

BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021

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BOROUGH OF BERGENFIELD
BERGEN COUNTY, NEW JERSEY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2021



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Bergenfield, as of December 31, 2021 and 2020, 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, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Bergenfield as of December 31, 2021 and 2020, 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, 2021 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Bergenfield as of December 31, 2021 and 2020, or changes in financial position for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Bergenfield and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Bergenfield on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Bergenfield's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Bergenfield's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Bergenfield's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Bergenfield as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Bergenfield. 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.

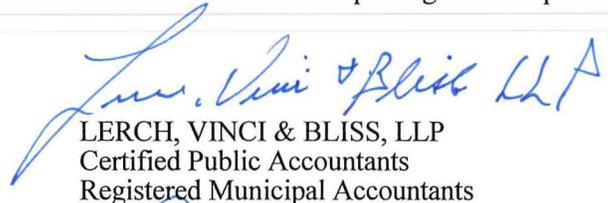
Other Information

Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2022 on our consideration of the Borough of Bergenfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Bergenfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Bergenfield's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 27, 2022

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

ASSETS	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Cash	A-4	\$19,779,132	\$17,645,776
Cash - Change Funds	A-5	3,850	3,850
Grants Receivable	A-26	<u>3,158,822</u>	<u>3,105,066</u>
		<u>22,941,804</u>	<u>20,754,692</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	960,651	885,992
Tax Title Liens	A-9		777,079
Property Acquired for Taxes (at Assessed Valuation)	A-10	1,698,373	28,173
Other Liens Receivable	A-17	2,500	2,500
Due from Animal Control Fund	B-4	6,214	6,062
Due from Other Trust Fund- FSA	B-9	2,500	2,500
Due from Other Trust Fund - Police Outside Duty	B-10		4,513
Due from Other Trust Fund-Escrow	B-11	<u>9</u>	<u>29</u>
		<u>2,670,247</u>	<u>1,706,848</u>
Total Assets		<u>\$25,612,051</u>	<u>\$22,461,540</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-12	\$ 3,499,233	\$ 3,681,741
Encumbrances Payable	A-13	1,596,845	1,635,629
Encumbrances Payable - Reserve for Grants	A-14	125,191	145,294
Accounts Payable	A-24	56,031	50,832
Reserve for Tax Appeals	A-15	2,850,993	2,747,084
Tax Overpayments	A-16	57,237	20,519
Prepaid Taxes	A-20	588,187	769,840
Due from the State of New Jersey Senior and Veteran's Discounts	A-7	7,339	5,839
Due County for Added & Omitted Taxes	A-18	62,078	71,780
Reserve for:			
Master Plan	A-23	2,570	2,570
Appropriated Reserve for Grants	A-21	3,135,265	2,696,967
Unappropriated Reserve for Grants	A-22	1,432,184	
Due to Special Improvement District	A-25	21,658	21,658
Due to Other Trust Fund	B-8	-	300,000
		<u>13,434,811</u>	<u>12,149,753</u>
Reserve for Receivables and Other Assets	A	2,670,247	1,706,848
Fund Balance	A-1	<u>9,506,993</u>	<u>8,604,939</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 25,612,051</u>	<u>\$ 22,461,540</u>

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 5,054,786	\$ 4,953,424
Miscellaneous Revenue Anticipated	A-2	4,630,124	6,459,350
Receipts from Delinquent Taxes	A-2	885,733	1,115,752
Receipts from Current Taxes	A-2	89,463,891	87,197,427
Non-Budget Revenue	A-2	357,370	632,555
Other Credits to Income			
Interfunds Returned	A	13,104	9,231
Cancel Grant Appropriated Reserve Balances	A-1	-	76,630
Cancel Prepaid Taxes	A-20	135,770	-
Statutory Excess - Animal Control	A-1, B-2	6,214	6,062
Unexpended Balances of Appropriation Reserves	A-12	<u>3,723,108</u>	<u>3,008,357</u>
		<u>104,270,100</u>	<u>103,458,788</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	14,493,125	14,218,282
Other Expenses	A-3	17,610,593	16,582,265
Deferred Charges and Statutory Expenditures - Municipal	A-3	4,859,451	3,426,150
Capital Improvements	A-3	500,000	3,802,587
Municipal Debt Service	A-3	1,799,344	1,808,102
County Taxes Payable	A-18	8,383,973	8,026,885
Local District School Taxes Payable	A-19	50,653,741	49,886,063
Other Debits to Income			
Refund Prior Year Revenue	A-4	997	2,780
Senior and Veteran's Discounts Disallowed Prior Year	A-8	3,313	3,382
Prior Year Tax Appeals Granted	A-1	-	135,770
Interfunds Advanced	A	<u>8,723</u>	<u>4,513</u>
Total Expenditures		<u>98,313,260</u>	<u>97,896,779</u>
Excess in Revenue		5,956,840	5,562,009
Fund Balance, Beginning of Year	A-1	<u>8,604,939</u>	<u>7,996,354</u>
		14,561,779	13,558,363
Decreased by			
Utilization as Anticipated Revenue	A-1	<u>5,054,786</u>	<u>4,953,424</u>
Fund Balance, End of Year	A	<u>\$ 9,506,993</u>	<u>\$ 8,604,939</u>

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 5,054,786	-	\$ 5,054,786	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	30,000		33,564	\$ 3,564
Other	A-2	4,800		5,994	1,194
Fees and Permits	A-2	55,000		55,442	442
Fines and Costs					
Municipal Court	A-11	67,000		76,421	9,421
Interest and Costs on Taxes	A-11	150,000		201,370	51,370
Interest on Investments and Deposits	A-2	40,000		36,597	(3,403)
PILOT Senior Citizen Complex	A-11	77,000		96,490	19,490
Site Rental - Crown Castle	A-11	80,000		108,948	28,948
Franchise Fees - Cablevision	A-11	159,135		159,135	-
Franchise Fees - Verizon	A-11	128,087		128,087	-
Cell Tower Rental Fee	A-11	32,000		34,875	2,875
Recycling Program	A-11	6,900		10,022	3,122
Recreation Fees	A-11	8,000		-	(8,000)
Energy Receipts Tax	A-11	1,981,657		1,981,657	-
Uniform Construction Code	A-11	531,000		586,879	55,879
Uniform Fire Safety Act	A-11	80,000		94,270	14,270
Interlocal - Bergenfield Board of Education	A-11	118,500		134,659	16,159
Municipal Alliance	A-29		\$ 5,754	5,754	
Body Armour Grant	A-29	3,569		3,569	
Distracted Driving Grant	A-29		6,000	6,000	
Drive Sober or Get Pulled Over	A-29		7,920	7,920	
Body Worn Camera Grant	A-29		81,520	81,520	
U.S. Department of Housing - First St. & Bergen Ave.	A-29		110,546	110,546	
Bergen County Open Space - Coopers Pond	A-29		158,697	158,697	
Bergen County Open Space - S.Railroad Avenue	A-29	88,521		88,521	
NJDOT - Anderson Ave.	A-29	237,450		237,450	
The Recycling Partnership	A-29		54,640	54,640	
DCA - Pedestrian Safety Improvements	A-29		50,000	50,000	
Recycling Tonnage Grant	A-29		30,626	30,626	
Bulletproof Vest Partnership - USDOJ	A-29		7,612	7,612	
Clean Communities	A-29	-	42,859	42,859	-
Total Miscellaneous Revenues	A-1	<u>3,878,619</u>	<u>556,174</u>	<u>4,630,124</u>	<u>195,331</u>
Receipts from Delinquent Taxes	A-1, A-8	700,000	-	885,733	185,733
Amount to be Raised by Taxes to Support Municipal Budget		29,931,959		31,285,166	1,353,207
Minimum Library Tax		<u>1,091,011</u>	-	<u>1,091,011</u>	-
Total Amount to be Raised by Taxes for Support Municipal Budget	A-2	<u>31,022,970</u>	-	<u>32,376,177</u>	<u>1,353,207</u>
Total General Revenues		<u>\$ 40,656,375</u>	<u>\$ 556,174</u>	<u>\$ 42,946,820</u>	<u>\$ 1,734,271</u>
Non-Budget Revenue	A-2,A-1			<u>357,370</u>	
				<u>\$ 43,304,190</u>	

The Accompanying Notes are an Integral Part of These Financial Statements

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

ANALYSIS OF REALIZED REVENUES	<u>Reference</u>	
Allocation of Current Tax Collection		
Revenue from Collections	A-8	\$ 89,463,891
Less: Allocated to School and County Taxes	A-18,A-19	<u>59,037,714</u>
Balance for Support of Municipal Budget Appropriations		30,426,177
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,950,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 32,376,177</u>
Licenses- Other		
Borough Clerk	A-11	\$ 5,255
Board of Health	A-11	<u>739</u>
	A-2	<u>\$ 5,994</u>
Fees and Permits - Other		
Board of Health Registrar	A-11	\$ 35,978
Fire Department	A-11	17,897
Police Department	A-11	<u>1,567</u>
	A-2	<u>\$ 55,442</u>
Interest on Investments and Deposits		
Due from Other Trust Fund- Escrow	B-11	\$ 160
Cash Receipts	A-11	<u>36,437</u>
	A-2	<u>\$ 36,597</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Reference</u>	
ANALYSIS OF NON-BUDGET REVENUES		
Advertising Fee		\$ 1,099
Police Alarms		16,225
Seasonal Field Fees/Park Rentals		22,410
Zoning		2,150
Memo Bills		1,950
Towing		2,750
Insurance Refund- Prior Year		40,234
Cost of Sale - Taxes		3,217
Prior Year Police Outside Detail		62,647
Police Outside Duty Admin Fees		29,355
Dwelling Inspection		62,780
DMV Inspection Fees		250
Returned Check Fee		1,100
Transaction Fee- Tax Collection		17,736
Police Salaries and Wages - Prior Year		2,975
Worker's Comp - Police		4,965
Worker's Comp - Parks		3,604
BOE - Prior Year Gasoline Reimbursement		1,723
BOE -Refund Gasoline Reimbursement		2,095
Subdivision Fee		20
Prior Year Police Refund		7,192
2% Administration Fee - Senior Citizen and Veterans Deductions		2,164
Miscellaneous		<u>68,729</u>
	A-1	<u>\$ 357,370</u>
Cash Receipts	A-4	<u>\$ 357,370</u>

