000	\$ 50,000	\$ 50,000
Emergency Authorization	<u>233,651</u>	<u>233,651</u>	<u>-</u>
	<u>\$ 333,651</u>	<u>\$ 283,651</u>	<u>\$ 50,000</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:

	2015		2014	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,722,021	\$ 1,100,000	\$ 1,400,508	\$ 1,100,000
Non-Cash Surplus	<u>2,831</u>	<u>-</u>	<u>233,651</u>	<u>-</u>
	<u>\$ 1,724,852</u>	<u>\$ 1,100,000</u>	<u>\$ 1,634,159</u>	<u>\$ 1,100,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014.

	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>

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
Land and Site Improvements	\$ 3,093,893	\$ 216,358		\$ 3,310,251
Buildings and Building Improvements	4,754,780			4,754,780
Machinery and Equipment	<u>7,410,476</u>	<u>226,493</u>	<u>-</u>	<u>7,636,969</u>
	<u>\$ 15,259,149</u>	<u>\$ 442,851</u>	<u>\$ -</u>	<u>\$ 15,702,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes, Leases and Loans	\$ 21,172,264	\$ 21,458,361
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>244,448</u>	<u>126,261</u>
Net Debt Issued	20,927,816	21,332,100
Authorized But Not Issued		
General		
Bonds and Notes	<u>793,241</u>	<u>762,516</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 21,721,057</u>	<u>\$ 22,094,616</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, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
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>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 22,220,877	\$ 956,261	\$ 21,264,616
School Debt	<u>14,285,000</u>	<u>14,285,000</u>	<u>-</u>
Total	<u>\$ 36,505,877</u>	<u>\$ 15,241,261</u>	<u>\$ 21,264,616</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 64,924,155	\$ 65,290,717
Net Debt	<u>20,951,057</u>	<u>21,264,616</u>
Remaining Borrowing Power	<u>\$ 43,973,098</u>	<u>\$ 44,026,101</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>2015</u>	<u>2014</u>
\$3,250,000, 2003 Bonds, due in an annual installment of \$610,000 on May 1, 2016, interest at 3.55%	\$ 610,000	\$ 1,210,000
\$8,530,000, 2010 Bonds, due in annual installments of \$100,000 to \$1,095,000 through July, 2025, interest at 2.0% - 4.0%	<u>8,030,000</u>	<u>8,130,000</u>
	<u>\$ 8,640,000</u>	<u>\$ 9,340,000</u>

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>2015</u>	<u>2014</u>
Green Trust Fund		
\$200,000, Bonds, due in semi-annual installments of \$4,849 to \$6,157 through 2028, interest at 2%	<u>\$ 136,947</u>	<u>\$ 146,501</u>
Total Green Trust Fund	<u>\$ 136,947</u>	<u>\$ 146,501</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable (Continued)

	<u>2015</u>	<u>2014</u>
Environmental Infrastructure Trust		
\$1,675,000 Trust Loan, due in annual installments of \$80,000 to \$125,000 through 2027, interest at 3.4% to 5.0%	\$ 1,210,000	\$ 1,285,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	1,005,959	1,090,682
\$965,000 Trust Loan, due in annual installments of \$40,000 to \$70,000 through 2029, interest at 3.5% to 5.0%	780,000	820,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>2,137,499</u>	<u>2,290,178</u>
Total Environmental Infrastructure Trust	<u>5,133,458</u>	<u>5,485,860</u>
Total Intergovernmental Loans	<u>\$ 5,270,405</u>	<u>\$ 5,632,361</u>

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, 2015:

<u>Year Ended December 31,</u>	<u>Amount</u>
2016	\$ 84,861
2017	89,864
2018	95,442
2019	101,583
2020	109,268
2021-2023	<u>369,535</u>
Total. Minimum Lease Payments	850,553
Less: Amounts Representing Interest	<u>97,553</u>
Present Value of Net Minimum Lease Payments	<u>\$ 753,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans				
	Principal	Interest	Environmental Infrastructure		Green Trust		Total
			Principal	Interest	Principal	Interest	
2016	\$ 710,000	\$ 268,628	\$ 358,193	\$ 87,338	\$ 9,746	\$ 2,690	\$ 1,436,595
2017	750,000	255,800	360,663	81,338	9,942	2,495	1,460,238
2018	775,000	238,925	366,295	75,088	10,142	2,295	1,467,745
2019	800,000	219,550	376,770	68,588	10,346	2,091	1,477,345
2020	825,000	197,550	382,656	62,988	10,554	1,883	1,480,631
2021-2025	4,780,000	567,900	1,998,027	214,740	56,037	6,146	7,622,850
2026-2029	-	-	1,290,854	43,101	30,180	912	1,365,047
Total	\$ 8,640,000	\$ 1,748,353	\$ 5,133,458	\$ 633,181	\$ 136,947	\$ 18,512	\$ 16,310,451

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015	Due Within One Year
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	813,000	-	60,000	753,000	66,000
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>
	Balance, December 31, 2013	Additions	Reductions	Balance, December 31, 2014	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 10,020,000		\$ 680,000	\$ 9,340,000	\$ 700,000
Intergovernmental Loans Payable	5,987,560		355,199	5,632,361	361,956
Pension Obligation Lease	868,000	-	55,000	813,000	60,000
General Capital Fund Long-Term Liabilities	<u>\$ 16,875,560</u>	<u>\$ -</u>	<u>\$ 1,090,199</u>	<u>\$ 15,785,361</u>	<u>\$ 1,121,956</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

Bond Anticipation Notes

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, 2015 AND 2014

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
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>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2013	Increased	Decreased	Balance, December 31, 2014
1323	Reconstruction of Pershing	1.00%	6/25/2014	\$ 90,110		\$ 90,110	
1375/1407	Stormwater Sewer System Improvements	1.00%	6/25/2014	368,005		368,005	
					\$ 669,392		\$ 669,392
1393	Various General Improvements	1.00%	6/25/2014	695,385		695,385	
		1.00%	6/23/2015		640,490		640,490
1409	Library and Senior Center Handicap	1.00%	6/25/2014	73,291		73,291	
		1.00%	6/23/2015		65,920		65,920
1416	Park Improvements	1.00%	6/25/2014	174,800		174,800	
		1.00%	6/23/2015		168,772		168,772
1421	Various Capital Improvements	1.00%	6/25/2014	807,500	-	807,500	
		1.00%	6/23/2015		765,714		765,714
1431	DPW Garage Site Improvements	1.00%	6/25/2014	228,000		228,000	
		1.00%	6/23/2015		228,000		228,000
1432	Storm Sewer Improvements - Phase III	1.00%	6/25/2014	218,500		218,500	
		1.00%	6/23/2015		218,500		218,500
1434	Various Capital Improvements	1.00%	6/25/2014	414,284		414,284	
		1.00%	6/23/2015		414,284		414,284
1436	Various Storm Water Sewer Improvements	1.00%	6/25/2014	114,000		114,000	
		1.00%	6/23/2015		114,000		114,000
1438	Various Improvements - Twin Boro Field	1.00%	6/25/2014	1,139,525		1,139,525	
		1.00%	6/23/2015		1,140,000		1,140,000
1447	Installation of New Walking Path	1.00%	6/25/2014	152,000		152,000	
		1.00%	6/23/2015		152,000		152,000
1448	Improvements to DePew Street	1.00%	6/25/2014	142,850		142,850	
		1.00%	6/23/2015		52,699		52,699
1450	Acq. And Installation of Air Quality Equip.	1.00%	6/25/2014	61,750		61,750	
		1.00%	6/23/2015		61,750		61,750
1456	Improvements to DePew Street - Phase II	1.00%	6/23/2015		72,789		72,789
1460	Various Capital Improvements	1.00%	6/23/2015		537,690		537,690
1465	Library Window and Exterior Renovation	1.00%	6/23/2015		176,000		176,000
1466	Stormwater Sewer System Improvements Phase II	1.00%	6/23/2015	-	195,000	-	195,000
				<u>\$ 4,680,000</u>	<u>\$ 5,673,000</u>	<u>\$ 4,680,000</u>	<u>\$ 5,673,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2015 and 2014 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, 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>
		<u>Balance, December 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2014</u>
Reassessment of Real Property	12/16/2014	\$ 150,000		\$ 150,000	
	12/15/2015	-	\$ 100,000	-	\$ 100,000
		<u>\$ 150,000</u>	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 100,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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>
<u>2015</u>		
Sewer Infrastructure Improvements	\$ 39,960	2016
Improvements to Twin Boro Field Remediation	22,575	2016
Locust and Brook Street Improvements	6,936	2016
<u>2014</u>		
Improvements to Twin Boro Field Remediation	\$ 22,575	2015
Library Window Exterior Renovation	9,875	2015

