

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2015

NEW ISSUE

NOT RATED

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") interest on the Notes (as defined herein) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel, that interest on the Notes held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Notes is not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Borough in its Tax Certificate (as defined herein), assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

**BOROUGH OF DUMONT
In the County of Bergen, New Jersey**

\$6,508,859

**BOND ANTICIPATION NOTES
(NOT CALLABLE) (BOOK-ENTRY ONLY) (BANK QUALIFIED)**

Dated: June 23, 2015

Due: June 23, 2016

Rate of Interest: ___ %

Reoffering Yield: ___ %

CUSIP NO: _____

The \$6,508,859 Bond Anticipation Notes (the "Notes") of the Borough of Dumont, in the County of Bergen, New Jersey (the "Borough"), will be issued in the form of one certificate for the aggregate principal amount of the Notes and, when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository.

The principal of and interest due on the Notes shall be paid on the maturity date thereof to DTC by the Borough, as Paying Agent. Interest on the Notes will be credited to the participants of DTC as listed on its records as of the close of business on one business day prior to the maturity date (the "Record Date" for the payment of the interest on the Notes). See "THE NOTES – Book-Entry Only System" herein.

The Notes are not subject to redemption prior to their stated maturities.

The Notes are valid and legally binding general obligations of the Borough and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. It is expected that the Notes will be available for delivery through DTC in Jersey City, New Jersey on or about June 23, 2015.

**SEALED WRITTEN OR TELECOPIED PROPOSALS WILL BE RECEIVED BY BOND COUNSEL TO
THE BOROUGH AND VIA PARITY AT THE TIME AND IN ACCORDANCE WITH THE NOTICE OF SALE
MADE AVAILABLE IN CONNECTION WITH THE SALE OF THE NOTES**

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and the information contained herein is subject to completion or amendment in accordance with applicable law. The Borough will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**BOROUGH OF DUMONT,
IN THE COUNTY OF BERGEN, NEW JERSEY**

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No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Borough. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

"CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Number listed on the front cover hereof is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Borough does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Notes or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.

Neither McManimon, Scotland & Baumann, LLC nor the Underwriter have participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

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OFFICIAL STATEMENT

Relating to

\$6,508,859 BOND ANTICIPATION NOTES

of the

**BOROUGH OF DUMONT,
IN THE COUNTY OF BERGEN, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Dumont (the "Borough"), in the County of Bergen (the "County"), New Jersey (the "State"), in connection with the sale and the issuance of \$6,508,859 Bond Anticipation Notes (the "Notes"). This Official Statement has been executed by and on behalf of the Borough by its Acting Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

THE NOTES

General Description

The Notes are dated, will mature on the maturity dates and will bear interest payable at the rate as set forth on the cover page hereof. The Notes may be purchased in book-entry only form in the amount of any integral multiple of \$5,000 (or a necessary odd denomination in excess thereof) through book-entries made on the books of The Depository Trust Company, New York, New York ("DTC") and its participants. The principal of and interest due on the Notes will be paid to DTC by the Borough as paying agent (the "Paying Agent"). Principal of and interest due on the Notes will be credited to the Participants of DTC as listed on the records of DTC as of the close of business one day prior to the maturity date (the "Record Date" for the payment of principal of and interest on the Notes).

Redemption

The Notes are not subject to redemption prior to their stated maturity date.

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal of and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough.

DTC will act as securities depository for the Notes. The Notes will be issued as a fully-registered securities registered in the name of CEDE & Co. (DTC's partnership nominee) or such other name as may

be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the maturity of the Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, CEDE & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and its' registration in the name of CEDE & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes is credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if applicable, shall be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor CEDE & CO. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the Record Date. The Omnibus Proxy assigns CEDE & CO.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Notes will be made to CEDE & CO., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Borough or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

THE BOROUGH AS PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry Only System

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Borough will attempt to locate another qualified securities depository. If the Borough fails to find such a securities depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

AUTHORIZATION AND PURPOSE

The Notes are being issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.* (the "Local Bond Law") and the bond ordinances set forth below. Proceeds from the sale and issuance of the Notes will be used by the Borough to (i) currently refund \$5,458,049 of the Borough's \$5,673,000 Bond Anticipation Notes dated and issued June 24, 2014 and maturing on June 23, 2015 (the "Prior Bond Anticipation Notes") (together with \$214,951 in budgeted principal reduction payments and grant money) and (ii) provide \$1,050,810 in new money for the various projects set forth below.

<u>Ord #</u>	<u>Description</u>	<u>Amount</u>
1344/1375/1407/1466	NJEIT Phase II of Various Storm Sewer Improvements	\$ 864,392
1393	Various General Improvements	604,367
1409	Library and Senior Center Handicap Access	58,549
1416	Park Improvements	162,744
1421	Various Capital Improvements	726,891
1431	DPW Garage Site Improvements	225,113
1432	NJEIT Phase III of Various Storm Sewer Improvements	215,734
1434/1486	Various Capital Improvements	473,563
1436	Roosevelt Avenue Flood Project	112,556
1438	Twin Boro Field Improvements	1,100,689
1447	Installation of a New Walking Path	88,049
1448	Improvements to Depew Street	52,699
1450	Acquisition and Installation of Air Quality Equipment	61,750
1456	Improvements to Depew Street Phase II	72,789
1460	Various Capital Improvements	537,690
1465	Library Window and Exterior Renovation	176,000
1478/1487	Improvements to DePew Street - Phase III	248,534
1480	Various Capital Improvements	380,000
1481	Temporary Relocation of Borough Offices	190,000
1479	Various Road Improvements	156,750
		<u>\$ 6,508,859</u>

SECURITY AND SOURCE OF PAYMENT

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. The Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Notes without limitation as to rate or amount.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is \$1,865,449,060.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Borough has not exceeded its statutory debt limit. As of December 31, 2014 (Unaudited), the statutory net debt as a percentage of average equalized valuation was 1.140%. As noted above, the statutory limit is 3.50%.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period

from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes and severance payouts, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of the law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or

appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the three years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A reassessment of all property in the Borough was last completed and effective on January 1, 2012.

Upon the filing of certified adopted budgets by the Borough's Local and Regional School District's and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Borough. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations, reserve for tax appeals, the current year's budget or a refunding bond ordinance.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2013 for the Borough is on file with the Clerk and is available for review during business hours.

LITIGATION

To the knowledge of the Borough Attorney, Gregg Paster, Esq. (the "Borough Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

TAX MATTERS

General

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") provides that interest on the Notes is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Borough has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Notes, to comply with these continuing requirements and has made certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Notes to assure this exclusion. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

In the opinion of Bond Counsel, pursuant to Section 103(a) of Code, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Notes held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Borough in its Tax Certificate, assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Notes

Although, pursuant to Section 103(a) of the Code, interest on the Notes is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Notes.

Bank Qualification

The Notes **will** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income

In the opinion of Bond Counsel, the interest on the Notes and any gain realized on the sale of the Notes is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion from gross income of interest on the Notes for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Notes under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions and even proposals for change could adversely affect the market price or marketability of the Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN ADVISORS IN ORDER TO UNDERSTAND THE TAX IMPLICATIONS OF THE CODE.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE NOTES.

SECONDARY MARKET DISCLOSURE

The Borough has covenanted for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Borough will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of any of the following events with respect to the Notes (herein "Material Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

In the event that the Borough fails to comply with the above-described undertaking and covenants, the Borough shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The Borough has filed Audited Financial Statements and other financial documents such as budgets and operating data as required in accordance with Rule 15c2-12 with the Electronic Municipal Market Access ("EMMA"), but not all filings, specifically for the fiscal years ending December 31, 2009 and 2011, were filed within the time limits set forth in the Borough's prior continuing disclosure undertakings. Such filings contained operating data, but may not always have contained all required information. In addition, the Borough did not file in a timely manner notice of such failures to timely file. As of the date hereof, all required information has been filed on EMMA and all filings have been indexed to the appropriate bond issues, along with a notice citing failure to file. The Borough also failed to timely file notices relating to rating changes of various bond insurers. The Borough has since filed an event notice which identifies the current credit ratings of the such bond insurers.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy, provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "C". Certain legal matters will be passed on for the Borough by the Borough Attorney.

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____ (the "Underwriter") at a price of \$ _____ (consisting of the par amount of the Notes, plus an original issue premium in the amount of \$ _____). The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at yields higher than the public offering yield set forth on the cover page, and such public offering yield may be changed, from time to time, by the Underwriter without prior notice.

FINANCIAL ADVISOR

Acacia Financial Group, Inc., Marlton, New Jersey, has served as Financial Advisor to the Borough with respect to the issuance of the Notes (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Underwriter, by certificates signed by the Chief Financial Officer of the Borough, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the Borough's audited financial statements. They have not verified the accuracy of other information or the completeness and fairness of that and other information contained herein, and accordingly, express no opinion with respect thereto. However, they take responsibility for the audited financial statements to the extent specified in the Accountants' Compilation Report and the Independent Auditor's Report appearing in Appendix "B".

All other information has been obtained from sources which the Borough considers to be reliable and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Matthew Rutch, Acting Chief Financial Officer, Borough of Dumont, 50 Washington Ave, Dumont, New Jersey 07628, telephone number (201) 384-5248, e-mail address: mrutch@dumontboro.com.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

BOROUGH OF DUMONT

By: _____
Matthew Rutch
Acting Chief Financial Officer

Dated: June __, 2015

APPENDIX A

**Certain Economic and Demographic Information about the
Borough of Dumont, in the County of Bergen, New Jersey**

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GENERAL INFORMATION REGARDING THE BOROUGH OF DUMONT

Size and Geographical Location

Dumont is situated in the eastern central portion of Bergen County approximately eight miles northwest of the George Washington Bridge. The Borough, 1.8 square miles in area, is a mature community with little vacant land. Essentially a residential community, the Borough's business district is centered along north to south Washington Avenue and east to west Madison Avenue. The small manufacturing area is situated in the western portion of the Borough on Alladin Avenue which connects with Madison Avenue. With a few exceptions, businesses are small with less than ten employees.