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration (Administrative Executive)					
Salaries and Wages	\$ 248,300	\$ 248,300	\$ 246,300	\$ 2,000	
Other Expenses	223,750	223,750	217,818	5,932	
Grant Consultant	39,600	39,600	39,600	-	
Mayor & Council					
Salaries and Wages	60,275	60,275	40,901	19,374	
Other Expenses	1,000	1,000	-	1,000	
Municipal Clerk					
Salaries and Wages	260,100	260,100	231,276	28,824	
Other Expenses	68,350	68,350	53,940	14,410	
Financial Administration (Treasury)					
Salaries and Wages	261,900	261,900	251,522	10,378	
Other Expenses	62,200	62,200	45,434	16,766	
Audit Services					
Other Expenses	75,000	75,000	75,000	-	
Revenue Administration (Tax Collection)					
Salaries and Wages	133,100	133,100	127,951	5,149	
Other Expenses	34,450	39,450	36,624	2,826	
Tax Assessment Administration					
Salaries and Wages	30,000	30,000	28,050	1,950	
Other Expenses	32,925	32,925	30,541	2,384	
Legal Services (Legal Department)					
Other Expenses	320,000	370,000	344,069	25,931	
Engineering Services - Other Expenses	160,000	160,000	99,779	60,221	
Insurance					
Workers Compensation Insurance	620,000	620,000	600,620	19,380	
Liability Insurance	470,000	470,000	438,074	31,926	
Group Insurance Plan for Employees	5,490,176	5,490,176	4,666,565	823,611	
Health Benefit Waivers	32,000	32,000	23,573	8,427	
Planning Board					
Salaries and Wages	2,450	2,450	2,400	50	
Other Expenses	500	500	100	400	
Site Plan					
Salaries and Wages	1,250	1,250	1,200	50	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
LAND USE ADMINISTRATION					
Zoning Board of Adjustment					
Salaries and Wages	\$ 3,600	\$ 3,600	\$ 3,600	-	
Other Expenses	10,250	15,250	6,625	\$ 8,625	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	7,947,300	7,789,800	6,645,107	1,144,693	
Other Expenses	197,670	197,670	154,752	42,918	
Other Expenses - Acquisition of Police Vehicles	55,000	55,000	54,866	134	
Office of Emergency Management					
Salaries and Wages	12,000	12,000	5,500	6,500	
Other Expenses	8,800	13,800	8,700	5,100	
First Aid Organization					
Other Expenses	91,500	91,500	88,342	3,158	
Fire Official					
Salaries and Wages	154,300	154,300	122,683	31,617	
Other Expenses	17,750	17,750	13,086	4,664	
Fire Department					
Salaries and Wages	833,000	833,000	793,235	39,765	
Other Expenses	232,800	232,800	173,342	59,458	
Fire Hydrant Service	235,000	235,000	233,152	1,848	
Municipal Prosecutors Office					
Other Expenses	30,000	30,000	22,500	7,500	
Municipal Court					
Salaries and Wages	120,700	120,700	117,741	2,959	
Other Expenses	53,800	53,800	37,779	16,021	
Public Defender (P.L. 1997, C. 256)					
Other Expenses	7,000	7,000	4,000	3,000	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	761,000	761,000	654,961	106,039	
Other Expenses	247,000	247,000	165,199	81,801	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Building and Grounds					
Other Expenses	\$ 133,000	\$ 158,000	\$ 149,512	\$ 8,488	
Solid Waste Collection					
Salaries and Wages	2,502,000	2,572,000	2,542,584	29,416	
Other Expenses	379,500	379,500	348,261	31,239	
Vehicle Maintenance (Including Police)					
Other Expenses	148,000	168,000	165,339	2,661	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	238,700	241,200	238,847	2,353	
Other Expenses	157,036	157,036	128,039	28,997	
Environmental Committee					
Other Expenses	500	500	-	500	
Stima Free Initiative	3,000	3,000	1,305	1,695	
Welfare/Administration of Public Assistance					
Salaries and Wages	8,000	8,000	7,000	1,000	
Other Expenses	2,500	2,500	-	2,500	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	125,000	55,000	23,614	31,386	
Other Expenses	122,100	122,100	56,473	65,627	
Community Affairs - Senior Citizens					
Salaries and Wages	60,000	60,000	11,160	48,840	
Other Expenses	30,000	30,000	9,158	20,842	
Maintenance of Parks					
Salaries and Wages	353,000	233,000	149,643	83,357	
Other Expenses	85,000	95,000	89,700	5,300	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Celebration of Public Events					
Other Expenses	\$ 82,000	\$ 82,000	\$ 37,316	\$ 44,684	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Building Inspector					
Salaries and Wages	451,400	451,400	423,294	28,106	
Other Expenses	26,000	26,000	14,613	11,387	
Construction Code Official					
Other Expenses	2,000	2,000	352	1,648	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries and Wages	1,250	1,250	1,200	50	
Barrier-Free					
Salaries and Wages	1,250	1,250	1,200	50	
Other Expenses					
Shade Tree Board					
Salaries and Wages	1,250	1,250	600	650	
Other Expenses	800	800	260	540	
UNCLASSIFIED					
Salary and Wage Adjustment	30,000	30,000		30,000	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity and Gas	240,000	240,000	211,368	28,632	
Street Lighting	245,000	245,000	242,884	2,116	
Telephone	125,000	135,000	134,980	20	
Water	95,000	95,000	78,124	16,876	
Gasoline	275,000	275,000	247,937	27,063	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Sanitary Landfill - Tipping Fees	\$ 974,000	\$ 1,094,000	\$ 1,038,081	\$ 55,919	-
Total Operations Within "CAPS"	26,543,082	26,518,082	23,259,351	3,258,731	-
Contingent	2,500	2,500	-	2,500	-
Total Operations Including Contingent Within "CAPS"	26,545,582	26,520,582	23,259,351	3,261,231	-
Detail:					
Salaries and Wages	14,633,125	14,358,125	12,695,142	1,662,983	
Other Expenses (Including Contingent)	11,912,457	12,162,457	10,564,209	1,598,248	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	40,000	40,000	22,842	17,158	
Social Security Syst. (O.A.S.I.)	620,000	620,000	565,662	54,338	
Police and Fireman's Retirement System	1,966,787	1,966,787	1,966,786	1	
Public Employees Retirement System	832,664	832,664	832,664	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	3,459,451	3,459,451	3,387,954	71,497	-
Total General Appropriations for Municipal Purposes Within "CAPS"	30,005,033	29,980,033	26,647,305	3,332,728	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Contribution to Free Public Library NJSA 40:54-8	1,457,800	1,457,800	1,406,248	51,552	

**BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
			<u>Reserved</u>
			<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)			
UTILITY EXPENSES AND BULK PURCHASES			
Sewerage Processing and Disposal - BCUA			
Operation and Maintenance Costs	\$ 2,651,122	\$ 2,651,122	\$ 2,651,121
Debt Service Costs			\$ 1
Sewerage Processing and Disposal - Tenafly	8,500	8,500	8,500
			-
PUBLIC SAFETY			
Fire Department			
LOSAP - Other Expenses	100,000	100,000	-
			100,000
LANDFILL/SOLID WASTE DISPOSAL			
Recycling Tax	33,000	38,000	38,000
			-
RESERVE FOR TAX APPEALS			
	200,000	200,000	200,000
			-
DECLARED STATE OF EMERGENCY - CORONAVIRUS RESPONSE (40A:4-45(b) AND (40A:4-45.3(bb))			
	100,000	100,000	100,000
			-
INTERLOCAL - BERGENFIELD BOARD OF EDUCATION - SLEO			
Salaries and Wages	115,000	135,000	125,610
Other Expenses	3,500	3,500	-
			9,390
			3,500
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES			
Municipal Alliance		5,754	5,754
Municipal Alliance - Local Share	3,500	3,500	1,438
Body Armour Grant	3,569	3,569	3,569
Distracted Driving Grant		6,000	6,000
Drive Sober or Get Pulled Over		7,920	7,920
Body Worn Camera Grant		81,520	81,520
U.S. Department of Housing - First St. & Bergen Ave.		110,546	110,546
Bergen County Open Space - Coopers Pond		158,697	158,697
Bergen County Open Space - S.Railroad Avenue	88,521	88,521	88,521
NJDOT - Anderson Ave.	237,450	237,450	237,450
The Recycling Partnership		54,640	54,640
DCA - Pedestrian Safety Improvements		50,000	50,000
Recycling Tonnage Grant		30,626	30,626
Bulletproof Vest Partnership - USDOJ	-	7,612	7,612
Clean Communities	-	42,859	42,859
	-	-	-
	-	-	-
Total Operations - Excluded from "CAPS"	<u>5,001,962</u>	<u>5,583,136</u>	<u>5,416,631</u>
			<u>166,505</u>
			-
Detail:			
Salaries and Wages	115,000	135,000	125,610
Other Expenses	4,886,962	5,448,136	5,291,021
			9,390
			157,115
			-
			-

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	-	-
Total Capital Improvement Excluded from "CAPS"	500,000	500,000	500,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,535,000	1,535,000	1,535,000	-	
Interest on Bonds	250,200	250,200	250,197		\$ 3
Loan Repayments for Principal and Interest	14,180	14,180	14,147	-	33
Total Municipal Debt Service Excluded from "CAPS"	1,799,380	1,799,380	1,799,344	-	36
Deferred Charges - Unfunded Ordinance #2546	1,400,000	1,400,000	1,400,000	-	-
Total Deferred Charges-Municipal Excluded from "CAPS"	1,400,000	1,400,000	1,400,000	-	-
Total General Appropriations Excluded from "CAPS"	8,701,342	9,282,516	9,115,975	\$ 166,505	36
Total General Appropriations	38,706,375	39,262,549	35,763,280	3,499,233	36
Reserve for Uncollected Taxes	1,950,000	1,950,000	1,950,000	-	-
Total General Appropriations	\$40,656,375	\$41,212,549	\$ 37,713,280	\$ 3,499,233	\$ 36
<u>Reference</u>	A-2	A-3	A-1	A, A-1	

BOROUGH OF BERGENFIELD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-3	\$ 40,656,375	
Added by N.J.S.A. 40A:4-87	A-3	<u>556,174</u>	
		<u>\$ 41,212,549</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 33,079,283
Reserve for Uncollected Taxes	A-2		1,950,000
Encumbrances Payable	A-13		1,596,845
Reserve for Tax Appeals	A-15		200,000
Transfer of Grants to Appropriated Reserves	A-21		<u>887,152</u>
			<u>\$ 37,713,280</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	\$ <u>309,307</u>	\$ <u>302,722</u>
		<u>309,307</u>	<u>302,722</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-1	<u>21,775</u>	<u>24,504</u>
		<u>21,775</u>	<u>24,504</u>
OTHER TRUST FUND			
Cash	B-1	3,958,591	4,276,836
Due From Current Fund - Other Trust	B-8	<u>-</u>	<u>300,000</u>
		<u>3,958,591</u>	<u>4,576,836</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	2,377,910	2,036,364
Contribution Receivable	B	<u>103,789</u>	<u>86,710</u>
		<u>2,481,699</u>	<u>2,123,074</u>
Total Assets		<u>\$ <u>6,771,372</u></u>	<u>\$ <u>7,027,136</u></u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES AND RESERVES			
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-5	\$ 43,028	\$ 10,719
Reserve for Unemployment Compensation Insurance	B-6	<u>266,279</u>	<u>292,003</u>
		<u>309,307</u>	<u>302,722</u>
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-4	6,214	6,062
Due to State of New Jersey	B-3	56	496
Reserve for Animal Control Expenditures	B-2	<u>15,505</u>	<u>17,946</u>
		<u>21,775</u>	<u>24,504</u>
OTHER TRUST FUND			
Due to Current Fund - Other Trust Flex Spending	B-9	2,500	2,500
Due to Current Fund- Police Outside Duty	B-10	-	4,513
Due to Current Fund - Escrow Trust	B-11	9	29
Reserve for:			
Payroll Deductions and Withholdings	B-13	132,378	122,579
Miscellaneous Deposits	B-7	<u>3,823,704</u>	<u>4,447,215</u>
		<u>3,958,591</u>	<u>4,576,836</u>
LENGTH OF SERVICE AWARD PROGRAM			
TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>2,481,699</u>	<u>2,123,074</u>
Total Liabilities and Reserves		<u>\$ 6,771,372</u>	<u>\$ 7,027,136</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	C-2, C-3	\$ 3,622,599	\$ 5,738,107
Deferred Charges to Future Taxation			
Funded	C-4	9,740,992	11,289,122
Unfunded	C-5	<u>25,325,452</u>	<u>17,080,000</u>
Total Assets		<u>\$ 38,689,043</u>	<u>\$ 34,107,229</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13	\$ 9,700,000	\$ 11,235,000
EDA Loan Payable	C-12	40,992	54,122
Contracts Payable	C-8	18,310,987	4,145,097
Improvement Authorizations			
Funded	C-6	1,971,932	4,071,588
Unfunded	C-6	5,264,182	13,250,280
Reserve for Payment of Bonds	C-9	1,355,448	277,736
Reserve for Improvements	C-10	135,000	
Reserve for Preliminary Costs	C-11	200,000	
Capital Improvement Fund	C-7	1,224,588	637,988
Fund Balance	C-1	<u>485,914</u>	<u>435,418</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 38,689,043</u>	<u>\$ 34,107,229</u>