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 \$4,058,870 and \$3,563,881 at December 31, 2015 and 2014, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

During 2015, the Borough created an accumulated leave reserve to fund the future liabilities. As of December 31, 2015, the Borough has reserved in the Other Trust Fund \$85,000 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, 2015 AND 2014

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, 2015 and 2014 were as follows:

	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015	Due Within One Year
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	16,166,634	6,810,785	1,069,141	21,908,278	-
	<u>\$ 29,632,912</u>	<u>\$ 9,717,734</u>	<u>\$ 1,631,857</u>	<u>\$ 37,718,789</u>	<u>\$ 50,000</u>

	Balance, December 31, 2013	Prior Period Adjustment (A)	Additions	Reductions	Balance, December 31, 2014	Due Within One Year
Compensated Absences	\$ 3,400,890		\$ 257,964	\$ 94,973	\$ 3,563,881	\$ 94,973
Net Pension Liability						
PERS		\$ 9,822,483	515,929	436,015	9,902,397	
PFRS	-	16,992,711	161,046	987,123	16,166,634	-
	<u>\$ 3,400,890</u>	<u>\$ 26,815,194</u>	<u>\$ 934,939</u>	<u>\$ 1,518,111</u>	<u>\$ 29,632,912</u>	<u>\$ 94,973</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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. 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 PERS 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 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, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 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, 2015, 2014 and 2013, 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>
2015	\$ 987,123	\$ 436,015	\$ 1,480
2014	932,557	387,246	1,047
2013	943,025	396,683	810

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, 2015 and 2014, the Borough had a liability of \$11,751,641 and \$9,902,397, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .05235 percent, which was a decrease of .00054 percent from its proportionate share measured as of June 30, 2014 of .05289 percent.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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)

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$797,139 and \$553,485, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$436,015 and \$387,246, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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	\$ 280,353			
Changes of Assumptions	1,262,032		\$ 311,385	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 188,944		\$ 590,129
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>197,034</u>	<u>85,645</u>	<u>241,411</u>	<u>-</u>
Total	<u>\$ 1,739,419</u>	<u>\$ 274,589</u>	<u>\$ 552,796</u>	<u>\$ 590,129</u>

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>
2016	\$ 272,285
2017	272,285
2018	272,285
2019	419,817
2020	<u>228,158</u>
	<u>\$ 1,464,830</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	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, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	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>Discount Rate</u>
2015	4.90%
2014	5.39%

BOROUGH OF DUMONT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
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, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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.

BOROUGH OF DUMONT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$21,908,278 and \$16,166,634, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .13153 percent, which was an increase of .00301 percent from its proportionate share measured as of June 30, 2014 of .12852 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,981,125 and \$1,126,549, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$987,123 and \$932,557, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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		\$ 188,966		
Changes of Assumptions	\$ 4,044,812		\$ 606,950	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		381,294		\$ 1,649,751
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	392,907	-	77,822	-
Total	<u>\$ 4,437,719</u>	<u>\$ 570,260</u>	<u>\$ 684,772</u>	<u>\$ 1,649,751</u>

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>
2016	\$ 750,007
2017	750,007
2018	750,007
2019	1,162,445
2020	454,993
	<u>\$ 3,867,459</u>

BOROUGH OF DUMONT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

BOROUGH OF DUMONT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	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>Discount Rate</u>
2015	5.79%
2014	6.32%

BOROUGH OF DUMONT
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2045

Municipal Bond Rate * From July 1, 2045
and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 28,882,066</u>	<u>\$ 21,908,278</u>	<u>\$ 16,221,777</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 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
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,921,282 and \$1,740,875, respectively. For the years ended December 31, 2015 and 2014, 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 \$239,652 and \$220,577, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$100,013 and \$72,286, 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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.

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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$24.4 billion for state active and retired members and \$40.6 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.

Actuarial Methods and Assumptions

In the July 1, 2014 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$173.9 million for 10,355 eligible retired members for Fiscal Year 2015. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$44.3 million in Fiscal Year 2015 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, 2015, 2014 and 2013 were \$283,991, \$262,540 and \$299,005, 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, 2015, 2014 and 2013 were \$7,363, \$1,599 and \$1,869, 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.

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended</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>
2015		\$ 11,046	\$ 22,135	\$ 59,000
2014	\$ 24,000	9,194	20,658	69,932
2013	22,000	9,794	24,395	57,348

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$159,352 and \$167,629, 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, 2015 and 2014, 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014, 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 \$42,550 and \$48,600 for 2015 and 2014, respectively, for eligible volunteer fire department and eligible volunteer first aid squad members into the Plan.

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

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

Vesting and Benefits

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

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

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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 SUBSEQUENT EVENTS

Bond Anticipation Notes

On June 22, 2016 the Borough issued bond anticipation notes in the amount of \$6,575,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Jefferies at an interest rate of 2.0%. These notes dated June 22, 2016 will mature on June 22, 2017.

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>
June 8, 2016	\$ 91,800
June 21, 2016	176,000
June 21, 2016	43,500

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

On June 8, 2016, the Borough adopted a refunding bond ordinance providing for the refunding of general improvement bonds and authorizing the issuance of \$6,300,000 to finance the cost thereof.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**BOROUGH OF DUMONT
STATEMENT OF CASH**

Balance, December 31, 2014		\$	3,426,357
Increased by Receipts:			
Taxes Receivable	\$	56,406,545	
Revenue Accounts Receivable		2,347,327	
Non Budget Revenue		290,241	
Prepaid Taxes		231,746	
General Capital Receipts Deposited in Current Fund		207,138	
Unappropriated Reserves for Grants		16,910	
Miscellaneous Reserves		666,188	
Tax Overpayments		10,681	
Senior Citizens' and Veterans' Deductions		161,250	
Receipts from Library		230,997	
Petty Cash		300	
			<u>60,569,323</u>
			63,995,680
Decreased by Disbursements:			
2015 Appropriations		18,975,073	
2014 Appropriation Reserves		114,677	
Accounts Payable		563,904	
Tax Overpayments		250	
County Taxes		4,390,048	
Local District School Taxes		35,003,447	
Special Emergency Note		50,000	
Appropriated Grant Reserves		43,871	
Miscellaneous Reserves		780,541	
Payments to Library		229,241	
Payments to General Capital Fund		201,000	
Petty Cash		300	
			<u>60,352,352</u>
Balance, December 31, 2015		\$	<u>3,643,328</u>