Form of Government

Dumont was organized in 1894 under the borough form of government. There is a Mayor and a Council composed of six members. The Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough Council; (iii) appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the municipal Public Library.

The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these is the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy. The Council, acting in committee, oversees the various departments and functions of the Borough government.

Health Care Facilities

A volunteer First Aid Squad operates ambulances twenty four hours per day.

Emergency and acute medical care facilities are available at Englewood Hospital, Holy Name Hospital in Teaneck, the Hackensack University Medical Center in Hackensack, and Valley Hospital in Ridgewood.

Police Department

The Police Department consists of a Chief of Police, 2 Captains, 3 Lieutenants, 9 Sergeants, 2 Detectives, 15 Uniformed Officers and 8 civilian personnel.

Fire Department

The Fire Department operates fire apparatus consisting of five pumpers with capacity between 1,250 and 2,000 gallons per minute, one ladder truck and two other vehicles.

Public Works Department

The Department of Public Works is responsible for maintenance of roads and municipal facilities.

Utilities

Gas and electricity is supplied by Public Service Electric and Gas Company. Water is provided by United Water Resources. Wastewater treatment is provided by the Bergen County Utilities Authority.

Transportation Facilities

The New Jersey Department of Transportation – Bus Operations provides local service to surrounding communities from some of which there is available rail and bus interstate services. The George Washington Bridge at Fort Lee provides access to Manhattan by bus.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

For the years 2010 to 2014, the New Jersey Department of Labor reported the following annual average employment information for the Borough of Dumont, the County of Bergen and the State of New Jersey:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough of Dumont</u>				
2014	9,884	9,371	513	5.2%
2013	9,956	9,199	757	7.6%
2012	9,617	9,011	606	6.3%
2011	9,547	8,956	591	6.2%
2010	9,551	8,950	601	6.3%
<u>County of Bergen</u>				
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
2012	483,097	443,956	39,141	8.1%
2011	479,131	441,277	37,854	7.9%
2010	477,342	438,688	38,654	8.1%
<u>State of New Jersey</u>				
2014	4,518,700	4,218,400	300,300	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%

Source: New Jersey Department of Labor.

Population

Population trends for the Borough, County and the State of New Jersey since 1970 are shown below:

<u>Area</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2013</u>
Borough of Dumont	20,155	18,334	17,187	17,503	17,789
County of Bergen	897,148	845,385	825,380	884,118	927,434
State of New Jersey	7,171,112	7,365,011	7,730,188	8,414,350	8,911,502

Source: U.S. Census Bureau.

Income as of 2012

	Median Household	Median Family	Per Capita
	<u>Income</u>	<u>Income</u>	<u>Income</u>
Borough of Dumont	\$ 88,709	\$ 104,698	\$ 36,869
County of Bergen	84,255	102,653	43,234
State of New Jersey	71,637	87,389	35,928

Source: U.S. Census Bureau, American FactFinder – 2008-2012 American Community Survey.

BUDGET INFORMATION

**Current Fund
(As Adopted)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Anticipated Revenues					
Fund Balance	\$ 1,100,000	\$ 1,249,000	\$ 1,178,971	\$ 1,314,000	\$ 816,000
Miscellaneous Revenues	2,498,940	2,376,041	2,333,665	2,521,198	2,761,972
Receipts from Delinquent Taxes	500,000	490,000	500,000	500,000	550,000
Amount to be Raised by Taxes for Support of Municipal and Library Budgets	<u>17,473,898</u>	<u>16,993,321</u>	<u>16,716,187</u>	<u>16,375,332</u>	<u>15,759,594</u>
	<u>\$ 21,572,838</u>	<u>\$ 21,108,362</u>	<u>\$ 20,728,823</u>	<u>\$ 20,710,530</u>	<u>\$ 19,887,566</u>
Appropriations					
Salaries and Wages	\$ 8,424,423	\$ 8,192,417	\$ 8,065,919	\$ 7,786,795	\$ 7,543,539
Other Expenses	8,152,106	8,211,949	8,073,617	8,385,309	8,068,563
Deferred Charges and Statutory Expenditures	2,052,989	1,840,612	1,793,951	1,776,171	1,626,462
Capital Improvement Fund	50,000	50,000	55,000	80,000	80,000
Municipal Debt Service	1,738,320	1,683,384	1,640,336	1,622,255	1,509,002
Judgements					
Reserve for Uncollected Taxes	<u>1,155,000</u>	<u>1,130,000</u>	<u>1,100,000</u>	<u>1,060,000</u>	<u>1,060,000</u>
	<u>\$ 21,572,838</u>	<u>\$ 21,108,362</u>	<u>\$ 20,728,823</u>	<u>\$ 20,710,530</u>	<u>\$ 19,887,566</u>

Source: Borough of Dumont.

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2014 (Unaudited)	\$ 1,634,159	\$ 1,100,000
2013	1,744,685	1,249,000
2012	1,473,635	1,178,971
2011	1,616,170	1,314,000
2010	1,322,591	816,000

Source: Borough of Dumont Annual Audit Reports and 2014 Annual Financial Statement

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2014 (Unaudited)	\$ 55,940,205	\$ 55,117,357	98.52%
2013	54,892,984	54,359,041	99.02%
2012	53,810,186	53,201,423	98.86%
2011	53,153,045	52,438,395	98.66%
2010	51,588,577	50,908,783	98.68%

Source: Borough of Dumont Annual Audit Reports and 2014 Annual Financial Statement.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2014 (Unaudited)	\$ 5,706	\$ 733,400	\$ 739,106	1.32%
2013	5,013	503,103	508,116	0.93%
2012	4,331	570,874	575,205	1.07%
2011	3,663	528,428	532,091	1.00%
2010	3,022	575,458	578,480	1.12%

Source: Borough of Dumont Annual Audit Reports and 2014 Annual Financial Statement.

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2014 (Unaudited)	\$ 79,526
2013	79,526
2012	79,526
2011	79,526
2010	79,526

Source: Borough of Dumont Annual Audit Reports and 2014 Annual Financial Statement.

Largest Taxpayers

The largest taxpayers in the Borough and their 2013 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Dumont Terrace Apartments	\$ 9,637,300
Merritt Associates LLC	8,595,700
Dumont Terrace Apartments	8,006,400
ETC Properties	5,245,000
Walfield Realty c/o P Hirschmann Inc.	4,624,500
Withinvestors Dumont	4,367,000
ETC Properties	4,163,000
Kent Apts of Dumont LLC	3,531,300
375 Franklin L.P.	2,992,500
Adamiak Family LTD	2,894,500
	<u>\$ 56,857,500</u>

Source: Tax Assessor.

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Value</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Industrial</u>	<u>Total</u>
2014	\$ 1,369,500	\$ 1,527,922,840	\$ 1,100	\$ 93,790,100	\$ 60,617,800	\$ 5,877,600	\$ 1,689,580,954
2013	896,500	1,527,693,640	1,100	93,990,100	61,131,600	5,877,600	1,689,590,540
2012 ⁽¹⁾	896,500	1,528,027,300	1,100	94,785,200	61,131,600	6,056,100	1,690,897,800
2011	1,091,400	1,910,303,100	10,500	103,644,800	65,083,900	5,710,900	2,085,844,600
2010	1,091,400	1,910,771,200	10,500	100,789,900	65,245,700	6,762,200	2,084,670,900

⁽¹⁾The Borough underwent a reassessment of real property effective January 1, 2012.

Source: Tax Duplicate.

Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2015	\$ 1,690,056,140	\$ 93	\$ 1,690,056,233	92.48%	\$ 1,822,663,352
2014	1,689,578,940	114	1,689,579,054	91.03%	1,858,447,895
2013	1,689,590,540	114	1,689,590,654	88.05%	1,921,251,025
2012 ⁽¹⁾	1,690,897,800	100	1,690,897,900	90.93%	1,862,289,135
2011	2,085,844,600	5,145,503	2,090,990,103	98.13%	2,133,727,587

⁽¹⁾The Borough underwent a reassessment of real property effective January 1, 2012.

Source: Tax Duplicate and Abstract of Ratables and 2015 Equalization Table of Bergen County.

**Components of Real Estate Tax Rate
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2014	\$ 3.298	\$ 1.006	\$ 2.035	\$ 0.257
2013	3.248	0.990	1.997	0.261
2012	3.182	0.968	1.972	0.242
2011	2.541	0.753	1.575	0.213
2010	2.463	0.724	1.526	0.213

Source: Tax Collector.

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>
2014	\$ 55,940,205	\$ 17,201,984	\$ 4,353,730	\$ 34,384,491
2013	54,892,984	16,746,484	4,408,036	33,738,464
2012	53,810,186	16,395,407	4,080,007	33,334,772
2011	53,153,045	15,798,495	4,428,025	32,926,525
2010	51,588,577	15,247,112	4,441,522	31,899,943

Source: Tax Collector.

DEBT INFORMATION

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity as of December 31, 2014 (Unaudited)

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 1,865,449,060
3 1/2% Borrowing Margin	65,290,717
Net Debt Issued, Outstanding and Authorized	21,265,116
Remaining Municipal Borrowing Capacity	44,025,601
Local School	
3% Borrowing Margin	55,963,472
Debt, Issued, Outstanding and Authorized	14,285,000
Remaining School Borrowing Capacity	41,678,472

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2014 (Unaudited)	\$ 36,505,877	\$ 21,265,116	1.14%
2013	39,257,881	21,709,346	1.12%
2012	40,497,107	21,950,902	1.08%
2011	42,323,485	22,911,590	1.07%
2010	42,137,974	21,699,526	0.96%

Source: Borough of Dumont Annual Audit Reports and 2014 Annual Debt Statement.

**STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2014 (UNAUDITED)**

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 9,340,000	
Loans	6,445,361	
Bond Anticipation Notes	5,673,000	
Bonds and Notes Authorized But Not Issued	<u>762,516</u>	
		\$ 22,220,877

LOCAL SCHOOL

Bonds Issued and Outstanding		<u>14,285,000</u>
------------------------------	--	-------------------

TOTAL GROSS DEBT 36,505,877

STATUTORY DEDUCTIONS

Municipal Purpose	955,761	
Local School	<u>14,285,000</u>	
		<u>15,240,761</u>

TOTAL NET DEBT \$ 21,265,116

OVERLAPPING DEBT

County of Bergen	9,890,178	
BCUA - Water Pollution Control System	<u>5,785,506</u>	

TOTAL OVERLAPPING DEBT \$ 15,675,684

GROSS DEBT

Per Capita (2012 - 17,645)		\$ 2,069
Percent of Net Valuation Taxable (2015 - \$1,690,056,233)		2.16%
Percent of Estimated True Value of Real Property (2015 - \$1,822,663,352)		2.00%

NET MUNICIPAL DEBT

Per Capita (2012 - 17,645)		\$ 1,205
Percent of Net Valuation Taxable (2015 - \$1,690,056,233)		1.26%
Percent of Estimated True Value of Real Property (2015 - \$1,822,663,352)		1.17%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2012 - 17,645)		\$ 2,957
Percent of Net Valuation Taxable (2015 - \$1,690,056,233)		3.09%
Percent of Estimated True Value of Real Property (2015 - \$1,822,663,352)		2.86%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2013 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.
Source: Borough of Dumontn 2015 Annual Debt Statement

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APPENDIX B

**Financial Statements of the
Borough of Dumont, in the County of Bergen, New Jersey**

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
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MARK SACO, CPA
KEVIN LOMSKI, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of Dumont, as of December 31, 2014 and the related statements of operations and changes in fund balances – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2014. We have not audited or reviewed the accompanying financial statements – regulatory basis and accordingly, do not express such an opinion or provide any assurance about whether the financial statements are in accordance with the regulatory basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

ACCOUNTANTS' COMPILATION REPORT (Continued)

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and the accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

By/s/

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

Fair Lawn, New Jersey
May27, 2015



LERCH, VINCI & HIGGINS, LLP

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RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Dumont, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the years ended December 31, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Dumont prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Dumont as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 59 percent and 57 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2013 and 2012.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Dumont as of December 31, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Current Fund for the years ended December 31, 2013 and 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has not presented a management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our reports dated May 6, 2014 and June 28, 2013 on our consideration of the Borough of Dumont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Dumont’s internal control over financial reporting and compliance.

By/s/

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

Fair Lawn, New Jersey
May 6, 2014

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

ASSETS	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
Cash and Investments	\$ 3,426,357	\$ 3,009,132	\$ 3,348,707
Change Fund	250	250	250
Grants Receivable	<u>-</u>	<u>-</u>	<u>53,164</u>
	<u>3,426,607</u>	<u>3,009,382</u>	<u>3,402,121</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	733,400	503,103	570,874
Tax Title Lien	5,706	5,013	4,331
Property Acquired for Taxes	79,526	79,526	79,526
Revenue Accounts Receivable	12,107	13,828	14,135
Due from Free Public Library	1,756	18,474	
Due from Other Trust Fund			22
Due from Animal Control Fund			3,488
Due from General Capital Fund			23
Due from Public Assistance Trust Fund	<u>-</u>	<u>-</u>	<u>1</u>
	<u>832,495</u>	<u>619,944</u>	<u>672,400</u>
Deferred Charges			
Overexpenditure of Budget Appropriation	-	-	4,728
Emergency Authorizations	233,651	100,000	
Special Emergency Authorizations	<u>100,000</u>	<u>150,000</u>	<u>200,000</u>
	<u>333,651</u>	<u>250,000</u>	<u>204,728</u>
Total Assets	<u>\$ 4,592,753</u>	<u>\$ 3,879,326</u>	<u>\$ 4,279,249</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(Unaudited)		
Liabilities			
Appropriation Reserves	\$ 575,573	\$ 305,866	\$ 501,402
Encumbrances Payable	594,240	451,705	733,497
Special Emergency Note Payable	100,000	150,000	200,000
Accounts Payable	3,464	26,364	4,152
Due to State of NJ - Senior Citizens and Veterans	2,825	2,075	691
Due to State of NJ - Health	325		
Other Liabilities			34,511
Due to General Capital Fund	28	28	
Miscellaneous Reserves	566,477	271,208	293,096
Prepaid Taxes	170,412	145,813	174,881
Tax Overpayments	5,312	7,571	250
County Taxes Payable	17,012	1,212	442
Appropriated Reserves for Grants	58,667	98,066	136,879
Unappropriated Reserves for Grants	<u>31,764</u>	<u>54,789</u>	<u>53,413</u>
	2,126,099	1,514,697	2,133,214
Reserve for Receivables and Other Assets	832,495	619,944	672,400
Fund Balance	<u>1,634,159</u>	<u>1,744,685</u>	<u>1,473,635</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 4,592,753</u>	 <u>\$ 3,879,326</u>	 <u>\$ 4,279,249</u>

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	\$ 1,249,000	\$ 1,178,971	\$ 1,314,000
Miscellaneous Revenues Anticipated	2,497,227	2,455,832	2,566,987
Receipts from Delinquent Taxes	479,144	557,666	525,752
Receipts from Current Taxes	55,117,357	54,359,041	53,201,423
Non-Budget Revenues	255,571	422,502	235,365
Other Credits to Income	-		
Unexpended Balance of Appropriation Reserves	235,130	266,506	377,979
Sale of Municipal Assets	4,977		
Adjust Reserve for Receivable	16,718		
Statutory Excess - Animal Control Fund			3,488
Interfunds Returned	-	3,534	15,783
Cancellation of Accounts/Other Payable	-	-	595
	<u>59,855,124</u>	<u>59,244,052</u>	<u>58,241,372</u>
Total Revenues			
EXPENDITURES			
Municipal Budget	20,212,006	19,728,820	19,640,649
County Taxes	4,353,730	4,408,036	4,080,449
Local District School Taxes	34,384,491	33,738,464	33,334,772
Interfund Advance			3,534
Refund of Prior Year Revenues	74		2,981
Adjustment - State Audit - Senior Citizen and Veterans Deductions			12,250
Cancellation of Grant Receivable (Net)	-	237	
Adjustment to Reserve for Receivables	-	18,474	-
	<u>58,950,301</u>	<u>57,894,031</u>	<u>57,074,635</u>
Total Expenditures			
Excess in Revenues	904,823	1,350,021	1,166,737
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	<u>233,651</u>	<u>100,000</u>	<u>4,728</u>
Statutory Excess to Fund Balance	1,138,474	1,450,021	1,171,465
Fund Balance, January 1	<u>1,744,685</u>	<u>1,473,635</u>	<u>1,616,170</u>
	2,883,159	2,923,656	2,787,635
Decreased by:			
Utilization as Anticipated Revenue	<u>1,249,000</u>	<u>1,178,971</u>	<u>1,314,000</u>
Fund Balance, December 31	<u>\$ 1,634,159</u>	<u>\$ 1,744,685</u>	<u>\$ 1,473,635</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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2014 (UNAUDITED) STATEMENT OF EXPENDITURES