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 of \$25,325,452 and \$17,080,000, respectively. (Exhibit C-14)

BOROUGH OF BERGENFIELD
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, January 1	C	\$ 435,418	\$ 435,418
Increased by:			
Cancellation of Improvement Authorization	C-6	<u>50,496</u>	<u>-</u>
Balance, December 31	C	<u>\$ 485,914</u>	<u>\$ 435,418</u>

BOROUGH OF BERGENFIELD
COMPARATIVE BALANCE SHEETS- REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Land	\$ 6,540,326	\$ 6,136,563
Land Improvements	419,753	419,753
Construction in Progress	793,148	759,025
Buildings and Building Improvements	11,442,332	9,478,932
Machinery and Equipment	<u>16,297,510</u>	<u>15,962,447</u>
 Total Assets	 <u>\$ 35,493,069</u>	 <u>\$ 32,756,720</u>
 Investment in General Fixed Assets	 <u>\$ 35,493,069</u>	 <u>\$ 32,756,720</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Bergenfield (the "Borough") was incorporated in 1894 and operates under an elected Mayor 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 Bergenfield have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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

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

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

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

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2020 balances to conform to the December 31, 2021 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.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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 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.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 Bergenfield has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- Trust Funds
- General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021 and 2020 the Borough Council increased the original budget by \$556,174 and \$52,947. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2021 and 2020.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. **Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2021 and 2020, the book value of the Borough's deposits were \$27,695,254 and \$27,991,795 and bank and brokerage firm balances of the Borough's deposits amounted to \$28,133,538 and \$27,874,837, 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>2021</u>	<u>2020</u>
Insured	<u>\$ 28,133,538</u>	<u>\$ 27,874,837</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2021 and 2020, the Borough’s bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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, 2021 and 2020 the Borough had the following investments:

	<u>Fair Value</u>
<u>2021</u>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>2,377,910</u>
<u>2020</u>	
<u>Investment:</u>	
LOSAP (Unaudited)	\$ <u>2,036,364</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2021 and 2020, \$2,377,910 and \$2,036,364 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>2021</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>2,377,910</u>
<u>2020</u>	
Collateral held by pledging financial institution's trust department but not in the Borough's name (unaudited)	\$ <u>2,036,364</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2021 and 2020, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services and A- by Standard and Poors.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. 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.

Fair Value of Investments. The Borough of Bergenfield measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
<u>Current Fund</u>		
Property Taxes	\$ 960,651	\$ 885,992
Tax Title Liens	<u>-</u>	<u>777,079</u>
	<u>\$ 960,651</u>	<u>\$ 1,663,071</u>

In 2021 and 2020, the Borough collected \$885,733 and \$1,115,752 from delinquent taxes, which represented 99% and 98%, 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>2021</u>		<u>2020</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	\$ 8,723		\$ 13,104	\$ 300,000
Animal Control Fund		\$ 6,214		6,062
Other Trust Fund- Escrow		9		29
Other Trust Fund-FSA		2,500		2,500
Other Trust Fund-Outside Duty				4,513
Other Trust Fund	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
	<u>\$ 8,723</u>	<u>\$ 8,723</u>	<u>\$ 313,104</u>	<u>\$ 313,104</u>

The above balances are the result of revenues earned in one fund that are due to another fund as well as accumulated absences not transferred to another fund.

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 6 FUND BALANCES APPROPRIATED

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

	<u>2021</u>		<u>2020</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,348,171	\$ 5,000,000	\$ 5,499,873	\$ 5,054,786
Non-Cash Surplus	<u>3,158,822</u>	<u>-</u>	<u>3,105,066</u>	<u>-</u>
	<u>\$ 9,506,993</u>	<u>\$ 5,000,000</u>	<u>\$ 8,604,939</u>	<u>\$ 5,054,786</u>

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2021 and 2020.

	<u>Balance December 31,</u>				<u>Balance,</u>
	<u>2021</u>	<u>2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>
Land	\$ 6,136,563	\$ 403,763			\$ 6,540,326
Land Improvements	419,753				419,753
Buildings and Building Improvements	9,478,932	1,963,400			11,442,332
Construction In Progress	759,025	34,123			793,148
Machinery and Equipment	<u>15,962,447</u>	<u>826,813</u>	<u>\$ (491,750)</u>	<u>-</u>	<u>16,297,510</u>
	<u>\$ 32,756,720</u>	<u>\$ 3,228,099</u>	<u>\$ (491,750)</u>	<u>\$ -</u>	<u>\$ 35,493,069</u>
	<u>Balance December 31,</u>				<u>Balance,</u>
	<u>2020</u>	<u>2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>
Land	\$ 6,136,563				\$ 6,136,563
Land Improvements	21,750	\$ 398,003			419,753
Buildings and Building Improvements	9,440,141	38,791			9,478,932
Construction In Progress	717,848	41,177			759,025
Machinery and Equipment	<u>15,720,794</u>	<u>297,405</u>	<u>\$ (55,752)</u>	<u>-</u>	<u>15,962,447</u>
	<u>\$ 32,037,096</u>	<u>\$ 775,376</u>	<u>\$ (55,752)</u>	<u>\$ -</u>	<u>\$ 32,756,720</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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 and acquisitions or other purposes permitted by the Local Bond Law, 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>2021</u>	<u>2020</u>
Issued		
General		
Bonds, Notes and Loans	\$ 9,740,992	\$ 11,289,122
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,355,448</u>	<u>277,736</u>
Net Debt Issued	<u>8,385,544</u>	<u>11,011,386</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>25,325,452</u>	<u>17,080,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 33,710,996</u>	<u>\$ 28,091,386</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.016% and 0.886% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	<u>\$ 35,066,444</u>	<u>\$ 1,355,448</u>	<u>\$ 33,710,996</u>
Total	<u>\$ 35,066,444</u>	<u>\$ 1,355,448</u>	<u>\$ 33,710,996</u>
<u>2020</u>			
General Debt	<u>\$ 28,369,122</u>	<u>\$ 277,736</u>	<u>\$ 28,091,386</u>
Total	<u>\$ 28,369,122</u>	<u>\$ 277,736</u>	<u>\$ 28,091,386</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 116,098,969 <u>33,710,996</u>	\$ 110,918,279 <u>28,091,386</u>
Remaining Borrowing Power	<u>\$ 82,387,973</u>	<u>\$ 82,826,893</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>2021</u>	<u>2020</u>
\$11,700,000, 2019 General Improvement Bonds, due in annual installments of \$1,000,000 to \$1,250,000 through February 15, 2029, interest from 2.00% to 3.00%	\$ 9,700,000	\$ 10,700,000
\$3,020,000, 2015 Refunding Bonds, due in annual installments of \$535,000 through August 1, 2021, interest at 1.710%	<u>-</u>	<u>535,000</u>
	<u>\$ 9,700,000</u>	<u>\$ 11,235,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the Green Trust Loan. 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>2021</u>	<u>2020</u>
\$227,500, 2004 Loan, due in Semi-annual installments of \$13,130 to \$13,936 through September 2024, interest at 2%	\$ 40,992	\$ 54,122
	<u>\$ 40,992</u>	<u>\$ 54,122</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	<u>General</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 1,200,000	\$ 219,000	\$ 13,393	\$ 753	\$ 1,433,146
2023	1,200,000	195,000	13,663	484	1,409,147
2024	1,200,000	171,000	13,936	209	1,385,145
2025	1,200,000	147,000			1,347,000
2026	1,200,000	123,000			1,323,000
2027-2029	<u>3,700,000</u>	<u>168,000</u>	<u>-</u>	<u>-</u>	<u>3,868,000</u>
Total	<u>\$ 9,700,000</u>	<u>\$ 1,023,000</u>	<u>\$ 40,992</u>	<u>\$ 1,446</u>	<u>\$ 10,765,438</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund					
Bonds Payable	\$ 11,235,000		\$ 1,535,000	\$ 9,700,000	\$ 1,200,000
Intergovernmental Loans Payable	<u>54,122</u>	<u>-</u>	<u>13,130</u>	<u>40,992</u>	<u>13,393</u>
General Capital Fund Long-Term Liabilities	<u>\$ 11,289,122</u>	<u>\$ -</u>	<u>\$ 1,548,130</u>	<u>\$ 9,740,992</u>	<u>\$ 1,213,393</u>
	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
General Capital Fund					
Bonds Payable	\$ 12,750,000		\$ 1,515,000	\$ 11,235,000	\$ 1,535,000
Intergovernmental Loans Payable	<u>66,993</u>	<u>-</u>	<u>12,871</u>	<u>54,122</u>	<u>13,130</u>
General Capital Fund Long-Term Liabilities	<u>\$ 12,816,993</u>	<u>\$ -</u>	<u>\$ 1,527,871</u>	<u>\$ 11,289,122</u>	<u>\$ 1,548,130</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough’s short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2020</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
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2021

General Capital Fund

THERE WERE NONE

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2019</u>	<u>Renewed/ Re-issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2020</u>
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2020

General Capital Fund

THERE WERE NONE

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

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2021</u>			
	Utility Infrastructure Repairs	\$ 427,262	2022
	Construction Management Services for New Municipal Building	15,534,000	2022
	2021 Road Improvement Project	91,708	2022
	Vivyen Field and Other Park Improvements	216,048	2022
<u>2020</u>			
	Utility Infrastructure Repairs	\$ 580,109	2021
	Record Retention Services	415,271	2021
	Construction Management Services for New Municipal Building	367,197	2021
	W Clinton Ave Roadway Rehab.	372,368	2021
	2020 Road Improvement Project	738,410	2021
	Pipe Line Service	235,369	2021

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences (Modify as necessary)

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal time, 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.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,005,957 and \$2,071,207 at December 31, 2021 and 2020, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2021 and 2020, the Borough has reserved in the Other Trust Fund \$1,451,394 and \$1,521,797, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

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 notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 2,071,207	\$ 29,909	\$ 95,159	\$ 2,005,957	
Net Pension Liability- PERS (1)	12,412,415		-	12,412,415	
Net Pension Liability- PFRS (1)	22,706,051	-		22,706,051	
Net OPEB Obligation (1)	46,330,617	-		46,330,617	
Net OPEB Obligation- Other for Prescription and Dental	<u>36,061,038</u>	<u>618,273</u>	<u>-</u>	<u>36,679,311</u>	<u>-</u>
	<u>\$ 119,581,328</u>	<u>\$ 648,182</u>	<u>\$ 95,159</u>	<u>\$ 120,134,351</u>	<u>\$ -</u>