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

<u>Office</u>	<u>Petty Cash Advance</u>	<u>Petty Cash Returned</u>
Tax Collector - Treasurer	\$ 300	\$ 300
	<u>\$ 300</u>	<u>\$ 300</u>

STATEMENT OF CHANGE FUNDS

<u>Office</u>	<u>Balance, December 31, 2014</u>	<u>Balance, December 31, 2015</u>
Tax Collector - Treasurer	\$ 250	\$ 250
	<u>\$ 250</u>	<u>\$ 250</u>

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

Balance, December 31, 2014		\$ 2,825
Increased by:		
Deductions Disallowed by Tax Collector - 2014 Taxes	\$ 2,000	
Cash Receipts	<u>161,250</u>	<u>163,250</u>
		166,075
Decreased by:		
Deductions Allowed by Tax Collector	1,250	
Senior Citizens' and Veterans' Deductions Per Tax Billing	<u>163,000</u>	<u>164,250</u>
Balance, December 31, 2015		<u>\$ 1,825</u>

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

Year	Balance, December 31, 2014	Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collections		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Tax Overpayments Applied	Transferred to Tax Title Lien	Balance, December 31, 2015
				2014	2015					
2014	\$ 733,400		\$ 2,000	\$ 170,412	\$ 536,617	\$ 164,250	\$ 75,917	\$ 6	\$ 33,762	\$ 165,015
2015	-	\$ 56,892,205	-		55,869,928			-	41,597	570,101
	\$ 503,103	\$ 56,892,205	\$ 2,000	\$ 170,412	\$ 56,406,545	\$ 164,250	\$ 75,917	\$ 6	\$ 75,359	\$ 735,116

Analysis of Property Tax Levy

TAX YIELD

General Property Tax
Real Property Tax
Added Taxes (54:4-63.1 et seq.)

\$ 56,853,492
38,713
\$ 56,892,205

TAX LEVY

Local School Tax (Abstract)
County Taxes (Abstract)
County Open Space (Abstract)
Due County for Added Taxes (54:4-63.1)

\$ 4,327,469
45,567
3,403
4,376,439

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

16,867,271
606,627
38,421
17,512,319
\$ 56,892,205

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

Balance, December 31, 2014	\$ 5,706
Increased by:	
Interest and Costs on Tax Sale	\$ 2,822
Transferred from 2014 Taxes Receivable	33,762
Transferred from 2015 Taxes Receivable	<u>41,597</u>
	<u>78,181</u>
Balance, December 31, 2015	<u>\$ 83,887</u>

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2014	<u>\$ 79,526</u>
Balance, December 31, 2015	<u>\$ 79,526</u>

BOROUGH OF DUMONT
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2014</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Licenses				
Alcoholic Beverages	\$	14,880	\$	14,880
Board of Health		234		234
Borough Clerk		5,846		5,846
Fees and Permits				
Construction Code Official		180,313		180,313
Board of Health		21,380		21,380
Borough Clerk		20,084		20,084
Fire Prevention		15,904		15,904
Planning and Zoning		2,650		2,650
Police		525		525
Construction Code		1,645		1,645
Fines and Costs - Municipal Court	\$ 12,107	136,089	135,450	\$ 12,746
Interest and Cost on Taxes		108,847		108,847
Interest on Investments and Deposits		12,481		12,481
Consolidated Municipal Property Tax Relief		71,025		71,025
Energy Receipts Tax		1,284,227		1,284,227
Clean Communities Grant		31,682		31,682
Life Hazard Use Fees		7,283		7,283
Fire Inspections		14,870		14,870
FEMA Reimbursements		136,577		136,577
Sale of Recyclables		23,890		23,890
PILOT - Senior Citizens Club		15,000		15,000
Cable Television Franchise Fees	-	242,534	242,534	-
	<u>\$ 12,107</u>	<u>\$ 2,347,966</u>	<u>\$ 2,347,327</u>	<u>\$ 12,746</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>2014</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2015</u>
Reassessment of Real Property	<u>\$ 250,000</u>	<u>\$ 50,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

EXHIBIT A-13

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, <u>2014</u>	Increase in <u>2015</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2015</u>
Emergency Appropriations	\$ 233,651		\$ 233,651	
Overexpenditure of Appropriation Reserves	<u>-</u>	<u>\$ 2,831</u>	<u>-</u>	<u>\$ 2,831</u>
	<u>\$ 233,651</u>	<u>\$ 2,831</u>	<u>\$ 233,651</u>	<u>\$ 2,831</u>

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, <u>2014</u>	Encumbrances Restored to Appropriation <u>Reserves</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	Over- <u>Expenditures</u>
Salaries and Wages						
General Administration / Mayor / Clerk	\$ 2,100		\$ 2,100	\$ 2,100		
Ethics Board	450		450		\$ 450	
Financial Administration	2		2		2	
Assessment of Taxes	854		854	850	4	
Collection of Taxes	488		488		488	
Planning Board/Zoning Board	186		186		186	
Rent Leveling Board	450		450		450	
Fire Department						
Life Hazard Use Fees	1,630		1,630	1,600	30	
Police Department	25,363		25,363	25,000	363	
Streets and Roads	43,213		43,213	43,000	213	
Public Buildings and Grounds	1,359		1,359	1,350	9	
Administration of Public Assistance	234		234		234	
Senior Citizens	170		170		170	
Parks and Playgrounds	5,159		5,159	5,100	59	
Municipal Court	7,452		7,452	7,406	46	
Code Enforcement & Administration	525	-	525	-	525	-
	<u>89,635</u>	<u>-</u>	<u>89,635</u>	<u>86,406</u>	<u>3,229</u>	<u>-</u>
Other Expenses						
General Administration / Mayor / Clerk						
Other Expenses	20,683		20,683	507	20,176	
Postage	1,697		1,697		1,697	
Ethics Board	779		779		779	
Elections	65		65		65	
Financial Administration / Audit	44,158		54,158	44,000	10,158	
Assessment of Taxes	68		68		68	
Collection of Taxes	977		977		977	
Legal Services and Costs						
Borough Attorney - Other Expenses	14,907		14,907		14,907	
Special Council	16,048		16,048	919	15,129	
Engineering	5,765		5,765	6,453		\$ 688
Planning Board/Zoning Board	16		3,016	1,788	1,228	
Rent Leveling Board	850		850	78	772	
Fire Department						
Other Expenses	2,181		2,181	3,924		1,743
Life Hazard Use Fees	397		397		397	
Rental of Fire Houses	2,000		2,000		2,000	
Fire Hydrant Services	815		815		815	
Police						
Other Expenses	6,788		6,788	1,983	4,805	
Police Reserve OE	778		778		778	
Emergency Management	3,370		3,370		3,370	
Municipal Prosecutor	100		100		100	
Streets and Roads	21,574	\$ 11,766	33,340		33,340	
Garbage and Trash Removal	178,853	9,429	173,282		173,282	
Sewer System	606		606		606	
Public Buildings and Grounds	173		1,173	622	551	
Shade Tree	10,290		10,290		10,290	
Board of Health	16,439		16,439		16,439	
Animal Shelter	2,802		2,802		2,802	
Hepatitis Program	600		600		600	
Senior Citizens	1,232		1,232	546	686	