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 280,140	\$ 280,300	\$ 278,200	\$ 2,100	
Other Expenses	121,436	121,436	100,753	20,683	
Postage	20,000	20,000	18,303	1,697	
Ethics Board					
Salaries and Wages	540	540	90	450	
Other Expenses	2,000	1,100	321	779	
Elections					
Other Expenses	14,000	14,000	13,935	65	
Financial Administration					
Salaries and Wages	166,699	166,919	166,917	2	
Other Expenses	90,483	90,483	46,325	44,158	
Assessment of Taxes					
Salaries and Wages	25,101	22,101	21,247	854	
Other Expenses	5,000	6,500	6,432	68	
Reassessment of Real Property					
Collection of Taxes					
Salaries and Wages	77,055	77,055	76,567	488	
Other Expenses	9,545	8,545	7,568	977	
Legal Services and Costs					
Borough Attorney - Other Expenses	45,500	85,500	70,593	14,907	
Other Expenses	40,000	95,000	78,952	16,048	
Engineering					
Other Expenses	48,500	69,500	63,735	5,765	
Planning Board/Zoning Board					
Salaries and Wages	2,000	2,300	2,114	186	
Other Expenses	6,500	8,700	8,684	16	
Insurance					
Unemployment Insurance	24,000	24,000	24,000		
General Liability	320,315	320,315	318,549	1,766	
Workers Compensation	311,702	311,702	311,702		
Employee Group Health	1,688,179	1,588,179	1,561,287	26,892	
Health Benefit Waiver	10,081	13,206	13,202	4	
Rent Leveling Board					
Salaries and Wages	540	540	90	450	
Other Expenses	1,200	1,200	350	850	
PUBLIC SAFETY FUNCTIONS					
Fire Department					
Other Expenses	87,450	89,450	87,269	2,181	
Life Hazard Use Fees					
Salaries and Wages	25,000	22,500	20,870	1,630	
Other Expenses	500	5,500	5,103	397	
Aid to Volunteer Fire Companies	42,000	42,000	42,000		
Rental of Fire Houses	30,000	30,000	28,000	2,000	
Fire Hydrant Services	188,000	182,000	181,185	815	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY FUNCTIONS (Continued)					
Police Department					
Salaries and Wages	\$ 5,116,435	\$ 5,236,435	\$ 5,211,072	\$ 25,363	
Other Expenses	159,572	159,572	152,784	6,788	
Police Reserve - Other Expenses	4,000	4,000	3,222	778	
Emergency Management	4,000	4,000	630	3,370	
Volunteer Ambulance Corp.					
Other Expenses	28,000	28,000	28,000		
Municipal Prosecutor					
Salaries and Wages	7,944	7,944	7,944		
Other Expenses	100	100		100	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,861,806	1,861,806	1,818,593	43,213	
Other Expenses	194,810	185,961	164,387	21,574	
Recycling					
Salaries and Wages	3,931	3,931	3,931	-	
Garbage and Trash Removal					
Other Expenses	1,310,895	1,306,520	1,127,667	178,853	
Sewer System					
Other Expenses	5,000	12,500	11,894	606	
Public Building and Grounds					
Salaries and Wages	126,601	129,601	128,242	1,359	
Other Expenses	29,750	30,950	30,777	173	
Shade Tree					
Other Expenses	18,100	18,100	7,810	10,290	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	35,435	35,435	35,435	-	
Other Expenses	85,475	85,475	69,036	16,439	
Other Expenses-Contractual (Animal Shelter)	25,000	25,000	22,198	2,802	
Hepatitis Program	600	600		600	
Environmental Commission					
Other Expenses	500	500	400	100	
Administration of Public Assistance					
Salaries and Wages	3,182	3,292	3,058	234	
Aid to Community Center for Mental Health	8,000	8,000	8,000		
PARKS AND RECREATION FUNCTIONS					
Senior Citizens					
Salaries and Wages	67,239	67,239	67,069	170	
Other Expenses	13,350	13,350	12,118	1,232	
Parks and Playgrounds					
Salaries and Wages	81,667	81,667	76,508	5,159	
Other Expenses	34,550	37,050	35,101	1,949	

**BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Paid or</u>	
	<u>2014 Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	\$ 16,000	\$ 16,000	\$ 13,763	\$ 2,237	
MUNICIPAL COURT					
Salaries and Wages	127,936	127,936	120,484	7,452	
Other Expenses	13,500	13,500	10,203	3,297	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	4,964	4,964	4,964		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	178,202	186,802	186,277	525	
Other Expenses	3,400	19,400	18,668	732	
UNCLASSIFIED					
Utilities					
Gasoline	170,000	170,000	146,469	23,531	
Electricity	152,000	212,000	211,433	567	
Telephone	84,000	84,000	83,650	350	
Street Lighting	175,000	175,000	172,026	2,974	
Water	28,000	28,000	19,124	8,876	-
Total Operations Within "CAPS"	<u>13,862,410</u>	<u>14,085,201</u>	<u>13,567,280</u>	<u>517,921</u>	<u>-</u>
Detail:					
Salaries and Wages	8,192,417	8,319,307	8,229,672	89,635	
Other Expenses	5,669,993	5,765,894	5,337,608	428,286	
DEFERRED CHARGES AND REGULATORY					
EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	345,000	347,500	343,812	3,688	
Public Employees' Retirement System	388,202	388,202	387,246	956	
Police and Firemen's Retirement Fund of NJ	932,557	932,557	932,557		
Defined Contribution Retirement Plan (DCRP)	950	1,135	1,047	88	-
Total Deferred Charges and Statutory					
Expenditures - Within "CAPS"	<u>1,666,709</u>	<u>1,669,394</u>	<u>1,664,662</u>	<u>4,732</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes within "CAPS"	<u>15,529,119</u>	<u>15,754,595</u>	<u>15,231,942</u>	<u>522,653</u>	<u>-</u>

**BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)**

	<u>Appropriated</u>	<u>Expended</u>		
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
UTILITY EXPENSES AND BULK PURCHASES				
Bergen County Utilities Authority	\$ 1,742,592	\$ 1,742,592	\$ 1,742,592	
EDUCATION FUNCTIONS				
Maintenance of Free Public Library	639,575	639,575	639,575	
GENERAL GOVERNMENT FUNCTIONS				
Reserve for Tax Appeals	55,000	55,000	55,000	
PUBLIC SAFETY FUNCTIONS				
Length of Service Awards Program (LOSAP)	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>\$ 50,000</u> <u>-</u>
Total Other Operations - Excluded from "CAPS"	<u>2,487,167</u>	<u>2,487,167</u>	<u>2,437,167</u>	<u>50,000</u> <u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES FEDERAL AND STATE GRANTS				
Clean Communities Grant				
State Share	27,794	27,794	27,794	-
Recycling Tonnage Grant				
Other Expenses	22,253	22,253	22,253	-
Police Body Armor				
Other Expenses	4,267	4,267	1,822	2,445
Alcohol Education and Rehabilitation				
Other Expenses	<u>475</u>	<u>475</u>	<u>-</u>	<u>475</u> <u>-</u>
Total Public and Private Programs Offset by Revenues	<u>54,789</u>	<u>54,789</u>	<u>51,869</u>	<u>2,920</u> <u>-</u>
Total Operations Excluded from "CAPS"	<u>2,541,956</u>	<u>2,541,956</u>	<u>2,489,036</u>	<u>52,920</u> <u>-</u>
Detail:				
Other Expenses	<u>2,541,956</u>	<u>2,541,956</u>	<u>2,489,036</u>	<u>52,920</u> <u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u> <u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u> <u>-</u>

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (UNAUDITED)

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 680,000	\$ 680,000	\$ 680,000		
Payment of Bond Anticipation Note Principal	110,080	110,080	110,080		
Interest on Bonds	313,943	313,943	313,942	\$	1
Interest on Notes	48,540	56,715	56,715		
Green Trust					
Loan Repayments for Principal and Interest - Multi-Parks	12,437	12,437	12,437		
Bergen County Improvement Authority - Loan Repayment	74,943	74,943	74,943		
NJEIT Loan Principal	345,833	345,833	345,828		5
NJEIT Loan Interest	97,608	97,608	97,607	-	1
	<u>1,683,384</u>	<u>1,691,559</u>	<u>1,691,552</u>	<u>-</u>	<u>7</u>
Total Municipal Debt Service - Excluded from "CAPS"					
DEFERRED CHARGES					
Emergency Authorizations	100,000	100,000	100,000		
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	50,000	50,000	50,000		
Deferred Charges to Future Taxation Unfunded Ordinance No. 1223	23,903	23,903	23,903	-	-
	<u>173,903</u>	<u>173,903</u>	<u>173,903</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"					
Total General Appropriations for Municipal Purposes Excluded from "CAPS"					
	<u>4,449,243</u>	<u>4,457,418</u>	<u>4,404,491</u>	<u>\$ 52,920</u>	<u>7</u>
Subtotal General Appropriations					
	19,978,362	20,212,013	19,636,433	575,573	7
RESERVE FOR UNCOLLECTED TAXES					
	<u>1,130,000</u>	<u>1,130,000</u>	<u>1,130,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations					
	<u>\$ 21,108,362</u>	<u>\$ 21,342,013</u>	<u>\$ 20,766,433</u>	<u>\$ 575,573</u>	<u>\$ 7</u>
Original Budget					
		\$ 21,108,362			
Emergency Appropriation					
		<u>233,651</u>			
		<u>\$ 21,342,013</u>			

2013 STATEMENT OF EXPENDITURES

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 278,538	\$ 284,180	\$ 284,034	\$ 146	
Other Expenses	63,560	73,761	67,632	6,129	
Postage	21,122	19,622	18,001	1,621	
Ethics Board					
Salaries and Wages	540	540	270	270	
Other Expenses	5,000	5,000	1,379	3,621	
Elections					
Other Expenses	14,200	14,200	14,012	188	
Financial Administration					
Salaries and Wages	163,254	163,832	163,832		
Other Expenses	97,953	97,953	36,297	61,656	
Assessment of Taxes					
Salaries and Wages	24,788	20,982	20,982	-	
Other Expenses	2,740	5,540	5,063	477	
Reassessment of Real Property					
Collection of Taxes					
Salaries and Wages	75,730	75,730	75,250	480	
Other Expenses	10,093	12,093	9,724	2,369	
Legal Services and Costs					
Borough Attorney - Other Expenses	43,500	43,500	36,955	6,545	
Other Expenses	35,000	35,000	23,955	11,045	
Engineering					
Other Expenses	45,000	51,700	47,396	4,304	
Planning Board/Zoning Board					
Salaries and Wages	2,000	2,000	2,000		
Other Expenses	9,800	9,800	5,963	3,837	
Insurance					
Unemployment Insurance	22,000	22,000	22,000		
General Liability	314,680	319,080	316,676	2,404	
Workers Compensation	316,125	316,125	316,125		
Employee Group Health	1,670,633	1,631,866	1,631,848	18	
Health Benefit Waiver	6,500	8,167	8,167	-	
Rent Leveling Board					
Salaries and Wages	540	270	270	-	
Other Expenses	2,000	2,000	902	1,098	
PUBLIC SAFETY FUNCTIONS					
Fire Department					
Other Expenses	100,000	100,000	94,159	5,841	
Life Hazard Use Fees					
Salaries and Wages	27,560	24,960	24,876	84	
Other Expenses	7,500	7,500	6,951	549	
Aid to Volunteer Fire Companies	42,000	42,000	42,000		
Rental of Fire Houses	28,000	28,000	28,000		
Fire Hydrant Services	188,000	183,000	179,940	3,060	