	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 2,152,352	\$ 131,453	\$ 212,598	\$ 2,071,207	
Net Pension Liability- PERS	14,680,693		2,268,278	12,412,415	
Net Pension Liability- PFRS	21,644,768	1,061,283		22,706,051	
Net OPEB Obligation	32,583,855	13,746,762		46,330,617	
Net OPEB Obligation- Other for Prescription and Dental	<u>30,225,524</u>	<u>5,835,514</u>	<u>-</u>	<u>36,061,038</u>	<u>-</u>
	<u>\$ 101,287,192</u>	<u>\$ 20,775,012</u>	<u>\$ 2,480,876</u>	<u>\$ 119,581,328</u>	<u>\$ -</u>

- (1) GASB Statement Numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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 cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 for 2021 and 2020 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2021 and 2020 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2021, 2020 and 2019 were equal to the required contributions.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2021, 2020 and 2019, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2021	\$ 1,966,786	\$ 832,664	\$ 22,842
2020	1,786,561	794,589	22,439
2019	1,829,230	813,318	27,015

In addition for the years ended December 31, 2021, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$-0-, \$2,016 and \$4,991, respectively for PERS and \$-0- for PFRS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough reported a liability of \$12,412,415 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was 0.07611 percent, which was a decrease of 0.00536 percent from its proportionate share measured as of June 30, 2019 of 0.08147 percent.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2020, the pension system has determined the Borough's pension expense to be \$78,461 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$794,589. At December 31, 2020, 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:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 226,010	\$ 43,896
Changes of Assumptions	402,673	5,197,196
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	424,266	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>456,678</u>	<u>1,200,789</u>
Total	<u>\$ 1,509,627</u>	<u>\$ 6,441,881</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (1,701,323)
2022	(1,620,091)
2023	(1,016,996)
2024	(492,612)
2025	(101,232)
Thereafter	<u>-</u>
	<u>\$ (4,932,254)</u>

**BOROUGH OF BERGENFIELD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 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, 2020, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 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:

	<u>2020</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 15,625,160</u>	<u>\$ 12,412,415</u>	<u>\$ 9,686,313</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2020 the Borough reported a liability of \$22,706,051 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was 0.17572 percent, which was an increase of 0.02297 percent from its proportionate share measured as of June 30, 2019 of 0.15275 percent.

For the year ended December 31, 2020, the pension system has determined the Borough pension expense (benefit) to be \$1,003,193 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$1,786,561. At December 31, 2020, 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:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 228,916	\$ 81,489
Changes of Assumptions	57,140	6,087,357
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,331,362	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>73,189</u>	<u>1,616,562</u>
Total	<u>\$ 1,690,607</u>	<u>\$ 7,785,408</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense/(benefit) as follows:

Year Ending December 31,	<u>Total</u>
2021	\$ (2,197,719)
2022	(2,111,501)
2023	(1,094,602)
2024	(496,865)
2025	(194,114)
Thereafter	<u>-</u>
	<u>\$ (6,094,801)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 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, 2020, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

Calendar		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 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:

	<u>2020</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 30,194,374	\$ 22,706,051	\$ 16,486,426

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 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 nonemployee contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,523,876. For the year ended December 31, 2020, 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 \$399,361 which is more than the actual contribution the State made on behalf of the Borough of \$271,160. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was 0.17573 percent, which a decrease of 0.00114 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of 0.17687 percent. 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 BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2021, 2020 and 2019 were \$1,669,964, \$1,547,347 and \$1,481,083, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2021, 2020 and 2019 were \$163,224, \$133,439 and \$138,864, respectively.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2020, the Borough reported a liability of \$46,330,617, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net OPEB liability was based on the ratio of the Borough’s proportionate share of the OPEB liability attributable to the Borough at June 30, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the Borough’s proportionate share was 0.25816 percent, which was an increase of 0.01762 percent from its proportionate share measured as of June 30, 2019 of 0.24054 percent.

For the year ended December 31, 2020, the Plan has determined the Borough’s OPEB expense to be \$153,980, based on the actuarial valuation which is less than the actual contributions reported in the Borough’s financial statements of \$1,547,347. At December 31, 2020, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,220,313	\$ 8,627,625
Changes of Assumptions	6,929,602	10,303,214
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	29,423	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	5,681,327	5,684,486
Contributions made Subsequent to the Measurement Date	-	-
Total	\$ 13,860,665	\$ 24,615,325

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (2,198,244)
2023	(2,338,292)
2024	(2,233,254)
2025	(2,248,719)
2026	(1,645,452)
Thereafter	<u>(90,699)</u>
	<u>\$ (10,754,660)</u>

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	2.21%
2019	June 30, 2019	3.50%

The discount rate represents the municipal bond return rate as chosen by the State. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.21% or 1-percentage-point higher 3.21% than the current rate:

<u>2020</u>	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 54,772,578</u>	<u>\$ 46,330,617</u>	<u>\$ 39,648,037</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough’s proportionate share of the net OPEB liability as of December 31, 2020 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2020</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 38,338,633</u>	<u>\$ 46,330,617</u>	<u>\$ 56,796,229</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Borough’s net OPEB liability was not provided by the pension system.

Borough Administered Post-Retirement Health Benefits Program

In addition to the State sponsored health benefit program plan, the Borough sponsors and administers a post-retirement prescription and dental benefits program plan.

Plan Description

The Borough provides a postemployment healthcare plan (OPEB) for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The Borough provides other post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree’s spouse and/or dependents under certain agreements continues upon the death of the retiree. For an employee to qualify for employer provided other post-retirement medical benefits, they shall have retired in compliance with the requirements of the Public Employees Retirement System and the Police and Firemen’s Retirement System. Under certain employment contracts, the other post-retirement medical benefits can begin for eligible employees upon retirement for a period beginning at age 55. Under certain employment contracts, employee provided other post-retirement medical benefits are provided to certain employees and their dependents upon permanent disability or death in the line of duty.

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Employees Covered by Postemployment Benefits

At December 31, 2021 and 2020, the following employees were covered by postemployment health care benefits:

	<u>2021 (2)</u>	<u>2020</u>
Active Employees	137	137
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>132</u>	<u>132</u>
Inactive Employees Entitles to But Not Yet Receiving Benefits	<u>269</u>	<u>269</u>

(2) – Membership Count as of 12/31/2021 not provided on Actuary Report

At December 31, 2021 and 2020, the Borough’s total OPEB liabilities were \$36,679,311 and \$36,061,398, respectively. Net OPEB liability was measured as of December 31, 2021 and 2020, respectively, and the OPEB liability was determined by an actuarial valuation as of January 1, 2021 and 2020, respectively.

For the years ended December 31, 2021 and 2020, the Borough has determined it’s OPEB expense to be \$2,013,431 and \$2,123,230, respectively, based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$757,335 and \$749,309, respectively. At December 31, 2021 and 2020, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	<u>2021</u>		<u>2020</u>	
	<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	\$ 1,399,447	\$ 693,372		\$ 833,855
Changes of Assumptions	5,284,829	1,261,341	\$ 6,201,601	
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments				
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions				
Contributions made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,684,276</u>	<u>\$ 1,954,713</u>	<u>\$ 6,201,601</u>	<u>\$ 833,855</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ 796,018
2023	796,018
2024	796,018
2025	796,022
2026	851,244
Thereafter	<u>694,243</u>
	<u>\$ 4,729,563</u>

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2021 was based on the December 31, 2021 measurement date as determined by an actuarial valuation as of January 1, 2021, which was rolled forward to December 31, 2021. The total OPEB liability reported for the year ended December 31, 2020 was based on the December 31, 2020 measurement date as determined by an actuarial valuation as of January 1, 2020, which was rolled forward to December 31, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2021</u>	<u>2020</u>
Inflation Rate	3.00%	3.00%
Salary Increases	3.00%	3.00%
Discount Rate	2.25%	1.93%
Healthcare Cost Trend Rates	8% decreased to 5% ultimate	8% decreased to 5% ultimate
Retirees' Share of Benefit-Related Costs	None	None

The discount rate was based on S&P Municipal Bond 20 Year High Grade Bond Index for 2021 for 2020.

Actuarial Valuation Method – Entry Age Normal Funding Method based on a level percentage of salary. 2021 salaries were reported as \$13,675,542.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the Borough's OPEB liability for the years ended December 31, 2021 and 2020 based on measurement dates of January 1, 2021 and 2020, respectively are as follows:

	Total OPEB Liability 2021	Total OPEB Liability 2020
Balance - Beginning of Year	<u>\$ 36,061,398</u>	<u>\$ 30,225,524</u>
Changes for the Year:		
Service Cost	\$ 528,736	\$ 373,803
Interest on the Total OPEB Liability	688,677	973,138
Changes of Benefit Terms		
Differences Between Expected and Actual Experience	1,599,368	(369,486)
Changes in Assumptions	(1,441,533)	5,607,728
Benefit Payments	<u>(757,335)</u>	<u>(749,309)</u>
Net Changes	<u>617,913</u>	<u>5,835,874</u>
Balance - End of Year	<u>\$ 36,679,311</u>	<u>\$ 36,061,398</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's net OPEB liability as of December 31, 2021 and 2020 calculated using the discount rate of 2.25% and 1.93%, respectively, as well as what the Borough's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.25% and 0.93%, respectively or 1-percentage-point higher 3.25% and 2.93%, respectively than the current rate:

<u>2021</u>	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB Liability	<u>\$ 41,187,042</u>	<u>\$ 36,679,311</u>	<u>\$ 32,171,580</u>
<u>2020</u>	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Net OPEB Liability	<u>\$ 40,276,880</u>	<u>\$ 36,061,398</u>	<u>\$ 31,845,916</u>

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough’s net OPEB liability as of December 31, 2021 and 2020 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0% to 4.0%)	Healthcare Cost Trend Rates (8.0% to .5%)	1% Increase (9.0% to 6.0%)
<u>2021</u>			
Net OPEB Liability	\$ 34,355,631	\$ 36,679,311	\$ 39,361,511
	1% Decrease (7.0% to 4.0%)	Healthcare Cost Trend Rates (8.0% to .5%)	1% Increase (9.0% to 6.0%)
<u>2020</u>			
Net OPEB Liability	\$ 33,834,520	\$ 36,061,398	\$ 38,626,839

NOTE 13 RISK MANAGEMENT

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

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

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

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

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

BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 RISK MANAGEMENT (Continued)

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

<u>Year Ended</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>
2021	\$ -	\$ 17,713	\$ 43,437	\$ 266,279
2020	-	17,946	16,867	292,003
2019	-	17,925	60,989	290,924

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2020. 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, 2021 and 2020, the Borough reserved \$2,850,993 and \$2,747,084, 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, 2021 and 2020, 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 BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2021 and 2020, the Borough had no estimated arbitrage earnings due to the IRS.

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

The Borough of Bergenfield Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 19, 2019 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Bergenfield approved the adoption of the Plan at the general election held on November 2, 1999.

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

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

The Borough of Bergenfield has contributed \$1,314 and \$1,314 for 2021 and 2020, respectively, for each eligible volunteer member 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.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”), the Five-Year Exemption and Abatement Law (the “FYEA”) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2021 and 2020 the Borough abated property taxes totaling \$445,500 and \$445,500, respectively, under this law. The Borough received \$96,490 and \$94,595 in PILOT payments under this program for the years ended December 31, 2021 and 2020, respectively.