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, 2014	Encumbrances Restored to Appropriation Reserves	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed	Over- Expenditures
Other Expenses (Continued)						
Environmental Commission	\$ 100		\$ 100		\$ 100	
Parks and Playgrounds	1,949		1,949		1,949	
Celebration of Public Events	2,237		2,237		2,237	
Utilities						
Electricity	567		1,567	\$ 853	714	
Street Lighting	2,974		2,974		2,974	
Telephone	350		350	350	-	
Gasoline	23,531	\$ 9,141	32,672		32,672	
Water	8,876		8,876		8,876	
Municipal Court	3,297		3,297	848	2,449	
Code Enforcement & Administration	732		732		732	
Insurance						
General Liability	1,766		1,766		1,766	
Employee Group Health	26,892		26,892		26,892	
Health Benefit Waiver	4		4		4	
Statutory Expenditures						
Social Security System (OASI)	3,688		3,688		3,688	
PERS	956		956		956	
DCRP	88		88		88	
LOSAP	50,000		50,000	50,400		\$ 400
Alcohol Education and Rehabilitation	475		475	475	-	
Police Body Armor	2,445	-	2,445	2,445	-	-
	<u>485,938</u>	<u>30,336</u>	<u>516,274</u>	<u>116,191</u>	<u>402,914</u>	<u>2,831</u>
	<u>\$ 575,573</u>	<u>\$ 30,336</u>	<u>\$ 605,909</u>	<u>\$ 202,597</u>	<u>\$ 406,143</u>	<u>\$ 2,831</u>
2014 Appropriation Reserves			\$ 575,573			
Accounts Payable Restored to Appropriation Reserves			<u>30,336</u>			
			<u>\$ 605,909</u>			
Other Trust Fund Miscellaneous Reserves				\$ 85,000		
Appropriated Grant Reserves				2,920		
Cash Disbursements				<u>114,677</u>		
				<u>\$ 202,597</u>		

**BOROUGH OF DUMONT
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014		\$ 597,704
Increased by:		
Transfer from 2015 Budget Appropriations		<u>461,716</u>
		1,059,420
Decreased by:		
Payables Restored to Appropriation Reserves	\$ 30,336	
Payables Cancelled	3,464	
Cash Disbursements	<u>563,904</u>	
		<u>597,704</u>
Balance, December 31, 2015		<u>\$ 461,716</u>

EXHIBIT A-16

STATEMENT OF DUE FROM FREE PUBLIC LIBRARY

Balance, December 31, 2014		\$ 1,756
Increased by:		
Cash Disbursements		<u>229,241</u>
		230,997
Decreased by:		
Cash Receipts		<u>230,997</u>
Balance, December 31, 2015		<u>\$ -</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance, December 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
Reassessment of Real Property	12/16/2014	12/15/2015	\$ 100,000		\$ 100,000	
	12/15/2015	5/13/2016	-	\$ 50,000	-	\$ 50,000
			<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>
			Renewals	\$ 50,000	\$ 50,000	
			Note Retired	-	50,000	
				<u>\$ 50,000</u>	<u>\$ 100,000</u>	

EXHIBIT A-18

STATEMENT OF MISCELLANEOUS RESERVES

	<u>Balance, December 31, 2014</u>	<u>Increased</u>	<u>Disbursed</u>	<u>Balance, December 31, 2015</u>
Tax Sale Premium	\$ 391,500	\$ 237,800	\$ 291,400	\$ 337,900
Redemption of Tax Sale Certificates		415,144	415,144	
Tax Appeals	167,629	55,000	63,277	159,352
Master Plan	6,955			6,955
DCA Fees		11,169	8,820	2,349
Marriage Licenses	325	2,075	1,900	500
Homestead Rebate	393	-	-	393
	<u>\$ 566,802</u>	<u>\$ 721,188</u>	<u>\$ 780,541</u>	<u>\$ 507,449</u>
Cash Receipts		\$ 666,188		
Budget Appropriations		<u>55,000</u>		
		<u>\$ 721,188</u>		

**BOROUGH OF DUMONT
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014	\$ 170,412
Increased by:	
Collection of 2016 Taxes	<u>231,746</u>
	402,158
Decreased by:	
Application to 2015 Taxes	<u>170,412</u>
Balance, December 31, 2015	<u>\$ 231,746</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2014	\$ 5,312
Increased by:	
Cash Receipts	<u>10,681</u>
	15,993
Decreased by:	
Refunds	\$ 250
Applied to Taxes Receivable	<u>6</u>
	<u>256</u>
Balance, December 31, 2015	<u>\$ 15,737</u>

STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Increased by:	
Levy - Calendar Year	\$ 35,003,447
Decreased by:	
Payments	<u>35,003,447</u>
Balance, December 31, 2015	<u>\$ -</u>

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

Balance, December 31, 2014		\$ 17,012
Increased by:		
2015 Levy	\$ 4,327,469	
2015 County Open Space	45,567	
Added Taxes	<u>3,403</u>	
		<u>4,376,439</u>
		4,393,451
Decreased by:		
Payments		<u>4,390,048</u>
Balance, December 31, 2015		<u>\$ 3,403</u>

EXHIBIT A-23

SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2014</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2015</u>
Clean Communities Grant	\$ 21,004		\$ 8,962	\$ 12,042
Alcohol Education and Rehabilitation Fund	2,129	\$ 475		2,604
State Recycling Grant	34,909		34,909	-
Body Armor Grant	<u>625</u>	<u>2,445</u>	<u>-</u>	<u>3,070</u>
	<u>\$ 58,667</u>	<u>\$ 2,920</u>	<u>\$ 43,871</u>	<u>\$ 17,716</u>

BOROUGH OF DUMONT
STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2014</u>	Increased by <u>Receipts</u>	<u>Adjustment</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2015</u>
Clean Communities Grant	\$ 26,064			\$ 26,064	
Recycling Tonnage		\$ 10,707	\$ 18,924	18,924	\$ 10,707
Police Body Armor Fund	5,346	6,085		5,346	6,085
Alcohol Education	<u>354</u>	<u>118</u>	<u>-</u>	<u>354</u>	<u>118</u>
	<u>\$ 31,764</u>	<u>\$ 16,910</u>	<u>\$ 18,924</u>	<u>\$ 50,688</u>	<u>\$ 16,910</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, 2014	\$ 9,821	\$ 746,391	\$ 71,086
Increased by Receipts:			
Escrow Deposits	\$ 17,664		
Interest on Investments and Deposits		\$ 157	
Miscellaneous Reserves		756,657	
License Fees Collected	\$ 3,819		
Receipts from Payroll Service Provider	775	6,590	
Due to State of New Jersey	-	-	
Payroll and Payroll Deductions	<u>4,594</u>	<u>11,674,812</u>	<u>6,747</u>
	14,415	12,421,203	77,833
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	2,218		
Escrow Deposits		21,007	
Payments to State of NJ	775		22,816
Payroll and Payroll Deductions Payable		11,048,148	
Miscellaneous Reserves	-	<u>693,101</u>	-
	<u>2,993</u>	<u>11,762,256</u>	<u>22,816</u>
Balance, December 31, 2015	<u>\$ 11,422</u>	<u>\$ 658,947</u>	<u>\$ 55,017</u>

BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2014		\$ 9,675
Increased by:		
Animal Control Fees		<u>3,819</u>
		13,494
Decreased by:		
Cash Disbursements	\$ 2,218	
Statutory Excess	<u>1,315</u>	
		<u>3,533</u>
Balance, December 31, 2015		<u>\$ 9,961</u>