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC SAFETY FUNCTIONS (Continued)					
Police Department					
Salaries and Wages	\$ 5,003,188	\$ 5,068,188	\$ 5,063,109	\$ 5,079	
Other Expenses	140,922	173,922	158,825	15,097	
Police Reserve - Other Expenses	4,000	4,000	4,000		
Emergency Management	4,000	4,000	485	3,515	
Volunteer Ambulance Corp.					
Other Expenses	26,000	26,000	26,000		
Municipal Prosecutor					
Salaries and Wages	7,944	7,944	7,944		
Other Expenses	500				
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,821,080	1,821,080	1,813,740	7,340	
Other Expenses	204,750	204,750	197,166	7,584	
Recycling					
Salaries and Wages	4,048	4,048	3,931	117	
Garbage and Trash Removal					
Other Expenses	1,275,000	1,266,000	1,238,899	27,101	
Sewer System					
Other Expenses	6,000	5,000	4,902	98	
Public Building and Grounds					
Salaries and Wages	124,474	124,707	124,707	-	
Other Expenses	41,050	39,083	32,113	6,970	
Shade Tree					
Other Expenses	30,000	30,000	21,005	8,995	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	34,826	34,826	34,826	-	
Other Expenses	87,900	81,900	74,355	7,545	
Other Expenses-Contractual (Animal Shelter)	25,000	24,101	24,101	-	
Hepatitis Program	600				
Environmental Commission					
Other Expenses	500	500	326	174	
Administration of Public Assistance					
Salaries and Wages	6,150	5,571	5,571	-	
Other Expenses	100	100	32	68	
Aid to Community Center for Mental Health	8,000	8,000	8,000		
PARKS AND RECREATION FUNCTIONS					
Senior Citizens					
Salaries and Wages	65,889	62,831	62,831	-	
Other Expenses	14,900	14,900	10,974	3,926	
Parks and Playgrounds					
Salaries and Wages	104,896	91,120	91,120	-	
Other Expenses	32,000	32,000	31,378	622	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	\$ 20,000	\$ 20,000	\$ 16,185	\$ 3,815	
MUNICIPAL COURT					
Salaries and Wages	139,344	128,791	128,767	24	
Other Expenses	13,150	13,150	9,399	3,751	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	4,964	4,964	4,964		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	176,166	182,411	182,411		
Other Expenses	11,500	13,700	12,661	1,039	
UNCLASSIFIED					
Utilities					
Gasoline	190,000	172,457	152,887	19,570	
Electricity	140,000	150,000	147,988	2,012	
Telephone	80,000	94,233	86,466	7,767	
Street Lighting	175,000	175,000	172,857	2,143	
Water	14,000	36,865	28,498	8,367	-
Total Operations Within "CAPS"	<u>13,656,197</u>	<u>13,726,543</u>	<u>13,468,082</u>	<u>258,461</u>	<u>-</u>
Detail:					
Salaries and Wages	8,065,919	8,108,975	8,095,435	13,540	
Other Expenses	5,590,278	5,617,568	5,372,647	244,921	
DEFERRED CHARGES AND REGULATORY					
EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Deferred Charges:					
Overexpenditure of 2012 Budget Appropriations	4,728	4,728	4,728		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	344,137	338,681	338,681		
Public Employees' Retirement System	396,683	396,683	396,683		
Police and Firemen's Retirement Fund of NJ	943,025	943,025	943,025		
Defined Contribution Retirement Plan (DCRP)	700	810	810	-	-
Total Deferred Charges and Statutory					
Expenditures - Within "CAPS"	<u>1,689,273</u>	<u>1,683,927</u>	<u>1,683,927</u>	<u>-</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes within "CAPS"					
	<u>15,345,470</u>	<u>15,410,470</u>	<u>15,152,009</u>	<u>258,461</u>	<u>-</u>

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

	<u>Appropriated</u>	<u>Expended</u>		
	2013 Budget	Budget After Modification	Paid or Charged	Reserved Cancelled
OPERATIONS - EXCLUDED FROM "CAPS"				
UTILITY EXPENSES AND BULK PURCHASES				
Bergen County Utilities Authority	\$ 1,670,351	\$ 1,670,351	\$ 1,670,351	
EDUCATION FUNCTIONS				
Maintenance of Free Public Library	659,575	659,575	659,575	
GENERAL GOVERNMENT FUNCTIONS				
Reserve for Tax Appeals	50,000	50,000	50,000	
PUBLIC SAFETY FUNCTIONS				
Length of Service Awards Program (LOSAP)	<u>50,000</u>	<u>50,000</u>	<u>46,800</u>	<u>\$ 3,200</u> <u>-</u>
 Total Other Operations - Excluded from "CAPS"	 <u>2,429,926</u>	 <u>2,429,926</u>	 <u>2,426,726</u>	 <u>3,200</u> <u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES FEDERAL AND STATE GRANTS				
Clean Communities Grant				
State Share	23,673	23,673	-	23,673
Recycling Tonnage Grant				
Other Expenses	22,389	22,389	4,558	17,831
Police Body Armor				
Other Expenses	5,581	5,581	4,956	625
Alcohol Education and Rehabilitation				
Other Expenses	270	270		270
Green Communities Grant				
Other Expenses	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u> <u>-</u>
 Total Public and Private Programs Offset by Revenues	 <u>53,413</u>	 <u>53,413</u>	 <u>9,514</u>	 <u>43,899</u> <u>-</u>
 Total Operations Excluded from "CAPS"	 <u>2,483,339</u>	 <u>2,483,339</u>	 <u>2,436,240</u>	 <u>47,099</u> <u>-</u>
Detail:				
Other Expenses	<u>2,483,339</u>	<u>2,483,339</u>	<u>2,436,240</u>	<u>47,099</u> <u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	55,000	55,000	55,000	
Acquisition of DPW Vehicle	<u>-</u>	<u>35,000</u>	<u>34,694</u>	<u>306</u> <u>-</u>
 Total Capital Improvements - Excluded from "CAPS"	 <u>55,000</u>	 <u>90,000</u>	 <u>89,694</u>	 <u>306</u> <u>-</u>

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 663,000	\$ 663,000	\$ 663,000		
Payment of Bond Anticipation Note Principal	61,710	61,710	61,710		
Interest on Bonds	338,106	338,106	338,106		
Interest on Notes	51,856	51,856	51,856		
Green Trust					
Loan Repayments for Principal and Interest - Multi-Parks	12,437	12,437	12,437		
Bergen County Improvement Authority -					
Loan Repayment	69,035	69,035	69,034		\$ 1
NJEIT Loan Principal	342,384	342,384	342,383		1
NJEIT Loan Interest	<u>101,808</u>	<u>101,808</u>	<u>101,807</u>	-	<u>1</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,640,336</u>	<u>1,640,336</u>	<u>1,640,333</u>	-	<u>3</u>
DEFERRED CHARGES					
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	50,000	50,000	50,000		
Deferred Charges to Future Taxation Unfunded Ordinance No. 1223	<u>54,678</u>	<u>54,678</u>	<u>54,678</u>	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>104,678</u>	<u>104,678</u>	<u>104,678</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,283,353</u>	<u>4,318,353</u>	<u>4,270,945</u>	\$ 47,405	<u>3</u>
Subtotal General Appropriations	19,628,823	19,728,823	19,422,954	305,866	3
RESERVE FOR UNCOLLECTED TAXES	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 20,728,823</u>	<u>\$ 20,828,823</u>	<u>\$ 20,522,954</u>	<u>\$ 305,866</u>	<u>\$ 3</u>
Original Budget		\$ 20,728,823			
Emergency Appropriation		<u>100,000</u>			
		<u>\$ 20,828,823</u>			

2012 STATEMENT OF EXPENDITURES

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>	<u>Over- expenditure</u>
	<u>2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration						
Salaries and Wages	\$ 270,364	\$ 270,227	\$ 269,227	\$ 1,000		
Other Expenses	92,900	92,900	68,647	24,253		
Postage	23,122	23,122	19,746	3,376		
Ethics Board						
Salaries and Wages	540	540	450	90		
Other Expenses	2,565	2,565	1,949	616		
Elections						
Other Expenses	14,100	14,200	14,177	23		
Financial Administration						
Salaries and Wages	159,493	159,493	159,493			
Other Expenses	112,556	112,556	48,683	63,873		
Assessment of Taxes						
Salaries and Wages	23,950	20,275	20,272	3		
Other Expenses	3,870	3,870	2,178	1,692		
Reassessment of Real Property						
Collection of Taxes						
Salaries and Wages	73,169	73,169	73,169			
Other Expenses	12,347	12,347	8,317	4,030		
Legal Services and Costs						
Borough Attorney - Other Expenses	60,000	59,000	38,783	20,217		
Other Expenses	40,000	40,000	40,000			
Engineering						
Other Expenses	60,000	60,000	48,591	11,409		
Planning Board/Zoning Board						
Salaries and Wages	2,000	1,667	1,667			
Other Expenses	10,800	10,800	7,445	3,355		
Insurance						
Unemployment Insurance	27,000	27,000	27,000			
General Liability	315,446	315,987	310,274	5,713		
Workers Compensation	292,507	292,507	292,507			
Employee Group Health	1,650,291	1,648,842	1,572,079	76,763		
Health Benefit Waiver	1,500	2,408	2,387	21		
Rent Leveling Board						
Salaries and Wages	540	540	450	90		
Other Expenses	3,200	3,200	1,015	2,185		
PUBLIC SAFETY FUNCTIONS						
Fire Department						
Other Expenses	80,000	89,600	87,957	1,643		
Life Hazard Use Fees						
Salaries and Wages	25,000	27,856	27,246	610		
Other Expenses	8,000	8,000	7,779	221		
Aid to Volunteer Fire Companies	36,100	36,100	36,100			
Rental of Fire Houses	28,000	28,000	28,000			
Fire Hydrant Services	180,107	180,707	180,690	17		