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

**BOROUGH OF BERGENFIELD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The Borough of Bergenfield's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Bergenfield's primary revenue source for supporting its budget. The Borough of Bergenfield cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough will receive \$2,860,278 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$1,430,139. The Borough utilized this first installment in the 2022 budget for public health mitigation measures in the planned new municipal building. The Borough has not yet determined how it will spend the second installment to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 19 SUBSEQUENT EVENTS

Serial Bonds

On June 21, 2022 the Borough adopted a resolution for the issuance of \$27,870,000 General Improvement Bonds for the purpose of funding various capital improvements of the Borough. The Bonds are schedule to be sold on July 21, 2022.

Debt Authorized

On April 5, 2022 the Borough adopted a bond ordinance authorizing the issuance \$1,915,000 in Bonds or bond anticipation notes to fund certain capital projects. On June 21, 2022 the Borough adopted a bond ordinance authorizing the issuance of \$2,185,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF BERGENFIELD
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2020		\$17,645,776
Increased by Receipts:		
Taxes Receivable	\$89,605,554	
Non-Budget Revenue	357,370	
Revenue Accounts Receivable	3,744,410	
Due from State of New Jersey	108,187	
Tax Overpayments	57,237	
Prepaid Taxes	588,187	
Grants Receivable	796,229	
Unappropriated Reserves- Grants	1,432,184	
Receipts From Animal Control Fund	6,062	
Receipts From Other Trust Fund - Escrow	20	
Receipts From Other Trust Fund - Police Outside Duty	4,513	
Petty Cash	<u>1,100</u>	
		<u>96,701,053</u>
		114,346,829
Decreased by Disbursements:		
2021 Budget Appropriations	33,079,283	
2020 Appropriation Reserves	1,583,931	
County Taxes Payable	8,393,675	
Local School District Taxes Payable	50,653,741	
Tax Overpayments	20,519	
Refund Prior Year Revenue	997	
Reserve for Tax Appeals	96,091	
Accounts Payable	5,132	
Encumbrances Payable - Reserve for Grants	145,294	
Reserve for Grants- Appropriated	287,934	
Payments to Other Trust Fund	300,000	
Petty Cash	<u>1,100</u>	
		<u>94,567,697</u>
Balance, December 31, 2021		<u><u>\$19,779,132</u></u>

**BOROUGH OF BERGENFIELD
STATEMENT OF CHANGE FUND**

Balance, December 31, 2020	\$ <u>3,850</u>
Balance, December 31, 2021	\$ <u><u>3,850</u></u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUND

Increased by:	
Cash Receipts	\$ <u>1,100</u>
Decreased by:	
Cash Disbursements	\$ <u><u>1,100</u></u>

EXHIBIT A-7

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

Balance, December 31, 2020		\$ 5,839
Decreased by:		
Cash Received from State	\$ 108,187	
Senior Citizens' and Veterans Deductions Disallowed by Tax Collector- 2020	<u>3,313</u>	
		<u>111,500</u>
		117,339
Increased by:		
Senior Citizens Deductions Per Tax Billings	12,500	
Veterans Deductions Per Tax Billings	95,250	
Senior Citizens' and Veterans Deductions Allowed by Tax Collector- 2021	1,750	
Senior Citizens' and Veterans Deductions Allowed by Tax Collector- 2020	<u>500</u>	
		<u>110,000</u>
Balance, December 31, 2021		\$ <u><u>7,339</u></u>

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

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>	<u>2021</u> <u>Levy</u>	<u>Added in</u> <u>2021</u>	<u>Senior</u> <u>Citizens'</u> <u>and Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Senior</u> <u>Citizens'</u> <u>and Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2021</u>
2016	\$ 912									\$ 912
2017	2,410									2,410
2020	<u>882,670</u>	<u>-</u>	<u>-</u>	<u>\$ 3,313</u>	<u>-</u>	<u>\$ 885,233</u>	<u>\$ 500</u>	<u>-</u>	<u>-</u>	<u>250</u>
	<u>885,992</u>	<u>-</u>	<u>-</u>	<u>3,313</u>	<u>-</u>	<u>885,233</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>3,572</u>
2021	<u>-</u>	<u>\$ 90,584,334</u>	<u>-</u>	<u>-</u>	<u>\$ 634,070</u>	<u>88,720,321</u>	<u>109,500</u>	<u>\$ 130,762</u>	<u>\$ 32,602</u>	<u>957,079</u>
	<u>\$ 885,992</u>	<u>\$ 90,584,334</u>	<u>\$ -</u>	<u>\$ 3,313</u>	<u>\$ 634,070</u>	<u>\$ 89,605,554</u>	<u>\$ 110,000</u>	<u>\$ 130,762</u>	<u>\$ 32,602</u>	<u>\$ 960,651</u>

Analysis of 2021 Tax Levy

TAX YIELD	
General Purpose Tax	\$ 90,010,168
Added Taxes (NJSA 54:4-63.1 et seq)	<u>574,166</u>
	<u>\$ 90,584,334</u>
TAX LEVY	
Local District School Tax (Abstract)	\$ 50,653,741
County Tax (Abstract)	8,321,895
Due County for Added and Omitted Taxes (54:4-63.1)	<u>62,078</u>
	59,037,714
Local Tax for Municipal Purposes	31,022,970
Add Additional Taxes Levied	<u>523,650</u>
	<u>31,546,620</u>
	<u>\$ 90,584,334</u>

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

Balance, December 31, 2020		\$ 777,079
Increased by:		
Transfer from Current Year Taxes Receivable		<u>32,602</u>
		809,681
Decreased by:		
Transferred to Foreclosed Property		<u>809,681</u>
Balance, December 31, 2021		<u><u>\$ -</u></u>

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2020		\$ 28,173
Increased by:		
Transfer from Tax Title Liens	\$ 809,681	
Adjustment to Foreclosed Property	<u>860,519</u>	
		<u>1,670,200</u>
Balance, December 31, 2021		<u><u>\$ 1,698,373</u></u>

BOROUGH OF BERGENFIELD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2020</u>	Accrued <u>2021</u>	<u>Collected</u>	Balance, December 31, <u>2021</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 33,564	\$ 33,564	
Licenses		5,255	5,255	
Construction Code Official				
Fees and Permits		586,879	586,879	
Board of Health/Registrar of				
Vital Statistics				
Fees and Permits		35,978	35,978	
Licenses		739	739	
Fire Prevention				
Fees and Permits		17,897	17,897	
Police Departments				
Fees and Permits		1,567	1,567	
Municipal Court				
Fines and Costs		76,421	76,421	
Interest and Costs on Taxes		201,370	201,370	
Interest on Deposits and				
Investments		36,597	36,597	
Recycling Program		10,022	10,022	
Recreation Fees				
Uniform Fire Safety		94,270	94,270	
PILOT Senior Citizen Complex		96,490	96,490	
Energy Receipts Tax		1,981,657	1,981,657	
Interlocal - Bergenfield Board of Education		134,659	134,659	
Franchise Fees- Verizon		128,087	128,087	
Franchise Fees- Cablevision		159,135	159,135	
Site Rental - Crown Castle		108,948	108,948	
Cell Tower Rent	-	34,875	34,875	-
	<u>-</u>	<u>\$ 3,744,410</u>	<u>\$ 3,744,410</u>	<u>\$ -</u>
		Cash Receipts	<u>\$ 3,744,410</u>	

BOROUGH OF BERGENFIELD
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance, December 31, <u>2020</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Mayor & Council	\$ 15,099	\$ 15,099	-	\$ 15,099
General Administration	2,000	2,000	-	2,000
Municipal Clerk	10,556	10,556	-	10,556
Financial Administration	31,529	31,529	-	31,529
Tax Collection	1,965	1,965	-	1,965
Tax Assessment Administration	1,950	1,950	-	1,950
Planning Board	50	50	-	50
Site Plan	50	50	-	50
Zoning Board of Adjustment	-	-	-	-
Building Inspector	6,325	6,325	-	6,325
Rent Level	50	50	-	50
Shade Tree Board	50	50	-	50
Barrier Free Board	50	50	-	50
Police Department	1,058,055	1,058,055	\$ 1,240	1,056,815
Fire Official	33,116	33,116	-	33,116
Fire Department	69,367	69,367	-	69,367
Streets and Roads Maintenance	185,776	185,776	9,029	176,747
Solid Waste	35,565	35,565	37,790	(2,225)
Board of Health	7,891	7,891	-	7,891
Welfare/Administration of Public Assistance	1,000	1,000	-	1,000
Recreation Services and Programs	6,300	6,300	-	6,300
Community Affairs-Senior Citizens	20,908	20,908	-	20,908
Maintenance of Parks	178,526	178,526	2,738	175,788
Public Library	31,533	11,148	-	11,148
Interlocal - Bergenfield Board of Education	737	738	-	738
Municipal Court	3,383	3,382	-	3,382
	<u>1,701,831</u>	<u>1,681,446</u>	<u>50,797</u>	<u>1,630,649</u>
Total Salaries and Wages				
Other Expenses				
General Administration	24,102	69,462	39,047	30,415
Grant Consultant	-	6,600	6,600	-
Mayor & Council	700	700	-	700
Municipal Clerk	22,850	23,079	2,336	20,743
Financial Administration	13,306	15,955	10,439	5,516
Audit Services	8,995	62,565	61,713	852
Tax Collection	474	1,750	1,290	460
Tax Assessment Administration	6,743	16,443	2,938	13,505
Legal Services	59,747	144,304	91,737	52,567
Engineering	80,839	126,352	5,713	120,639
Planning Board	15	15	-	15
Zoning Board of Adjustment	605	2,810	2,530	280
Building Inspector	11,652	14,180	2,152	12,028
Construction Code Official	2,000	2,000	-	2,000
Rent Level	-	-	-	-
Shade Tree Board	205	205	-	205
Barrier Free Board	400	400	-	400
Environmental Committee	500	500	-	500
Police Department	9,736	35,378	29,209	6,169
Police Cars	1,403	36,171	34,768	1,403
Office of Emergency Management	-	3,773	3,773	-
First Aid Organization	3,575	4,964	1,007	3,957
Fire Official	5,970	8,175	1,810	6,365