EXHIBIT B-3

STATEMENT OF DUE TO STATE OF NEW JERSEY
DOG REGULATION FEES

Balance, December 31, 2014		\$ 146
Increased by:		
Registration Fees - Due State of New Jersey		<u>775</u>
		921
Decreased by:		
Payments		<u>775</u>
Balance, December 31, 2015		<u>\$ 146</u>

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Increased by:		
Statutory Excess		<u>\$ 1,315</u>
Balance, December 31, 2015		<u>\$ 1,315</u>

**BOROUGH OF DUMONT
STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2014	\$ 63,388
Increased by:	
Cash Receipts	<u>17,664</u>
	81,052
Decreased by:	
Cash Disbursements	<u>21,007</u>
Balance, December 31, 2015	<u>\$ 60,045</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES

Balance, December 31, 2014	\$ 69,932
Increased by:	
Payroll Deductions	\$ 11,046
Interest on Investments and Deposits	<u>157</u>
	<u>11,203</u>
	81,135
Decreased by:	
Unemployment Insurance Claims	<u>22,135</u>
Balance, December 31, 2015	<u>\$ 59,000</u>

STATEMENT OF DUE FROM CURRENT FUND

Increased by:	
Budget Appropriation - Miscellaneous Reserves	85,000
Decreased by:	
Current Fund Anticipated Revenue - Police Outside Services	<u>50,000</u>
Balance, December 31, 2015	<u>\$ 35,000</u>

**BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2015</u>
Fire Prevention Fees	\$ 12,142	\$ 2,132	\$ 4,041	\$ 10,233
Recreation Commission	150,905	256,409	211,333	195,981
Tax Sale Premiums	200			200
Street Openings	7,718	1,000		8,718
Maintenance Bond	11,155			11,155
POAA	7,318	608	68	7,858
Drug and Alcohol	24,110	8,484	14,523	18,071
Police Outside Services	139,069	487,604	479,608	147,065
Police Donations	426			426
Shade Tree	7,778	420	4,000	4,198
Accumulated Leave		85,000		85,000
Storm Emergency	<u>146,776</u>	<u>-</u>	<u>29,528</u>	<u>117,248</u>
	<u>\$ 507,597</u>	<u>\$ 841,657</u>	<u>\$ 743,101</u>	<u>\$ 606,153</u>
Cash Receipts		\$ 756,657		
Cash Disbursements			\$ 693,101	
Due From/To Current Fund		<u>85,000</u>	<u>50,000</u>	
		<u>\$ 841,657</u>	<u>\$ 743,101</u>	

EXHIBIT B-9

STATEMENT OF ACCRUED SALARIES/WAGES AND PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2014	\$ 175,406
Increased by:	
Cash Receipts	<u>10,900,491</u>
	11,075,897
Decreased by:	
Cash Disbursements	<u>11,048,148</u>
Balance, December 31, 2015	<u>\$ 27,749</u>

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

Balance, December 31, 2014	\$ 1,154
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>22,135</u>
	23,289
Decreased by:	
Unemployment Claims Paid by:	
Unemployment Insurance Account	<u>22,816</u>
Balance, December 31, 2015	<u>\$ 473</u>

EXHIBIT B-11

STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER

Balance, December 31, 2014	\$ -
Increased by:	
Payroll Deductions Transferred to Payroll Service Provider	<u>11,046</u>
	11,046
Decreased by:	
Cash Receipts from Payroll Service Provider	<u>6,590</u>
Balance, December 31, 2015	<u>\$ 4,456</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2014		\$ 1,678,094
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 1,050,810	
Premium on Bond Anticipation Notes	60,988	
Grant Receipts	140,771	
Receipts from Current Fund	<u>201,000</u>	
		<u>1,453,569</u>
		3,131,663
Decreased by:		
Improvement Authorizations	1,531,856	
Contracts Payable	15,997	
Payment of Bond Anticipation Notes	<u>214,951</u>	
		<u>1,762,804</u>
Balance, December 31, 2015		<u>\$ 1,368,859</u>

**BOROUGH OF DUMONT
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2015**

Fund Balance	\$ 109,419
Contracts Payable	469,574
Grants Receivable	(152,404)
Loan Receivable	(15,000)
Due From Current Fund	(157,166)
Reserve for Payment of Notes	207,138
Reserve for Payment of Debt	37,310
Reserve for Preliminary Costs	10,000
Capital Improvement Fund	54,361

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	1,955
1321	Acquisition of Street Sweeper	13,690
1353	Acquisition of a Fire Truck	1,359
1363	Resurfacing of Howard Street	12,938
1364/1397	Various Improvements	926
1375	Sewer System Improvements	(608)
1380	Park Improvements	246,929
1400	Reconstruction of Short Street	63,762
1401	Reconstruction of Bussell Court	132,963
1407/1466	Various Storm Sewer Improvements	100,455
1421	Various Capital Improvements	878
1431	DPW Garage Site Improvements	21,573
1432	Phase III Storm Sewer Improvements	3,114
1436	Roosevelt Ave Flood Project	90,675
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	23,865
1464	Various Park Improvements	1,070
1465	Library Window and Exterior Restoration	1,728
1467	Road Resurfacing & Repairs to Curbs/Sidewalks	298,969
1470	Road Improvements - Depew Street - Phase III	35,391
1480	Various Capital Improvements	81,761
1481/1496	Temporary Relocation of Borough Offices	31,432
1479	Various Road Improvements	591
1490	Various Capital Improvements	(390,143)
1493	Various Improvements to Locust and Brook	6,214
		<u>\$ 1,368,859</u>

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

Balance, December 31, 2014			\$ 15,785,361
Decreased by:			
Budget Appropriations			
Serial Bonds	\$	700,000	
Green Trust Loans		9,554	
NJEIT Loan Payable		352,402	
Pension Obligation Lease		<u>60,000</u>	
			<u>1,121,956</u>
Balance, December 31, 2015			<u><u>\$ 14,663,405</u></u>