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Over-</u>
	<u>2012 Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
			<u>Charged</u>		<u>expenditure</u>
PUBLIC SAFETY FUNCTIONS (Continued)					
Police Department					
Salaries and Wages	\$ 4,843,510	\$ 4,826,748	\$ 4,766,675	\$ 60,073	
Other Expenses	206,516	206,516	211,244		\$ 4,728
Police Reserve - Other Expenses	2,500	2,500	2,500		
Emergency Management	4,000	4,000	4,000		
Volunteer Ambulance Corp.					
Other Expenses	26,000	26,000	26,000		
Municipal Prosecutor					
Salaries and Wages	7,788	7,788	7,788		
Other Expenses	500				
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,717,171	1,729,171	1,723,763	5,408	
Other Expenses	196,300	196,300	187,337	8,963	
Recycling					
Salaries and Wages	3,800	3,854	3,854	-	
Garbage and Trash Removal					
Other Expenses	1,241,000	1,261,000	1,230,504	30,496	
Sewer System					
Other Expenses	6,000	6,000	5,814	186	
Public Building and Grounds					
Salaries and Wages	122,844	122,519	120,592	1,927	
Other Expenses	44,900	44,400	36,466	7,934	
Shade Tree					
Other Expenses	36,000	38,339	38,137	202	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	33,939	33,939	33,939	-	
Other Expenses	93,800	90,800	84,360	6,440	
Other Expenses-Contractual (Animal Shelter)	25,000	24,595	24,595	-	
Hepatitis Program	600				
Environmental Commission					
Other Expenses	500			-	
Administration of Public Assistance					
Salaries and Wages	5,000	5,575	5,310	265	
Other Expenses	150			-	
Aid to Community Center for Mental Health	8,000	8,000	8,000		
PARKS AND RECREATION FUNCTIONS					
Senior Citizens					
Salaries and Wages	64,602	64,602	64,398	204	
Other Expenses	15,450	15,450	13,387	2,063	
Parks and Playgrounds					
Salaries and Wages	125,385	92,385	88,843	3,542	
Other Expenses	53,600	53,600	53,600	-	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Cancelled</u>	<u>Over-</u>
	<u>2012 Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>		<u>expenditure</u>
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events						
Other Expenses	\$ 26,000	\$ 26,000	\$ 23,439	\$ 2,561		
MUNICIPAL COURT						
Salaries and Wages	132,080	132,905	132,905	-		
Other Expenses	9,900	9,900	9,505	395		
Public Defender (P.L. 1997, C.256)						
Salaries and Wages	4,867	4,305	4,305			
UNIFORM CONSTRUCTION CODE						
APPROPRIATIONS OFFSET BY DEDICATED						
REVENUES (N.J.A.C. 5:23-4-17)						
CODE ENFORCEMENT AND ADMINISTRATION						
Salaries and Wages	170,753	176,753	175,932	821		
Other Expenses	13,800	13,800	13,800			
UNCLASSIFIED						
Utilities						
Gasoline	192,000	197,000	170,042	26,958		
Electricity	165,000	151,000	127,397	23,603		
Telephone	57,000	77,000	72,605	4,395		
Street Lighting	180,000	178,500	155,649	22,851		
Water	14,500	14,000	10,129	3,871	-	-
Total Operations Within "CAPS"	<u>13,460,222</u>	<u>13,462,722</u>	<u>13,033,092</u>	<u>434,358</u>	<u>-</u>	<u>\$ 4,728</u>
Detail:						
Salaries and Wages	7,786,795	7,754,311	7,680,278	74,033	-	-
Other Expenses	5,673,427	5,708,411	5,352,814	360,325	-	4,728
DEFERRED CHARGES AND REGULATORY						
EXPENDITURES-MUNICIPAL-WITHIN "CAPS"						
Contribution to:						
Social Security System (O.A.S.I.)	335,000	332,500	324,674	7,826		
Public Employees' Retirement System	382,729	382,729	382,729			
Police and Firemen's Retirement Fund of NJ	850,076	850,076	850,076	-	-	-
Total Deferred Charges and Statutory						
Expenditures - Within "CAPS"	<u>1,567,805</u>	<u>1,565,305</u>	<u>1,557,479</u>	<u>7,826</u>	<u>-</u>	<u>-</u>
Total General Appropriations for						
Municipal Purposes within "CAPS"	<u>15,028,027</u>	<u>15,028,027</u>	<u>14,590,571</u>	<u>442,184</u>	<u>-</u>	<u>4,728</u>

**BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>	<u>Expended</u>			
	<u>2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
					<u>Over- expenditure</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority-Contractual	\$ 1,844,377	\$ 1,844,377	\$ 1,844,377		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	679,575	679,575	679,575		
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	80,000	80,000	80,000		
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	<u>65,000</u>	<u>65,000</u>	<u>47,400</u>	\$ 17,600	-
Total Other Operations - Excluded from "CAPS"	<u>2,668,952</u>	<u>2,668,952</u>	<u>2,651,352</u>	17,600	-
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant					
State Share	24,068	24,068	1,312	22,756	
Recycling Tonnage Grant					
Other Expenses	15,465	15,465		15,465	
Police Body Armor					
Other Expenses	<u>3,397</u>	<u>3,397</u>	-	3,397	-
Total Public and Private Programs Offset by Revenues	<u>42,930</u>	<u>42,930</u>	1,312	41,618	-
Total Operations Excluded from "CAPS"	<u>2,711,882</u>	<u>2,711,882</u>	<u>2,652,664</u>	59,218	-
Detail:					
Other Expenses	<u>2,711,882</u>	<u>2,711,882</u>	<u>2,652,664</u>	59,218	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	-	-

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Appropriated</u>		<u>Expended</u>			<u>Over-</u>
	<u>2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>expenditure</u>
MUNICIPAL DEBT SERVICE -						
EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 640,000	\$ 640,000	\$ 640,000			
Payment of Bond Anticipation Note Principal	54,900	54,900	54,900			
Interest on Bonds	364,609	364,609	364,609			
Interest on Notes	35,937	35,950	35,950			
Green Trust						
Loan Repayments for Principal and Interest - Multi-Parks	12,437	12,437	12,437			
Bergen County Improvement Authority - Loan Repayment	72,986	72,973	58,364		\$ 14,609	
NJEIT Loan Principal	335,618	335,618	335,618			
NJEIT Loan Interest	105,768	105,768	105,768	-	-	-
	<u>1,622,255</u>	<u>1,622,255</u>	<u>1,607,646</u>	<u>-</u>	<u>14,609</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"						
DEFERRED CHARGES						
Emergency Authorizations	103,688	103,688	103,688			
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	50,000	50,000	50,000			
Deferred Charges to Future Taxation Unfunded						
Ordinance No. 1282	1,500	1,500	1,500			
Ordinance No. 1234	46,468	46,468	46,468			
Ordinance No. 1223	6,710	6,710	6,710	-	-	-
	<u>208,366</u>	<u>208,366</u>	<u>208,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"						
Total General Appropriations for Municipal Purposes Excluded from "CAPS"						
	<u>4,622,503</u>	<u>4,622,503</u>	<u>4,548,676</u>	<u>\$ 59,218</u>	<u>14,609</u>	<u>-</u>
Subtotal General Appropriations						
	19,650,530	19,650,530	19,139,247	501,402	14,609	\$ 4,728
RESERVE FOR UNCOLLECTED TAXES						
	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations						
	<u>\$ 20,710,530</u>	<u>\$ 20,710,530</u>	<u>\$ 20,199,247</u>	<u>\$ 501,402</u>	<u>\$ 14,609</u>	<u>\$ 4,728</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

ASSETS	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
Animal Control Fund			
Cash	\$ 9,821	\$ 5,435	\$ 13,301
Other Trust Fund			
Cash	<u>746,391</u>	<u>642,175</u>	<u>559,653</u>
Unemployment Insurance Trust Fund			
Cash	71,086	58,717	51,839
Due from Payroll Service Provider	<u>-</u>	<u>661</u>	<u>676</u>
	<u>71,086</u>	<u>59,378</u>	<u>52,515</u>
Length of Service Awards Program Fund (Unaudited)			
Investment	1,047,687	955,492	769,333
Contribution Receivable	<u>-</u>	<u>46,800</u>	<u>47,400</u>
	<u>1,047,687</u>	<u>1,002,292</u>	<u>816,733</u>
Total Assets	<u>\$ 1,874,985</u>	<u>\$ 1,709,280</u>	<u>\$ 1,442,202</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund			
Due to State of New Jersey	\$ 146	\$ 146	\$ 146
Due to Current Fund	-	-	3,488
Reserve for Animal Control Expenditures	<u>9,675</u>	<u>5,289</u>	<u>9,667</u>
	<u>9,821</u>	<u>5,435</u>	<u>13,301</u>
Other Trust Fund			
Reserve for Developers Escrow	63,388	46,253	48,993
Miscellaneous Reserves	356,692	504,293	422,299
Payroll Deductions Payable	175,406	91,629	88,339
Reserve for Recreation	150,905		
Due to Current Fund	<u>-</u>	<u>-</u>	<u>22</u>
	<u>746,391</u>	<u>642,175</u>	<u>559,653</u>
Unemployment Insurance Trust Fund			
Due to State of New Jersey	1,154	2,030	2,609
Reserve for Unemployment Insurance Expenditures	<u>69,932</u>	<u>57,348</u>	<u>49,906</u>
	<u>71,086</u>	<u>59,378</u>	<u>52,515</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for Length of Service Award Program	<u>1,047,687</u>	<u>1,002,292</u>	<u>816,733</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 1,874,985</u>	<u>\$ 1,709,280</u>	<u>\$ 1,442,202</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