**BOROUGH OF BERGENFIELD
STATEMENT OF 2020 APPROPRIATION RESERVES**

	Balance, December 31, <u>2020</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Fire Department	\$ 70,071	\$ 138,501	\$ 65,908	\$ 72,593
Fire Hydrant Service	16,848	16,848	-	16,848
LOSAP	117,197	117,197	86,710	30,487
Prosecutor	3,000	13,500	1,500	12,000
Streets and Roads Maintenance	4,380	83,201	76,532	6,669
Solid Waste Collection	7,123	90,044	87,339	2,705
Buildings and Grounds	27,964	51,338	18,770	32,568
Vehicle Maintenance	17,595	55,074	28,816	26,258
Board of Health	13,041	19,378	7,312	12,066
Stigma Free	3,000	3,000	-	3,000
Welfare/Administration of Public Asst.	2,500	2,500	-	2,500
Recreation Services and Programs	57,662	58,821	1,159	57,662
Community Affairs- Senior Citizens	16,285	16,285	-	16,285
Maintenance of Parks	6,611	19,944	10,555	9,389
Public Library		53,047	32,663	20,384
Celebration of Public Events	89,677	91,062	1,385	89,677
Electricity & Gasoline	46,879	85,360	28,954	56,406
Street Lighting	17,826	61,940	40,574	21,366
Telephone	3,407	19,741	15,849	3,892
Water	34,395	34,395	-	34,395
Sewerage Processing - Tenafly		8,500	7,367	1,133
Gasoline	29,557	138,543	27,562	110,981
Sanitary Landfill - Tipping Fees	55,226	238,792	134,160	104,632
Sanitary Landfill - Recycling Tax	-	3,034	2,468	566
Contingent	1,950	1,950	-	1,950
Social Security System	71,656	71,656	-	71,656
Defined Contribution Retirement Plan	17,561	17,561	2,685	14,876
Interlocal - Bergenfield Board of Education	7,000	7,000	-	7,000
Municipal Court	10,723	18,662	3,412	15,250
Public Defender	3,000	5,530	525	5,005
Liability Insurance	31,758	131,500	116,200	15,300
Worker Compensation Insurance	21,988	171,491	149,503	21,988
Group Insurance Plan for Employees- Gen Gov't	911,418	1,205,953	298,495	907,458
Health Benefit Waiver	8,795	8,795	-	8,795
	<u>1,979,910</u>	<u>3,635,924</u>	<u>1,543,465</u>	<u>2,092,459</u>
Total Other Expenses				
Grand Total	<u>\$ 3,681,741</u>	<u>\$ 5,317,370</u>	<u>\$ 1,594,262</u>	<u>\$ 3,723,108</u>
2020 Appropriation Reserves		\$ 3,681,741		
Encumbrances Transferred to 2020 Reserves		<u>1,635,629</u>		
		<u>\$ 5,317,370</u>		
Cash Disbursed			\$ 1,583,931	
Transfer to Accounts Payable			<u>10,331</u>	
			<u>\$ 1,594,262</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2020	\$ 1,635,629
Increased by:	
Charges to 2021 Budget Appropriations	<u>1,596,845</u>
	3,232,474
Decreased by:	
Transferred to 2020 Appropriation Reserves	<u>1,635,629</u>
Balance, December 31, 2021	<u><u>\$ 1,596,845</u></u>

EXHIBIT A-14

STATEMENT OF ENCUMBRANCES PAYABLE - RESERVE FOR GRANTS

Balance, December 31, 2020	\$ 145,294
Increased by:	
Charges to 2021 Reserve for Grants- Appropriated	<u>125,191</u>
	270,485
Decreased by:	
Cash Disbursements	<u>145,294</u>
Balance, December 31, 2021	<u><u>\$ 125,191</u></u>

EXHIBIT A-15

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2020	\$ 2,747,084
Increased by:	
2021 Budget Appropriation	<u>200,000</u>
	2,947,084
Decreased by:	
Cash Paid to Appellants	<u>96,091</u>
Balance, December 31, 2021	<u><u>\$ 2,850,993</u></u>

**BOROUGH OF BERGENFIELD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2020	\$	20,519
Increased by:		
Cash Receipts		<u>57,237</u>
		77,756
Decreased by:		
Refunded		<u>20,519</u>
Balance, December 31, 2021	\$	<u>57,237</u>

STATEMENT OF OTHER LIENS RECEIVABLE

Balance, December 31, 2020	\$	<u>2,500</u>
Balance, December 31, 2021	\$	<u>2,500</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2020	\$	71,780
Increased by:		
2021 Levy		
General County Tax (Abstract)	\$ 7,990,688	
County Open Space Preservation	331,207	
Due County for Added and Omitted Taxes	<u>62,078</u>	
		<u>8,383,973</u>
		8,455,753
Decreased by:		
Payments		<u>8,393,675</u>
Balance, December 31, 2021	\$	<u>62,078</u>

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

Increased by:	
Levy - Calendar Year	<u>\$ 50,653,741</u>
Decreased by:	
Payments	<u>\$ 50,653,741</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2020	\$ 769,840
Increased by:	
Collection of 2022 Taxes	<u>588,187</u>
	1,358,027
Decreased by:	
Apply to 2021 Tax Receivable	\$ 634,070
Cancelled	<u>135,770</u>
	<u>769,840</u>
Balance, December 31, 2021	<u>\$ 588,187</u>

BOROUGH OF BERGENFIELD
STATEMENT OF APPROPRIATED RESERVES

	Balance, December 31, <u>2020</u>	Transfer from Current Year <u>Appropriations</u>	<u>Cancellation</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2021</u>
Bergen County Open Space Trust- Twin Boro/Vivien Park Improvements	\$ 260,826				\$ 260,826
State of NJ - Green Acres - Twin Boro Filed Improvements	2,000,000				2,000,000
Bergen County Census Grant	7,955		\$ 10,000	\$ (2,045)	-
U.S. Department of Housing (CDBG) - ADA Cooperative Curb Ramp Program	17,943		17,943		-
U.S. Department of Housing (CDBG)- West Clinton Ave	98,430			98,430	-
NJ DOT - West Central Avenue II	30,648			(5,437)	36,085
NJ DOT - North Prospect Road Rehab	-			(5,107)	5,107
Pedestrian Safety, Education & Enforcement Fund	4,520		5,760	(1,240)	-
Municipal Alliance- FY 2022		\$ 5,754		1,732	4,022
Municipal Alliance- Local Match- FY 2022		1,438		433	1,005
Municipal Alliance- FY 2021	4,422		106	4,316	-
Municipal Alliance- Local Match- FY 2021	3,483			663	2,820
Municipal Alliance- Local Match- FY 2020	1,720				1,720
Body Armour Grant		3,569		3,569	-
Distracted Driving Grant		6,000	1,920	4,080	-
Drive Sober or Get Pulled Over		7,920		7,920	-
Body Worn Camera Grant		81,520		39,484	42,036
U.S. Department of Housing - First St. & Bergen Ave.		110,546			110,546
Bergen County Open Space - Coopers Pond		158,697			158,697
Bergen County Open Space - S.Railroad Avenue		88,521			88,521
NJDOT - Anderson Ave.		237,450		237,450	-
The Recycling Partnership		54,640			54,640
DCA - Pedestrian Safety Improvements		50,000		7,968	42,032
Bulletproof Vest Partnership - USDOJ		7,612			7,612
Recycling Tonnage Grant	27,716			8,385	19,331
Recycling Tonnage Grant - 2020	28,969				28,969
Recycling Tonnage Grant - 2021		30,626			30,626
Clean Communities	192,387	42,859		13,349	221,897
Alcohol Education and Rehabilitation	4,110				4,110
Sustainable Jersey	5,000			(3,000)	8,000
Bulletproof Vest Partnership	2,435			2,175	260
Drunk Driving Enforcement Fund	6,403	-	-	-	6,403
	<u>\$ 2,696,967</u>	<u>\$ 887,152</u>	<u>\$ 35,729</u>	<u>\$ 413,125</u>	<u>\$ 3,135,265</u>
		Grants Receivable	<u>\$ 35,729</u>		
			<u>\$ 35,729</u>		
		Cash Disbursements		\$ 287,934	
		Encumbrances-Grants		<u>125,191</u>	
				<u>\$ 413,125</u>	

**BOROUGH OF BERGENFIELD
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance, December 31, <u>2020</u>	Cash <u>Receipts</u>	Anticipated as 2021 Budget <u>Revenue</u>	Balance, December 31, <u>2021</u>
Alcohol Education and Rehabilitation Fund		\$ 2,045		\$ 2,045
American Rescue Program	-	1,430,139	-	1,430,139
	<u>\$ -</u>	<u>\$ 1,432,184</u>	<u>\$ -</u>	<u>\$ 1,432,184</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR MASTER PLAN

Balance, December 31, 2020	<u>\$ 2,570</u>
Balance, December 31, 2021	<u>\$ 2,570</u>

EXHIBIT A-24

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2020	\$ 50,832
Increased by:	
Transfer from 2020 Appropriation Reserves	<u>10,331</u>
	61,163
Decreased by:	
Cash Disbursements	<u>5,132</u>
Balance, December 31, 2021	<u>\$ 56,031</u>

EXHIBIT A-25

STATEMENT OF DUE TO SPECIAL IMPROVEMENT DISTRICT

Balance, December 31, 2020	<u>\$ 21,658</u>
Balance, December 31, 2021	<u>\$ 21,658</u>

**BOROUGH OF BERGENFIELD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2020</u>	Accrued in 2021	<u>Collected</u>	<u>Canceled</u>	Balance, December 31, <u>2021</u>
U.S. Department of Housing (CDBG) - W. Clinton Ave	\$ 98,430				\$ 98,430
Bergen County Open Space- Mem. Field Backstop & Fence	78,500		\$ 78,500		-
Bergen County Open Space- Barrier Free Playground	31,338				31,338
Bergen County ADA Cooperative Curb Ramp Program	368,000		350,057	\$ 17,943	-
Bulletproof Partnership Grant	2,435		2,175		260
Body Armor Grant		\$ 3,569	3,569		-
Distracted Driving Grant		6,000	4,080	1,920	-
Drive Sober or Get Pulled Over		7,920	1,920		6,000
Body Worn Camera Grant		81,520			81,520
U.S. Department of Housing - First St. & Bergen Ave.		110,546			110,546
Bergen County Open Space - Coopers Pond		158,697			158,697
Bergen County Open Space - S.Railroad Avenue		88,521			88,521
NJDOT - Anderson Ave.		237,450	178,087		59,363
The Recycling Partnership		54,640	54,640		-
DCA - Pedestrian Safety Improvements		50,000	45,000		5,000
Recycling Tonnage Grant		30,626	30,626		-
Bulletproof Vest Partnership - USDOJ		7,612			7,612
Clean Communities		42,859	42,859		-
NJDOT- West Central Ave	124,955				124,955
NJDOT N Prospect Road Rehab	54,560				54,560
Pedestrian Safety, Education & Enforcement Fund	5,760			5,760	-
Bergen County Open Space - Twin Boro/Vivyan Park Improvements	260,826				260,826
NJDOT - W. Clinton Road Rehab Project	60,440				60,440
Bergen County Census Grant	10,000			10,000	-
State of NJ - Green Acres - Twin Boro Field Improvements	2,000,000				2,000,000
Sustainable Jersey	5,000				5,000
Municipal Alliance Grant - 2022		5,754			5,754
Municipal Alliance Grant - 2021	4,422		4,316	106	-
Municipal Alliance Grant - 2020	400	-	400	-	-
	<u>\$ 3,105,066</u>	<u>\$ 885,714</u>	<u>\$ 796,229</u>	<u>\$ 35,729</u>	<u>\$ 3,158,822</u>

TRUST FUND

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

	<u>Unemployment Trust Fund</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2020	\$ 302,722	\$ 24,504	\$ 4,276,836
Increased by Receipts:			
Employee Contributions	\$ 17,713		
Borough's Share of Dog Licenses		\$ 5,448	
Cat License Fees		766	
State Dog License Fees		1,278	
Interest on Deposits			\$ 160
Miscellaneous Reserves Received for Current Fund			2,642,009
Net Payroll			9,095,904
Receipts from Payroll Agency			8,587,831
Receipts from Current Fund	-	-	300,000
	<u>17,713</u>	<u>7,492</u>	<u>20,625,904</u>
	320,435	31,996	24,902,740
Decreased by Disbursements:			
Payment to the State of New Jersey - Unemployment Insurance Benefit Claims	11,128		
State Dog License Fees		1,718	
Expenditures under R.S. 4:19-15.11		1,702	
Miscellaneous Reserves			3,265,520
Net Payroll			9,095,904
Payroll Deductions Payable			8,578,032
Payments to Current Fund	-	6,801	4,693
	<u>11,128</u>	<u>10,221</u>	<u>20,944,149</u>
Balance, December 31, 2021	<u>\$ 309,307</u>	<u>\$ 21,775</u>	<u>\$ 3,958,591</u>