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

Ord. No.	Improvement Description	Balance, December 31, 2014	2015 Authorizations	Grant Receipts	2015 Budget Appropriation	Balance, December 31, 2015	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1250	Imports of Various Parks and Acq. Of Equip.	\$ 4,908			\$	4,908		\$ 4,908	
1275	Refund Unfunded Pension Liab	17,000				17,000		2,280	\$ 14,720
1375	Sewer System Improvements	385,000				385,000	\$ 384,392	608	
1393	Various General Improvements	640,490			\$ 36,123	604,367	604,367		
1407	Acq. of Easements and Prop. Relating to Storm Water	285,000				285,000	285,000		
1409	Library and Senior Center Handicap Access	65,920			7,371	58,549	58,549		
1416	Imports to Veteran's Memorial Park and Parks and Other Fields	168,772			6,028	162,744	162,744		
1421	Various Capital Improvements	765,714			38,823	726,891	726,891		
1431	DPW Garage Site Improvements	228,000			2,887	225,113	225,113		
1432	Phase III Storm Sewer System Improvements	218,500			2,766	215,734	215,734		
1434	Various Capital Improvements	414,284			16,247	398,037	398,037		
1436	Roosevelt Ave Flood Project	114,000			1,444	112,556	112,556		
1438	Twin Boro Field Remediation	1,140,000			39,311	1,100,689	1,100,689		
1447	Installation of New Walking Path	88,049				88,049	88,049		
1448	Improvements to DePew Street	52,699		\$ 50,404		2,295			
1450	Acq. And Installation of Air Quality Equip.	61,750				61,750	61,750		
1456	Improvements to DePew Street Phase II	72,789		44,984		27,805	27,805		
1460	Various Capital Improvements	537,690				537,690	537,690		
1465	Library Window and Exterior Restoration	176,000				176,000	176,000		
1466	Stormwater System Improvements Phase II	195,000				195,000	195,000		
1470	Road Improvements - Depew Street Phase III	170,000		111,750		58,250	58,250		
1480	Various Capital Improvements	380,000				380,000	380,000		
1481	Temporary Relocation of Borough Offices	190,000				190,000	190,000		
1479	Various Road Improvements		\$ 156,750			156,750	156,750		
1486	Various Capital Improvements (amend 1454)		75,526			75,526	75,526		
1487	Improvements to DePew Street Phase III (amend 1478)		78,534			78,534	78,534		
1490	Various Capital Improvements		490,475			490,475	490,475		
1493	Various Improvements to Locust and Brook		128,250			128,250	128,250		
1496	Temporary Relocation of Borough Offices		152,000			152,000	152,000		
		\$ 6,371,565	\$ 1,081,535	\$ 207,138	\$ 151,000	\$ 7,094,962	\$ 6,301,721	\$ 397,939	\$ 395,302
	Bond Anticipation Notes								
	Less: Excess Note Proceeds								
	Ord. No. 1448					\$ 50,404			
	Ord. No. 1456					44,984			
	Ord. No. 1470					111,750			
							207,138		
							\$ 6,301,721		
	Improvement Authorizations - Unfunded								
	Less: Unexpended Proceeds on Bond Anticipation Notes Issued								
	Ord. No. 1421							\$ 878	
	Ord. No. 1451							21,573	
	Ord. No. 1452							3,114	
	Ord. No. 1456							90,675	
	Ord. No. 1458							22,575	
	Ord. No. 1447							317	
	Ord. No. 1448							21	
	Ord. No. 1456							42	
	Ord. No. 1460							23,865	
	Ord. No. 1465							1,728	
	Ord. No. 1375/1407/1466/1344							100,455	
	Ord. No. 1470							35,391	
	Ord. No. 1480							81,761	
	Ord. No. 1481/1496							31,432	
	Ord. No. 1479							591	
									414,418
									\$ 395,302

**BOROUGH OF DUMONT
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	<u>Grant Awards</u>	Due From <u>Current Fund</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2015</u>
Community Development					
Ord No. 1354 Improvements to Memorial Park & C. Deangeles Park	\$ 123,762				\$ 123,762
Ord. No. 1493 Various Improvements to Locust Avenue and Brook Street		\$ 99,221			99,221
Bergen County Open Space					
Ord. No. 1380 Improvements to Veterans Memorial Park	12,263				12,263
Ord. No. 1416 Improvements to Veterans Memorial Park and Other Fields	157,150			\$ 140,771	16,379
Ord. No. 1447 Installation of New Walking Path	1,049				1,049
Department of Transportation					
Ord. No. 1448 Improvements to Depew Street	60,639		\$ 50,404		10,235
Ord. No. 1456 Improvements to DePew Street, Phase II	59,849		44,984		14,865
Ord. No. 1470 Improvements to Depew Street - Phase III	149,000		111,750		37,250
Historic Preservation Trust Fund					
Ord. No. 1465 Library Window and Exterior Restoration	87,400	-	-	-	87,400
	<u>\$ 651,112</u>	<u>\$ 99,221</u>	<u>\$ 207,138</u>	<u>\$ 140,771</u>	<u>\$ 402,424</u>
					Reserve for Receivable
					Pledged to Ordinance
					\$ 250,020
					152,404
					<u>\$ 402,424</u>

EXHIBIT C-7

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN RECEIVABLE

Balance, December 31, 2014	\$ 15,000
Balance, December 31, 2015	<u>\$ 15,000</u>

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

Balance, December 31, 2014	\$ 28
Increased by:	
Budget Appropriation - Current Fund	
Note Principal	\$ 151,000
Capital Improvement Fund	50,000
Grant Receipts Deposited in Current Fund	<u>207,138</u>
	<u>408,138</u>
	408,166
Decreased by:	
Anticipated as Revenue in Current Fund	
General Capital Surplus	25,000
Reserve for Payment of Debt	25,000
Receipts from Current Fund	<u>201,000</u>
	<u>251,000</u>
Balance, December 31, 2015	<u>\$ 157,166</u>

EXHIBIT C-9

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Increased by:	
Preliminary Costs - Appraisal and Environmental Investigation	<u>\$ 10,000</u>
Balance, December 31, 2015	<u>\$ 10,000</u>

EXHIBIT C-10

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2014	\$ 62,310
Decreased by:	
Anticipated as Current Fund Revenue	<u>25,000</u>
Balance, December 31, 2015	<u>\$ 37,310</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	5/1/2003	\$ 3,250,000	5/1/2016	\$ 610,000	3.55%	\$ 1,210,000	\$ 600,000	\$ 610,000
General Improvements	7/15/2010	8,530,000	7/15/2016	100,000	2.00%			
			7/15/2017	750,000	2.25%			
			7/15/2018	775,000	2.50%			
			7/15/2019	800,000	2.75%			
			7/15/2020	825,000	3.00%			
			7/15/2021	840,000	3.13%			
			7/15/2022	880,000	3.25%			
			7/15/2023	890,000	3.50%			
			7/15/2024	1,075,000	4.00%			
			7/15/2025	1,095,000	4.00%			
						<u>8,130,000</u>	<u>100,000</u>	<u>8,030,000</u>
						<u>\$ 9,340,000</u>	<u>\$ 700,000</u>	<u>\$ 8,640,000</u>

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, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Leases Outstanding</u>	<u>December 31, 2015</u>				
			<u>Date</u>	<u>Amount</u>				
Refunding - Unfunded Pension Obligation	3/15/2012	\$ 882,000	3/15/2016	\$ 66,000	1.24%			
			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%			
						\$ 813,000	\$ 60,000	\$ 753,000
						\$ 813,000	\$ 60,000	\$ 753,000

BOROUGH OF DUMONT
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue Maturity	Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
1375/1407	Stormwater Sewer System Improvements	6/26/2013	6/23/2015 6/23/2016	1.00% 1.5%	\$ 669,392	\$ 669,392	\$ 669,392	\$ 669,392
1393	Various General Improvements	12/22/2009	6/23/2015 6/23/2016	1.00% 1.5%	640,490	604,367	640,490	604,367
1409	Library and Senior Center Handicap	7/1/2011	6/23/2015 6/23/2016	1.00% 1.5%	65,920	58,549	65,920	58,549
1416	Park Improvements	7/1/2011	6/23/2015 6/23/2016	1.00% 1.5%	168,772	162,744	168,772	162,744
1421	Various Capital Improvements	7/1/2011	6/23/2015 6/23/2016	1.00% 1.5%	765,714	726,891	765,714	726,891
1431	DPW Garage Site Improvements	6/28/12	6/23/2015 6/23/2016	1.00% 1.5%	228,000	225,113	228,000	225,113
1432	Storm Sewer Improvements - Phase III	6/28/12	6/23/2015 6/23/2016	1.00% 1.5%	218,500	215,734	218,500	215,734
1434	Various Capital Improvements	6/28/12	6/23/2015 6/23/2016	1.00% 1.5%	414,284	398,037	414,284	398,037
1436	Various Storm Water Sewer Improvements	6/28/12	6/23/2015 6/23/2016	1.00% 1.5%	114,000	112,556	114,000	112,556
1438	Various Improvements - Twin Boro Field	6/28/12	6/23/2015 6/23/2016	1.00% 1.5%	1,140,000	1,100,689	1,140,000	1,100,689
1447	Installation of New Walking Path	6/26/13	6/23/2015 6/23/2016	1.00% 1.5%	152,000	88,049	152,000	88,049
1448	Improvements to DePew Street	6/26/13	6/23/2015 6/23/2016	1.00% 1.5%	52,699	52,699	52,699	52,699
1450	Acq. And Installation of Air Quality Equip.	6/26/13	6/23/2015 6/23/2016	1.00% 1.5%	61,750	61,750	61,750	61,750
1456	Improvements to DePew Street - Phase II	6/24/2014	6/23/2015 6/23/2016	1.00% 1.5%	72,789	72,789	72,789	72,789
1460	Various Capital Improvements	6/24/2014	6/23/2015 6/23/2016	1.00% 1.5%	537,690	537,690	537,690	537,690