ASSETS	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
Cash	\$ 1,678,094	\$ 1,098,603	\$ 772,748
Grants Receivable	651,112	566,063	501,025
Environmental Infrastructure Trust Loans Receivable	15,000	62,515	2,479,053
Deferred Charges to Future Taxation			
Funded	15,785,361	16,875,560	17,938,124
Unfunded	6,371,565	5,805,596	5,066,088
Cancelled Receivables		23,903	78,581
Due from Current Fund	<u>28</u>	<u>28</u>	<u>-</u>
 Total Assets	 <u>\$ 24,501,160</u>	 <u>\$ 24,432,268</u>	 <u>\$ 26,835,619</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes	\$ 5,673,000	\$ 4,680,000	\$ 4,025,000
General Serial Bonds	9,340,000	10,020,000	10,683,000
Pension Obligation Lease Payable	813,000	868,000	916,000
Green Trust Fund Loan Payable	146,501	155,867	165,048
Environmental Infrastructure Trust Loan Payable	5,485,860	5,831,693	6,174,076
Improvement Authorizations			
Funded	834,010	883,207	770,935
Unfunded	1,605,662	1,091,727	1,377,324
Contracts Payable	43,786	431,238	2,247,247
Due to Current Fund		-	23
Reserve for Payment of Debt	62,310	87,310	137,310
Reserve for Preliminary Costs		-	25,000
Reserve for Grants Receivable	357,937	272,888	207,850
Capital Improvement Fund	65,663	45,663	36,600
Fund Balance	<u>73,431</u>	<u>64,675</u>	<u>70,206</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 24,501,160</u>	 <u>\$ 24,432,268</u>	 <u>\$ 26,835,619</u>

There were bonds and notes authorized but not issued of \$762,516, \$1,305,857 and \$1,048,983 at December 31, 2014 (Unaudited), 2013 and 2012, respectively.

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
Balance, January 1	\$ 64,675	\$ 70,206	\$ 86,109
Increased by:			
Improvement Authorizations Canceled	-	323,292	
Premium on Bond Anticipation Notes	<u>33,756</u>	<u>19,469</u>	<u>9,097</u>
	98,431	412,967	95,206
Decreased by:			
Appropriated to Finance Improvement Authorizations	-	323,292	
Anticipated as Revenue in Current Fund Budget	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Balance, December 31	<u>\$ 73,431</u>	<u>\$ 64,675</u>	<u>\$ 70,206</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

ASSETS	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
Cash	\$ 6,947	\$ 9,906	\$ 10,251
	<u>\$ 6,947</u>	<u>\$ 9,906</u>	<u>\$ 10,251</u>
 LIABILITIES			
Due to Current Fund Reserve for Goodwill	\$ 6,947	\$ 9,906	\$ 1 10,250
	<u>\$ 6,947</u>	<u>\$ 9,906</u>	<u>\$ 10,251</u>

**BOROUGH OF DUMONT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

	<u>2014</u> (Unaudited)	<u>2013</u>	<u>2012</u>
ASSETS			
Land and Land Improvements	\$ 3,093,893	\$ 3,093,893	\$ 3,093,893
Buildings and Building Improvements	4,754,780	4,754,780	4,633,826
Machinery and Equipment	<u>7,410,476</u>	<u>7,410,476</u>	<u>6,991,355</u>
	<u>\$ 15,259,149</u>	<u>\$ 15,259,149</u>	<u>\$ 14,719,074</u>
FUND BALANCE			
Investment in General Fixed Assets	<u>\$ 15,259,149</u>	<u>\$ 15,259,149</u>	<u>\$ 14,719,074</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Dumont (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

C. Basis of Presentation – Financial Statements

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

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 DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 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 DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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 DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

Fixed Assets purchased after December 31, 2008 are stated as cost. Donated fixed assets over \$5,000 are recorded at estimated fair market value at the date of donation.

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

Land and Land Improvements	Estimated Historical Cost
Buildings and Building Improvements	Assessed Value and/or Cost
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 the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available.

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

Reclassifications - Certain reclassifications have been made to the December 31, 2012 and 2013 balances to conform to the December 31, 2013 (Unaudited) presentation.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund
Public Assistance Fund

The Governing Body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The Governing Body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014, the Borough Council increased the original budget by \$233,651. The increases were due to emergency authorizations for police salaries and wages, electricity/natural gas expenses and legal. During 2013, the Borough Council increased the original budget by \$100,000. The increases were due to emergency authorizations in the amount of \$65,000 for police salaries and wages and \$35,000 for the acquisition of a public works vehicle. The Governing Body did not increase the 2012 original budget. In addition, the Governing Body approved several budget transfers during 2014, 2013 and 2012.

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 (Unaudited), 2013 and 2012, the book value of the Borough's deposits were \$5,938,946, \$4,824,218 and \$4,756,749 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,020,724, \$5,526,066 and \$4,884,994, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2014</u> <u>(Unaudited)</u>	<u>Bank Balance</u> <u>2013</u>	<u>2012</u>
Insured	\$ 6,020,724	\$ 5,526,066	\$ 4,884,994

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 have a formal policy for custodial credit risk. As of December 31, 2014 (Unaudited), 2013 and 2012, the Borough's bank deposits were not exposed to custodial credit risk.

B. Investments

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

As of December 31, 2014 (Unaudited), 2013 and 2012, the Borough had the following investments:

	<u>Fair and Book Value</u>		
	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
Investment in Lincoln Financial (LOSAP)	\$ 1,047,687	\$ 955,492	\$ 769,333

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS

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 have a policy for custodial risk. As of December 31, 2014 (Unaudited), 2013 and 2012, \$1,047,687, \$955,492 and \$769,333 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:			
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 1,047,687	\$ 955,492	\$ 769,333

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2014, 2013 and 2012, the Borough’s investment in Lincoln Financial Group was rated Baa1, Baa1 and Baa2, respectively, by Moody’s Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer.

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

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 (Unaudited), 2013 and 2012 consisted of the following:

	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
<u>Current</u>			
Property Taxes	\$ 733,400	\$ 503,103	\$ 570,874
Tax Title Liens	<u>5,706</u>	<u>5,013</u>	<u>4,331</u>
	<u>\$ 739,106</u>	<u>\$ 508,116</u>	<u>\$ 575,205</u>

In 2014 (Unaudited), 2013 and 2012, the Borough collected \$479,144, \$557,666 and \$525,752 from delinquent taxes, which represented 95%, 97% and 99% of the prior year delinquent taxes receivable balance, respectively.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

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>2014 (Unaudited)</u>		<u>2013</u>		<u>2012</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund		\$ 28		\$ 28	\$ 3,534	
Animal Control Fund						\$ 3,488
Other Trust Fund						22
General Capital Fund	\$ 28		\$ 28			23
Public Assistance Fund	-	-	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 3,534</u>	<u>\$ 3,534</u>

The interfund balances are the result of expenditures being paid by one fund on behalf of another, revenues earned in one fund but owing to another fund and/or to cover cash balances which were in an overdraft position.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
<u>2014 (Unaudited)</u>			
Current Fund			
Emergency Authorizations	\$ 233,651	\$ 233,651	
Special Emergency Authorizations (40A:4-55)	100,000	50,000	\$ 50,000
	<u>\$ 333,651</u>	<u>\$ 283,651</u>	<u>\$ 50,000</u>
<u>2013</u>			
Current Fund			
Emergency Authorizations	\$ 100,000	\$ 100,000	
Special Emergency Authorizations (40A:4-55)	150,000	50,000	\$ 100,000
	<u>\$ 250,000</u>	<u>\$ 150,000</u>	<u>\$ 100,000</u>
<u>2012</u>			
Current Fund			
Overexpenditure of Budget Appropriation	\$ 4,728	\$ 4,728	
Special Emergency Authorizations (40A:4-55)	200,000	50,000	\$ 150,000
	<u>\$ 204,728</u>	<u>\$ 54,728</u>	<u>\$ 150,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2014 (Unaudited)</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget
Current Fund						
Cash Surplus	\$ 1,400,508	\$ 1,100,000	\$ 1,644,685	\$ 1,200,000	\$ 1,415,743	\$ 1,178,971
Non-Cash Surplus	<u>233,651</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>57,892</u>	<u>-</u>
	<u>\$ 1,634,159</u>	<u>\$ 1,100,000</u>	<u>\$ 1,744,685</u>	<u>\$ 1,200,000</u>	<u>\$ 1,473,635</u>	<u>\$ 1,178,971</u>

The above fund balance amount appropriated represents the surplus anticipated in the 2015 introduced municipal budget. The 2015 municipal budget has not been legally adopted as of the date of audit.