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

Balance, December 31, 2020		\$	17,946
Increased by:			
Dog License Fees		\$	5,141
Cat License Fees			766
Miscellaneous and Late Fees			306
			6,213
			24,159
Decreased by:			
Expenditures Under R.S. 4:19-15.11			
Cat and Dog License Fees- Realized as Current Fund			
Budgeted Revenue			739
Statutory Excess Due to Current Fund			6,214
Cash Disbursements			1,701
			8,654
Balance, December 31, 2021		\$	15,505

Animal License Fees Collected

<u>Year</u>			
2019	\$	8,388	
2020			7,117
			15,505
		\$	15,505

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

Balance, December 31, 2020	\$	496
Increased by:		
State Fees Collected		1,278
		1,774
Decreased by:		
Payments to State		1,718
Balance, December 31, 2021	\$	56

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2020	\$	6,062
Increased by:		
Statutory Excess	\$	6,214
Cat License Fees Realized As Current Fund Revenue		739
		6,953
		13,015
Decreased by:		
Payments Made to Current Fund		6,801
Balance, December 31, 2021	\$	6,214

BOROUGH OF BERGENFIELD
STATEMENT OF DUE TO STATE OF NEW JERSEY UNEMPLOYMENT CLAIMS
UNEMPLOYMENT TRUST FUND

Balance, December 31, 2020	\$ 10,719
Increased by:	
Unemployment Insurance Benefit Claims	<u>43,437</u>
	54,156
Decreased by:	
Payments to the State of New Jersey	<u>11,128</u>
Balance, December 31, 2021	<u><u>\$ 43,028</u></u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
UNEMPLOYMENT TRUST FUND

Balance, December 31, 2020	\$ 292,003
Increased by:	
Employee Contributions	<u>17,713</u>
	309,716
Decreased by:	
Unemployment Insurance Benefit Claims	<u>43,437</u>
Balance, December 31, 2021	<u><u>\$ 266,279</u></u>

BOROUGH OF BERGENFIELD
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2020</u>	Increased by	<u>Decreased By</u>	Balance December 31, <u>2021</u>
POAA	\$ 4,089	\$ 140	\$ 2,046	\$ 2,183
Fire Code Penalties	41,398	19,231	14,128	46,501
Construction Code Penalties	106,870	20,900	4,773	122,997
Developers Escrow	251,933	155,331	118,059	289,205
Street Openings	133,350	7,000	61,570	78,780
Police Donations	1,138	-	-	1,138
Confiscated Funds	6,255	75,856	-	82,111
Tree Replacement	28,268	3,000	9,145	22,123
Sewer Bond	2,000	-	-	2,000
Holiday at the Pond	62	-	-	62
Police Outside Detail	62,062	256,533	261,325	57,270
Tax Title Lien Redemption	17,057	1,423,360	1,440,417	-
Premiums on Tax Title Liens	1,501,000	530,600	1,048,300	983,300
Family Fun Day	60,238	1,000	-	61,238
Environmental Program	1,711	-	-	1,711
Accumulated Absence Liability Trust Fund	1,521,797	-	70,403	1,451,394
Goodwill/Elm St. Relief	23,298	8,885	-	32,183
Flexible Spending Account	4,229	16,999	17,865	3,363
Recreation	2,000	-	-	2,000
Snow Removal	437,959	100,000	114,686	423,273
Veteran's Park Donations	13,162	-	2,025	11,137
Federal Forfeiture of Funds	224,339	19,174	96,978	146,535
Barrier Free - Play for All	3,000	2,000	2,000	3,000
Mayor's Wellness Campaign	-	2,000	1,800	200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 4,447,215</u>	<u>\$ 2,642,009</u>	<u>\$ 3,265,520</u>	<u>\$ 3,823,704</u>
		<u>\$ 2,642,009</u>		
			<u>\$ 3,265,520</u>	

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

Balance, December 31, 2020	\$ 300,000
Decreased by:	
Receipts from Current Fund	<u>300,000</u>
Balance, December 31, 2021	<u><u>\$ -</u></u>

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

Balance, December 31, 2020	<u>\$ 2,500</u>
Balance, December 31, 2021	<u><u>\$ 2,500</u></u>

STATEMENT OF DUE TO CURRENT FUND - POLICE OUTSIDE DUTY
OTHER TRUST FUND

Balance, December 31, 2020	\$ 4,513
Decrease by:	
Payments to Current Fund	<u>4,513</u>
Balance, December 31, 2021	<u><u>\$ -</u></u>

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

Balance, December 31, 2020	\$	29
Increased by:		
Interest on Deposits and Investments		<u>160</u>
		189
Decreased by:		
Payments to Current Fund		<u>180</u>
Balance, December 31, 2021	\$	<u><u>9</u></u>

**STATEMENT OF SALARY AND WAGES PAYABLE
OTHER TRUST FUND**

Increased by:		
Cash Receipts	\$	<u>9,095,904</u>
Decreased by:		
Cash Disbursements	\$	<u>9,095,904</u>

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

Balance, December 31, 2020	\$	122,579
Increased by:		
Cash Receipts		<u>8,587,831</u>
		8,710,410
Decreased by:		
Cash Disbursements		<u>8,578,032</u>
Balance, December 31, 2021	\$	<u><u>132,378</u></u>

GENERAL CAPITAL FUND

BOROUGH OF BERGENFIELD
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2020		\$ 5,738,107
Increased by:		
Deferred Charges Unfunded Paid by Budget Appropriation	\$ 1,400,000	
Reserve for Improvements	135,000	
Reserve for Payment of Bonds	47,991	
Capital Improvement Fund	<u>500,000</u>	
		<u>2,082,991</u>
		7,821,098
Decreased by:		
Improvement Authorizations		<u>4,198,499</u>
Balance, December 31, 2021		<u>\$ 3,622,599</u>

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

	Balance, December 31, <u>2021</u>
Contracts Payable	\$ 18,310,987
Capital Improvement Fund	1,224,588
Fund Balance	485,914
Reserve for Payment of Bonds	1,355,448
Reserve for Improvements	135,000
Reserve for Preliminary Costs	200,000

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
2289/2337/2343	Expansion of Free Public Library	74,492
2318	Various Capital Improvements	189,337
2324	Purchase of Real Property	27,765
2355/2447	Various Public Improvements	244,034
2405/2446	Various Public Improvements	17
2448	Various Public Improvements	30,151
2475	Various Public Improvements	330,851
2490	Various Public Improvements	468,208
2507	Various Public Improvements	466,552
2524	Various Public Improvements	140,525
2527, 2586	Municipal Building Renovations	(15,261,290)
2546	Various Public Improvements	(703,741)
2564	Various Public Improvements	(2,612,011)
2579	Various Public Improvements	(1,484,228)
		<u>\$ 3,622,599</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2020		\$ 11,289,122
Decreased by:		
Paid by 2021 Budget Appropriation:		
Bonds	\$ 1,535,000	
Green Trust Loan	<u>13,130</u>	
		<u>1,548,130</u>
Balance, December 31, 2021		<u>\$ 9,740,992</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2020	Authorized 2021	Funded by		Balance, December 31, 2021	Analysis of Balance December 31, 2021		
				Budget Appropriation	Cancelled		Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2527, 2586	Municipal Building Renovation	\$ 10,715,000	\$ 5,700,000			\$ 16,415,000		\$ 15,261,290	\$ 1,153,710
2546	Various Public Improvements	2,565,000		\$ 1,400,000	\$ 22,972	1,142,028		703,741	438,287
2564	Various Public Improvements	3,800,000		-	16,024	3,783,976	-	2,612,011	1,171,965
2579	Various Public Improvements	-	3,985,000	-	552	3,984,448	-	1,484,228	2,500,220
		<u>\$ 17,080,000</u>	<u>\$ 9,685,000</u>	<u>\$ 1,400,000</u>	<u>\$ 39,548</u>	<u>\$ 25,325,452</u>	<u>\$ -</u>	<u>\$ 20,061,270</u>	<u>\$ 5,264,182</u>

Improvement Authorizations Unfunded \$ 5,264,182

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

Balance, December 31, 2020		\$ 637,988
Increased by:		
2021 Budget Appropriation	\$ 500,000	
Cancellation of Improvement Authorization	<u>796,600</u>	
		<u>1,296,600</u>
		1,934,588
Decrease by:		
Appropriation to Finance Improvement Authorization	510,000	
Appropriation to Finance Preliminary Costs	<u>200,000</u>	
		<u>710,000</u>
Balance, December 31, 2021		<u>\$ 1,224,588</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2020		\$ 4,145,097
Increased by:		
Charges to Improvement Authorizations		<u>18,310,987</u>
		22,456,084
Decreased by:		
Restored to Improvement Authorizations		<u>4,145,097</u>
Balance, December 31, 2021		<u>\$ 18,310,987</u>

BOROUGH OF BERGENFIELD
STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2020		\$ 277,736
Increased		
Cash Receipts	\$ 47,991	
Cancellation of Improvement Authorization	<u>1,029,721</u>	
		<u>1,077,712</u>
Balance, December 31, 2021		<u>\$ 1,355,448</u>

STATEMENT OF RESERVE FOR IMPROVEMENTS

Increased		
Cash Receipts		<u>\$ 135,000</u>
Balance, December 31, 2021		<u>\$ 135,000</u>

STATEMENT OF RESERVE FOR PRELIMINARY COSTS

Increased		
Appropriated in 2021		<u>\$ 200,000</u>
Balance, December 31, 2021		<u>\$ 200,000</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
			<u>Date</u>	<u>Amount</u>					
2015 Refunding Bonds	October 22, 2015	\$ 3,020,000				\$ 535,000		\$ 535,000	
2019 General Improvement Bonds	February 14, 2019	11,700,000	2/15/22-27	\$ 1,200,000	2.00%				
			2/15/28-29	1,250,000	3.00%	<u>10,700,000</u>	<u>-</u>	<u>1,000,000</u>	<u>\$ 9,700,000</u>
						<u>\$ 11,235,000</u>	<u>\$ -</u>	<u>\$ 1,535,000</u>	<u>\$ 9,700,000</u>
					Budget Appropriation			<u>\$ 1,535,000</u>	

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2020</u>	2021 <u>Authorizations</u>	Funded by Budget <u>Appropriation</u>	<u>Cancelled</u>	Balance, December 31, <u>2021</u>
2527, 2586	Municipal Building Renovation	\$ 10,715,000	\$ 5,700,000			\$ 16,415,000
2546	Various Public Improvements	2,565,000		\$ 1,400,000	\$ 22,972	1,142,028
2564	Various Public Improvements	3,800,000	-	-	16,024	3,783,976
2579	Various Public Improvements	-	3,985,000	-	552	3,984,448
		<u>\$ 17,080,000</u>	<u>\$ 9,685,000</u>	<u>\$ 1,400,000</u>	<u>\$ 39,548</u>	<u>\$ 25,325,452</u>

PART II

GOVERNMENT AUDITING STANDARDS SECTION

YEAR ENDED DECEMBER 31, 2021



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, 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 Bergenfield
Bergenfield, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Bergenfield as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022. 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.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

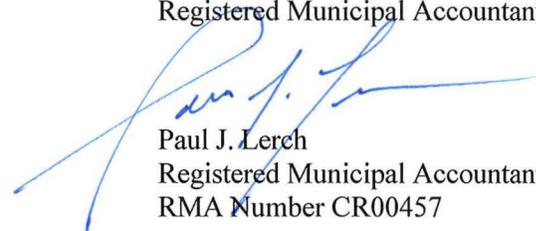
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Bergenfield in Part III of this report of audit entitled, “Letter of Comments and Recommendations”.