BOROUGH OF DUMONT
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
1465	Library Window and Exterior Renovation	6/24/2014	6/24/2014 6/23/2015	6/23/2015 6/23/2016	1.00% 1.5%	\$ 176,000	\$ 176,000	\$ 176,000	\$ 176,000
1466	Stormwater System Improvements Phase II	6/24/2014	6/24/2014 6/23/2015	6/23/2015 6/23/2016	1.00% 1.5%	195,000	195,000	195,000	195,000
1478/1487	Improvements to DeFew Street - Phase III	6/23/2015	6/23/2015	6/23/2016	1.5%		248,534		248,534
1479	Various Road Improvements	6/23/2015	6/23/2015	6/23/2016	1.5%		156,750		156,750
1480	Various Capital Improvements	6/23/2015	6/23/2015	6/23/2016	1.5%		380,000		380,000
1481	Relocation of Borough Offices	6/23/2015	6/23/2015	6/23/2016	1.5%		190,000		190,000
1486	Various Capital Improvements (Amend 1434)	6/23/2015	6/23/2015	6/23/2016	1.5%		75,526		75,526
						\$ 5,673,000	\$ 6,508,859	\$ 5,673,000	\$ 6,508,859
						Renewals Paid by Budget Appropriation Excess Note Proceeds Notes Issued			
						\$	5,458,049	\$	5,458,049
							151,000		151,000
							63,951		63,951
							1,050,810		-
						\$	6,508,859	\$	5,673,000

88

**BOROUGH OF DUMONT
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2014		\$ 43,786
Increased by:		
Charges to Improvement Authorizations		<u>464,360</u>
		508,146
Decreased by:		
Payments	\$ 15,997	
Cancellations	<u>22,575</u>	
		<u>38,572</u>
Balance, December 31, 2015		<u>\$ 469,574</u>

STATEMENT OF GREEN TRUST FUND LOAN PAYABLE

Balance, December 31, 2014	\$ 146,501
Decreased by:	
2015 Budget Appropriation	<u>9,554</u>
Balance, December 31, 2015	<u>\$ 136,947</u>

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE**

Balance, December 31, 2014	\$ 5,485,860
Decreased by:	
2015 Budget Appropriation	<u>352,402</u>
Balance, December 31, 2015	<u>\$ 5,133,458</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2014	\$ 65,663
Increased by:	
Current Fund Budget Appropriation	<u>50,000</u>
	115,663
Decreased by:	
Appropriated to Finance Improvement Authorizations	\$ 51,302
Appropriated for Preliminary Costs	<u>10,000</u>
	<u>61,302</u>
Balance, December 31, 2015	<u>\$ 54,361</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2014	2015 Improvement Authorizations	Bond Anticipation Notes Issued	Balance, December 31, 2015
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
1471	Improvements to DePew Street Phase III	170,000		\$ 170,000	
1480	Various Capital Improvements	380,000		380,000	
1481/1496	Relocation of Borough Offices	190,000	\$ 152,000	190,000	152,000
1479	Various Road Improvements		156,750	156,750	
1434/1486	Various Capital Improvements		75,526	75,526	
1478/1487	Improvements to DePew Street Phase III		78,534	78,534	
1490	Various Capital Improvements		490,475		490,475
1493	Various Improvements to Locust and Brook	-	128,250	-	128,250
		<u>\$ 762,516</u>	<u>\$ 1,081,535</u>	<u>\$ 1,050,810</u>	<u>\$ 793,241</u>

PUBLIC ASSISTANCE FUND

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

Balance, December 31, 2014	\$ 6,947
Increased by:	
Donations	<u>3,541</u>
	10,488
Decreased by:	
Expenditures	<u>3,960</u>
Balance, December 31, 2015	<u>\$ 6,528</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance, December 31, 2014	\$ 6,947
Increased by:	
Revenues	<u>3,541</u>
	10,488
Decreased by:	
Expenditures	<u>3,960</u>
Balance, December 31, 2015	<u>\$ 6,528</u>

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

Revenues/Receipts
Donations

\$ 3,541

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

Expenditures/Disbursements
Current Year Assistance
Non-Reimbursable Expenditures

\$ 3,960

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
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Dumont, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2016. 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 2015-001, 2015-002 and 2015-003 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 2015-001, 2015-002 and 2015-003.


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, 2015

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, January 1, 2015</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expenditures</u>
Department of Homeland Security Federal Emergency Management Agency	97.036	\$ 136,577	\$ 136,577	\$ -	\$ 136,577	\$ 136,577	\$ -	\$ 136,577
				\$ -	\$ 136,577	\$ 136,577	\$ -	

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, 2015

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	\$ 50,404	\$ (41,986)	\$ 50,404	\$ 8,418		\$	\$ 132,615
Improvements to Depew Street, Phase II	609163	2013	44,984	(37,487)	44,984	7,497			135,135
Improvements to Depew Street, Phase III	609164	2014	111,750		111,750	111,750			111,750
Division of Criminal Justice									
Body Armor	1020-718-066-1020-001-YCJS-6120	2015	6,085						
Body Armor	1020-718-066-1020-001-YCJS-6120	2014		5,346		4,795		\$ 551	4,795
Body Armor	1020-718-066-1020-001-YCJS-6120	2013		2,445				2,445	1,822
Body Armor	1020-718-066-1020-001-YCJS-6120	2012		625				625	4,956
Department of Law and Public Safety									
NJOEM SLAHEOP Grant	1110-448-031020-22	2004							
Department of Environmental Protection									
Clean Communities Program	4900-765-178910-60	2015	31,682		31,682			31,682	
Clean Communities Program	4900-765-178910-60	2014		26,064		25,947		117	25,947
Clean Communities Program	4900-765-178910-60	2012		21,004		8,962		12,042	11,631
State Recycling Fund	*	2014	10,707						
State Recycling Fund	*	2013				18,924	\$ (18,924)		18,924
State Recycling Fund	*	2012		17,831		17,831			22,389
State Recycling Fund	*	2011		15,465		15,465			15,465
State Recycling Fund	*	2009		1,613		1,613			17,715
Administrative Offices of the Courts									
Alcohol Education and Rehabilitation	9735-760-060000-60	2015	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				\$ 13,878	\$ 238,820	\$ 221,202	\$ (18,924)	\$ 50,420	

* 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, 2015

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	\$ 136,577	\$ 31,682	\$ 168,259
General Capital Fund	<u>-</u>	<u>207,138</u>	<u>207,138</u>
Total Financial Awards	<u>\$ 136,577</u>	<u>\$ 238,820</u>	<u>\$ 375,397</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, 2015

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2015, 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	\$ 136,947
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	1,210,000
Fund Loan - 2007	1,005,959
Trust Loan - 2010	780,000
Fund Loan - 2010	<u>2,137,499</u>
	<u>\$ 5,270,405</u>

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015**

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 2015-001

Our audit of the Borough's financial accounting records revealed the following :

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

Criteria or Specific Requirement

NJAC 5:30-5.7.

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

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.

Cause

Unknown.

Effect

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

Recommendation

- Bank reconciliations be performed on a monthly basis and be in agreement with the Borough's general ledgers.
- 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 reconciling 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, 2015**

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 2015-002

Certain General Capital Fund contracts were not encumbered when awarded by the Governing Body.

Criteria or Specific Requirement

NJAC 5:30-5.4.
Division of Local Government Services Technical Accounting Directive 85-1.

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.

Cause

Unknown.

Effect

General Capital improvement authorization balances are lower than reported in the Borough's general ledger.

Recommendation

All General Capital Fund contracts be encumbered when awarded by the Governing Body.

Response

Borough personnel will continue to receive training with regards to encumbering contracts upon approval by the Governing Body.

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 2015-003

Our audit of payroll revealed the following:

- Employees hired during 2015 were not enrolled in the State pension systems in a timely manner.
- 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, 2015.
- Certain payroll tax remittance forms were not available for audit.
- Health benefit opt-out waivers were not paid at correct amounts for 2015. Certain employees received payment of the opt-out benefit for an additional pay period.
- Health benefit contributions were not withheld from the earnings of certain new employees.
- Wages earned while employees were on worker's compensation were not properly reported as non-taxable wages.
- The Net Payroll bank account was overdrawn by \$10,985, at year end.

Criteria or Specific Requirement

Internal Controls

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.

Cause

Unknown.

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 2015-003 (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, 2015**

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

There were none.

PART III
SUPPORTING DATA
AND
LETTER OF COMMENTS AND RECOMMENDATIONS

**BOROUGH OF DUMONT
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	\$3.364	\$3.298	\$3.248
<u>Apportionment of Tax Rate</u>			
Municipal	.998	.969	.952
County	.260	.257	.261
Local School	2.071	2.036	1.997
Library	.035	.036	.038

Assessed Valuation

2015	<u>\$1,690,056,233</u>	
2014		<u>\$1,689,579,054</u>
2013		<u>\$1,689,590,654</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>
2015	\$ 56,892,205	\$ 56,204,590	98.79%
2014	55,940,205	55,117,357	98.52%
2013	54,892,984	54,359,041	99.02%

**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>
2015	\$ 735,116	\$ 83,887	\$ 819,003	1.44%
2014	733,400	5,706	739,106	1.32%
2013	503,103	5,013	508,116	0.93%

The Borough held a tax sale on March 27, 2015.

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>
2015	3
2014	1
2013	1

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2015 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>
2015	\$79,526
2014	79,526
2013	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	2015	\$1,724,852	\$1,100,000
	2014	1,634,159	1,100,000
	2013	1,744,585	1,249,000

**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		
Carl J. Manna	Councilman		
Donald Morrell	Councilman		
Rafael Riquelme	Councilman		
Ellen Zamechansky	Councilwoman		
John Perkins	Administrator		
Susan Connelly	Borough Clerk		
Gregg Paster	Attorney		
Remington & Vernick Engineers, Inc.	Engineers		
Barbara Kozay	Tax Collector (1/1/15-1/31/15)		
Frank Berardo	Tax Collector (2/1/15-12/31/15)		
Donald Holdsworth	Magistrate		
Beryl Horbert	Court Administrator		
Glenda Hickey	Deputy Ct. Administrator		
James Anzevino	Tax Assessor		
Matthew Rutch	Chief Financial Officer		

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 the General Capital Fund revealed that there remains uncollected several grant receivable balances for projects which have been previously completed. It is recommended that action be taken to collect the outstanding General Capital Fund grant receivable balances or clear them of record.

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

Current Year

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:

- Documentation supporting certain purchase orders was not available for audit.
- A State contract was not approved by the Borough Council and included in the official minutes.
- Business Registration Certificates (BRC) were not always available for audit.
- Quotes were not obtained for plumbing and electrical work performed during the year.

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.

BOROUGH OF DUMONT

GENERAL COMMENTS

Current Year (Continued)

Our audit of municipal departments revealed the following:

- Construction Code
 - Deposits were not turned over to the Finance Department within 48 hours of receipt.
 - 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.
- 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.

It is recommended that:

- The Construction Code Department turn deposits over to Finance within forty-eight hours of receipt.
- Consideration be given to consolidate and computerize the Construction Code Department cash receipts ledgers.
- The Recreation Department review Community Pass to ensure that all receipts are recorded in the system.
- The Recreation Department reconcile the Community Pass records with the Finance Department's records on a monthly basis.
- The municipal departments reconcile their respective cash receipt ledgers with the finance office on a periodic basis.

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 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:

Library Exterior Restoration
Depew Street Improvements
Dumont and Locust Avenue Improvements
Solid Waste/Recycling
Sanitary Sewer 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 6, 2015 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 2015 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 1st, May 1st, August 1st, and November 1st there shall be no interest. If the office of the Tax Collector is closed on the 10th day of February, May, August or November this shall be extended to include the first business day thereafter.

2. For the year 2015 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. Bank reconciliations be performed on a monthly basis and be in agreement with the Borough's general ledgers.
2. The Borough reconcile the subsidiary revenue and budget appropriation reports to the general ledgers on a monthly basis.
3. All General Capital Fund contracts be encumbered when awarded by the Governing Body.
4. Internal control procedures over payroll processing and reporting be reviewed and enhanced.
- * 5. The Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.
- * 6. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- * 7. The Borough's fixed asset accounting records be currently maintained and integrated with the Borough's financial accounting software.
- * 8. Action be taken to collect the outstanding General Capital Fund grant receivable balances or clear them of record.
- * 9. The Borough verify on a monthly basis that the various federal and state taxes have been paid by the Borough's payroll service provider by the required due dates.
10. The General Capital Fund improvement authorization ledger be reviewed, adjusted and be in agreement with the audited balances.
11. Other Trust Fund reserve budget reports be reviewed, adjusted and be in agreement with the audited balances.
12. Internal control procedures over expenditures be enhanced to ensure the Borough complies with the Local Public Contracts Law.
13. Municipal departments reconcile their respective ledgers with the finance office on a periodic basis.
14. With regard to the Construction Code Department:
 - a. Deposits be turned over to Finance within forty-eight hours of receipt.
 - b. Consideration be given to consolidate and computerize the Construction Code Department cash receipts ledger.
15. With regard to the Recreation Department
 - a. The Community Pass reports be reviewed to ensure that all receipts are recorded in the system.
 - b. Community Pass records be reconciled with the Financial Department's records of the Borough on a monthly basis.

**BOROUGH OF DUMONT
SUPPORTING DATA**

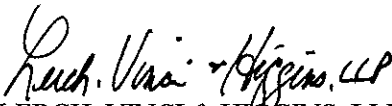
RECOMMENDATIONS (Continued)

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