Purpose of this Report

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 27, 2022

**BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

	CFDA Number	Account Number	Grant Year	Grant Award Amount	2021 Receipts	Balance, December 31, 2020	Revenue Realized	Expenditures	Adjustment	Balance, December 31, 2021	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>											
(Passed through County Dept. of Community Development)											
Community Devel. Block Grants	14.218	N/A									
ADA Cooperative Curb Ramp Program			2018	\$ 368,000		\$ 17,943			\$ (17,943) b		\$ 368,000
W. Clinton Ave. Improvements			2019	98,430		98,430	\$ 98,430				98,430
First St. and Bergen Ave			2021	110,546			\$ 110,546			\$ 110,546	-
<u>Law and Public Safety- Division of Highway Traffic Safety</u>											
Drunk Driving	20.601	N/A	2017	5,341		869				869	4,472
			2018	3,286		3,286				3,286	-
			2019	2,248		2,248				2,248	-
<u>U.S. Dept. of Treasury</u>											
COVID American Rescue Plan - State and Local											
Fiscal Recovery Funding - Non-Entitlement Units (Passed through											
State Division of Local Government Services)											
	21.027	N/A	2021	1,430,139	\$ 1,430,139	-	-	-	-	-	-
Total						\$ 122,776	\$ 110,546	\$ 98,430	\$ (17,943)	\$ 116,949	

Note: This schedule is not subject to a single audit in accordance with U.S. Uniform Guidance.

b = Unspent balance was cancelled

BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2021 Grant Receipts</u>	<u>Balance, December 31, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2021</u>	<u>Cumulative Expenditures</u>
<u>Division of Criminal Justice</u>										
Body Armor Fund	1020-718-001-2009-090160	2021	\$ 3,569	\$ 3,569		\$ 3,569	\$ 3,569			\$ 3,569
Bulletproof Partnership	N/A	2020	2,435		\$ 2,435		2,175		\$ 260	2,175
Bulletproof Partnership	N/A	2021	7,612	7,612		7,612			7,612	-
Body Worn Camera Program	N/A	2021	81,520			81,520	39,484		42,036	39,484
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765008-178900	2017	49,212		25,656		13,349		12,307	36,905
		2018	81,818		81,818				81,818	-
		2019	44,651		44,651				44,651	-
		2020	40,262		40,262				40,262	-
		2021	42,859	42,859		42,859			42,859	-
Recycling Tonnage Grant	4900-752001-178810	2019	28,969		27,716		8,385		19,331	9,638
		2020	28,969		28,969				28,969	-
		2021	30,626	30,626		30,626			30,626	-
Recycling Partnership	N/A	2021	54,640			54,640			54,640	-
Green Acres Program - Twin Boro / Vivyen Park Improvements	N/A	2020	2,000,000		2,000,000				2,000,000	-
<u>Department of Transportation of State and Highway Projects</u>										
West Central Ave	20.205	2018	234,025		30,648		(5,437)		36,085	197,940
N. Prospect Roadway Rehab		2019	218,240				(5,107)		5,107	213,133
Anderson Ave		2021	237,450			237,450	237,450		-	237,450
<u>Municipal Alliance Fund</u>	N/A	2021	13,933		4,422		4,316	\$ (106) b	-	13,933
	N/A	2022	5,754	5,754		5,754	1,732		4,022	1,732
<u>Sustainable Jersey Small Grants Program</u>	N/A	2018	10,000		5,000		(3,000)		8,000	2,000
<u>Pedestrian Safety, Education & Enforcement Fund</u>	N/A	2019	15,000		4,520		(1,240)	(5,760) a,b	-	15,000
	N/A	2021	50,000			50,000	7,968		42,032	7,968

BOROUGH OF BERGENFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2021</u>	<u>Cumulative Expenditures</u>
<u>Division of Highway Traffic Safety</u>										
Distracted Driving - Udrive, Utext	N/A	2021	\$ 6,000	\$ 6,000		\$ 6,000	\$ 4,080	\$ (1,920)	b	\$ 6,000
Drive Sober or Get Pulled Over	N/A	2021	7,920	7,920		7,920	7,920			7,920
<u>Division of Judiciary- Municipal Court</u>										
Alcohol Education & Rehabilitation Fund	9735-760-001-060000	2015	886		\$ 736				\$ 736	150
		2016	1,355		1,355				1,355	-
		2017	242		242				242	-
		2019	1,527		1,527				1,527	-
		2020	250		250	-	-	-	250	-
					<u>\$ 2,302,227</u>	<u>\$ 527,950</u>	<u>\$ 315,644</u>	<u>\$ (7,786)</u>	<u>\$ 2,506,748</u>	

a = Prior year encumbrance was cancelled

b = Unspent balance was cancelled

Note: This schedule is not subject to a single audit in accordance with U.S. Uniform Guidance.

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

**BOROUGH OF BERGENFIELD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Bergenfield. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the 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	<u>\$ 110,546</u>	<u>\$ 527,950</u>	<u>\$ 638,496</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF BERGENFIELD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2021, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State/Total</u>
Dept. of Environmental Protection- Green Trust	L-04387	<u>\$ 40,992</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE ENDED DECEMBER 31, 2021**

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 *Government Auditing Standards*.

None.

**BOROUGH OF BERGENFIELD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Part III – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF BERGENFIELD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior-year findings related to the financial statements that 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

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

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

	<u>Year 2021</u>			<u>Year 2020</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 5,054,786	4.86 %		\$ 4,953,424	4.80 %
Miscellaneous - From Other Than Local					
Property Tax Levies	4,987,494	4.77		7,091,905	6.84
Collection of Delinquent Taxes and Tax Title Liens	885,733	0.85		1,115,752	1.08
Collection of Current Tax Levy	89,463,891	85.80		87,197,427	84.28
Other Credits	<u>3,878,196</u>	<u>3.72</u>		<u>3,100,280</u>	<u>3.00</u>
Total Income	<u>104,270,100</u>	<u>100.00 %</u>		<u>103,458,788</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	39,262,513	39.94 %		39,837,386	40.69 %
County Taxes	8,383,973	8.53		8,026,885	8.20
Local District School Taxes	50,653,741	51.52		49,886,063	50.96
Other Expenditures - Debits	<u>13,033</u>	<u>0.01</u>		<u>146,445</u>	<u>0.15</u>
Total Expenditures	<u>98,313,260</u>	<u>100.00 %</u>		<u>97,896,779</u>	<u>100.00 %</u>
Excess in Revenue	5,956,840			5,562,009	
Fund Balance, Beginning of Year	<u>8,604,939</u>			<u>7,996,354</u>	
	14,561,779			13,558,363	
Less Utilization as Anticipated Revenue	<u>5,054,786</u>			<u>4,953,424</u>	
Fund Balance, End of Year	<u>\$ 9,506,993</u>			<u>\$ 8,604,939</u>	

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

COMPARATIVE SCHEDULE OF CALENDAR YEAR TAX RATE INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Calendar Year Tax Rate</u>	\$ <u>3.322</u>	\$ <u>3.300</u>	\$ <u>3.262</u>
<u>Apportionment of Tax Rate</u>			
Municipal*	\$ 1.145	\$ 1.145	\$ 1.136
County- Regular Tax	0.295	0.285	0.267
County- Open Space	0.012	0.011	0.011
Local School	1.870	1.859	1.848

* Municipal Apportionment Total Includes Municipal Library.

Assessed Valuation

2021	\$ <u>2,709,517,430</u>		
2020		\$ <u>2,684,233,230</u>	
2019			\$ <u>2,679,865,730</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>
2021	\$ 90,584,334	\$ 89,463,891	98.76%
2020	89,384,743	\$ 88,297,427	98.78%
2019	87,774,784	86,455,333	98.50%

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Period Ended</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
December 31, 2021		\$ 960,651	\$ 960,651	1.06%
December 31, 2020	\$ 777,079	885,992	\$ 1,663,071	1.86%
December 31, 2019	721,962	1,141,766	1,863,728	2.12%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Period Ended</u>	<u>Amount</u>
December 31, 2021	\$ 1,698,373
December 31, 2020	28,173
December 31, 2019	28,173

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Period Ended</u>	<u>Fund Balance</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	December 31, 2021	\$ 9,506,993	\$ 5,000,000
	December 31, 2020	8,604,939	5,054,786
	December 31, 2019	7,996,354	4,953,424

**BOROUGH OF BERGENFIELD
GENERAL INFORMATION**

<u>Name</u>	<u>Title</u>	<u>Dates</u>
Arvin Amatorio	Mayor	2023
Buddy Deauna	Councilperson	2022
Ora Kornbluth	Councilperson	2022
Thomas Lodato	Councilperson	2021
Rafael Marte	Councilperson	2023
Marc Pascual	Councilperson	2023
Hernando Rivera	Councilperson	2021
Corey Gallo	Borough Administrator	
Marie Quinones-Wilson	Borough Clerk	
Richard Cahill	CFO	
Juan Ortiz	Tax Collector	
John Schettino	Municipal Attorney	
Harry Hillenius	Building Inspector/ Zoning Official	
Franklin Montero	Municipal Court Judge	
Michael Ravenda	Construction Code Official	
Marc A. Calello	Borough Prosecutor	

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year Comments

There are none.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$44,000, except by contract or agreement."

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

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

- 2021 Road Program Phase 1 Project
- 2021 NJDOT Anderson Ave. Project
- 2021 Road Program Phase II Project
- New Municipal Building

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

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

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

**BOROUGH OF BERGENFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year Comments

Our audit of open contracts payable at year end revealed that certain contracts were completed and should have been cancelled at year end. It is recommended that open contracts at year end be reviewed to determine validity.

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 4, 2020 and was complete.

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

<u>December 31,</u>	<u>Number of Liens</u>
2021	0
2020	6
2019	7

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

APPRECIATION

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

**BOROUGH OF BERGENFIELD
RECOMMENDATIONS**

It is recommended that open contracts at year end be reviewed to determine validity.

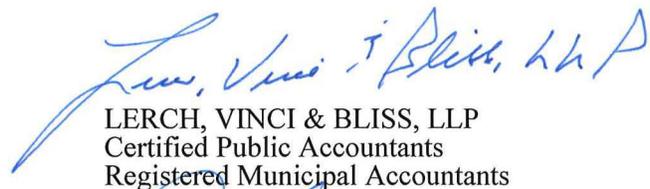
Status of Prior Year's Audit Findings/Recommendations

A review was performed on the prior year's recommendation and corrective action was taken on all.

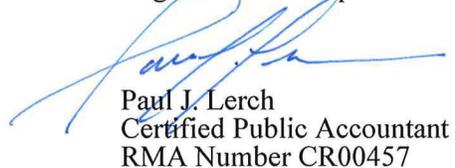
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The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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



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



Paul J. Lerch
Certified Public Accountant
RMA Number CR00457