NOTE 8 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012. The changes in the general fixed assets account group for the year ended December 31, 2014 is not available.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Land Improvements	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,633,826	\$ 120,954		4,754,780
Machinery and Equipment	<u>6,991,355</u>	<u>419,121</u>	<u>-</u>	<u>7,410,476</u>
	<u>\$ 14,719,074</u>	<u>\$ 540,075</u>	<u>\$ -</u>	<u>\$ 15,259,149</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land and Land Improvements	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,492,912	\$ 140,914		4,633,826
Machinery and Equipment	<u>6,896,659</u>	<u>94,696</u>	<u>-</u>	<u>6,991,355</u>
	<u>\$ 14,483,464</u>	<u>\$ 235,610</u>	<u>\$ -</u>	<u>\$ 14,719,074</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
Issued			
General			
Bonds, Notes and Loans	\$ 21,458,361	\$ 21,555,560	\$ 21,963,124
Less Funds Temporarily Held to Pay Bonds and Notes	<u>126,261</u>	<u>267,571</u>	<u>145,205</u>
	21,332,100	21,287,989	21,817,919
Authorized But Not Issued			
General			
Bonds and Notes	<u>762,516</u>	<u>1,305,857</u>	<u>1,048,983</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 22,094,616</u>	<u>\$ 22,593,846</u>	<u>\$ 22,866,902</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 1.14%, 1.12% and 1.08% at December 31, 2014 (Unaudited), 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014 (Unaudited)</u>			
General Debt	\$ 22,220,877	\$ 955,761	\$ 21,265,116
School Debt	<u>14,285,000</u>	<u>14,285,000</u>	<u>-</u>
Total	<u>\$ 36,505,877</u>	<u>\$ 15,240,761</u>	<u>\$ 21,265,116</u>
<u>2013</u>			
General Debt	\$ 22,861,417	\$ 1,152,071	\$ 21,709,346
School Debt	<u>16,396,464</u>	<u>16,396,464</u>	<u>-</u>
Total	<u>\$ 39,257,881</u>	<u>\$ 17,548,535</u>	<u>\$ 21,709,346</u>
<u>2012</u>			
General Debt	\$ 23,012,107	\$ 1,061,205	\$ 21,950,902
School Debt	<u>17,485,000</u>	<u>17,485,000</u>	<u>-</u>
Total	<u>\$ 40,497,107</u>	<u>\$ 18,546,205</u>	<u>\$ 21,950,902</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 65,290,717 <u>21,265,116</u>	\$ 67,783,872 <u>21,709,346</u>	\$ 70,914,227 <u>21,950,902</u>
Remaining Borrowing Power	<u>\$ 44,025,601</u>	<u>\$ 46,074,526</u>	<u>\$ 48,963,325</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>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
\$2,973,000, 1999 Bonds, due in an annual installment of \$403,000 through February 13, 2013, interest at 5.05%			\$ 403,000
\$3,250,000, 2003 Bonds, due in annual installments of \$580,000 to \$610,000 through May 1, 2016, interest at 3.25% - 3.55%	\$ 1,210,000	\$ 1,790,000	1,950,000
\$8,530,000, 2010 Bonds, due in annual installments of \$100,000 to \$1,095,000 through July, 2025, interest at 1.5% - 4.0%	<u>8,130,000</u>	<u>8,230,000</u>	<u>8,330,000</u>
	<u>\$ 9,340,000</u>	<u>\$ 10,020,000</u>	<u>\$ 10,683,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Intergovernmental Loans Payable

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

	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u>	<u>2012</u>
Green Trust Fund			
\$200,000, Bonds, due in semi-annual installments of \$4,660 to \$6,157 through 2028, interest at 2%	\$ 146,501	\$ 155,867	\$ 165,048
Total Green Trust Fund	<u>146,501</u>	<u>155,867</u>	<u>165,048</u>
Environmental Infrastructure Trust			
\$1,675,000 Trust Loan, due in annual installments of \$70,000 to \$125,000 through 2027, interest at 3.4% to 5.0%	1,285,000	1,355,000	1,425,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	1,090,682	1,173,836	1,258,540
\$965,000 Trust Loan, due in annual installments of \$40,000 to \$70,000 through 2029, interest at 3.5% to 5.0%	820,000	860,000	895,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>2,290,178</u>	<u>2,442,857</u>	<u>2,595,536</u>
Total Environmental Infrastructure Trust	<u>5,485,860</u>	<u>5,831,693</u>	<u>6,174,076</u>
Total Intergovernmental Loans	<u>\$ 5,632,361</u>	<u>\$ 5,987,560</u>	<u>\$ 6,339,124</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans				Total
	Principal	Interest	Environmental Infrastructure		Green Trust		
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	700,000	291,805	352,402	93,088	9,554	2,882	1,449,731
2016	710,000	268,628	358,193	87,338	9,747	2,690	1,436,596
2017	750,000	255,800	360,662	81,338	9,943	2,494	1,460,237
2018	775,000	238,925	366,295	75,088	10,142	2,295	1,467,744
2019	800,000	219,550	376,769	68,588	10,346	2,091	1,477,344
2020-2024	4,510,000	721,650	1,970,191	248,963	54,931	7,250	7,512,984
2025-2029	<u>1,095,000</u>	<u>43,800</u>	<u>1,701,347</u>	<u>71,863</u>	<u>41,838</u>	<u>1,690</u>	<u>2,955,538</u>
Total	<u>\$ 9,340,000</u>	<u>\$ 2,040,158</u>	<u>\$ 5,485,860</u>	<u>\$ 726,263</u>	<u>\$ 146,501</u>	<u>\$ 21,392</u>	<u>\$ 17,760,173</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 (Unaudited), 2013 and 2012 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014 (Unaudited)</u>					
General Capital Fund					
Bonds Payable	\$ 10,020,000		\$ 680,000	\$ 9,340,000	\$ 700,000
Intergovernmental Loans Payable	<u>5,987,560</u>	<u>\$ -</u>	<u>355,199</u>	<u>5,632,361</u>	<u>361,956</u>
General Capital Fund Long-Term Liabilities	<u>\$ 16,007,560</u>	<u>\$ -</u>	<u>\$ 1,035,199</u>	<u>\$ 14,972,361</u>	<u>\$ 1,061,956</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 10,683,000		\$ 663,000	\$ 10,020,000	\$ 680,000
Intergovernmental Loans Payable	<u>6,339,124</u>	<u>\$ -</u>	<u>351,564</u>	<u>5,987,560</u>	<u>355,199</u>
General Capital Fund Long-Term Liabilities	<u>\$ 17,022,124</u>	<u>\$ -</u>	<u>\$ 1,014,564</u>	<u>\$ 16,007,560</u>	<u>\$ 1,035,199</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 11,323,000		\$ 640,000	\$ 10,683,000	\$ 663,000
Intergovernmental Loans Payable	<u>6,683,743</u>	<u>\$ -</u>	<u>344,619</u>	<u>6,339,124</u>	<u>351,564</u>
General Capital Fund Long-Term Liabilities	<u>\$ 18,006,743</u>	<u>\$ -</u>	<u>\$ 984,619</u>	<u>\$ 17,022,124</u>	<u>\$ 1,014,564</u>

Pension Obligation Lease Agreement

The Borough previously entered into an agreement with the Bergen County Improvement Authority (“BCIA”) for the retirement of the Borough’s outstanding unfunded pension liability for the early retirement incentive program of 2003. The original amount financed totaled \$958,000. The Borough issued refunding revenue bonds totaling \$882,000 through the BCIA during 2012. The following is the schedule of the future minimum lease payments and the present value of the net minimum lease payment at December 31, 2014 (Unaudited):

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	79,521
2016	84,861
2017	89,864
2018	95,442
2019	101,583
2020-2023	<u>478,803</u>
Total. Minimum Lease Payments	930,074
Less: Amounts Representing Interest	<u>117,074</u>
Present Value of Net Minimum Lease Payments	<u>\$ 813,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

Bond Anticipation Notes

The Borough's short-term capital debt activity (bond anticipation notes) for the years ended December 31, 2014 (Unaudited), 2013 and 2012 was as follows:

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
1323	Reconstruction of Pershing	1.00%	6/25/2014	\$ 90,110		\$ 90,110	
1375/1407	Stormwater Sewer System Improvements	1.00%	6/25/2014	\$ 368,005		368,005	
		1.00%	6/24/2015		\$ 864,392		\$ 864,392
1393	Various General Improvements	1.00%	6/25/2014	695,385		695,385	
		1.00%	6/24/2015		640,490		640,490
1409	Library and Senior Center Handicap	1.00%	6/25/2014	73,291		73,291	
		1.00%	6/24/2015		65,920		65,920
1416	Park Improvements	1.00%	6/25/2014	174,800		174,800	
		1.00%	6/24/2015		168,772		168,772
1421	Various Capital Improvements	1.00%	6/25/2014	807,500		807,500	
		1.00%	6/24/2015		765,714		765,714
1431	DPW Garage Site Improvements	1.00%	6/25/2014	228,000	-	228,000	
		1.00%	6/24/2015		228,000		228,000
1432	Storm Sewer Improvements - Phase III	1.00%	6/25/2014	218,500	-	218,500	
		1.00%	6/24/2015		218,500		218,500
1434	Various Capital Improvements	1.00%	6/25/2014	414,284	-	414,284	
		1.00%	6/24/2015		414,284		414,284
1436	Various Storm Water Sewer Improvements	1.00%	6/25/2014	114,000	-	114,000	
		1.00%	6/24/2015		114,000		114,000
1438	Various Improvements - Twin Boro Field	1.00%	6/25/2014	1,139,525		1,139,525	
		1.00%	6/24/2015		1,140,000		1,140,000
1447	Installation of New Walking Path	1.00%	6/25/2014	152,000		152,000	
		1.00%	6/24/2015		152,000		152,000
1448	Improvements to DePew Street	1.00%	6/25/2014	142,850		142,850	
		1.00%	6/24/2015		52,699		52,699
1450	Acq. And Installation of AiR Quality Equip.	1.00%	6/25/2014	61,750		61,750	
		1.00%	6/24/2015		61,750		61,750
1456	Improvements to DePew Street - Phase II	1.00%	6/24/2015		72,789		72,789
1460	Various Capital Improvements	1.00%	6/24/2015		537,690		537,690
1465	Library Windows and Exterior Renovation	1.00%	6/24/2015	-	176,000	-	176,000
				<u>\$ 4,025,000</u>	<u>\$ 5,673,000</u>	<u>\$ 4,680,000</u>	<u>\$ 5,673,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
1323	Reconstruction of Pershing	1.20% 1.00%	6/27/2013 6/25/2014	\$ 124,000		\$ 124,000	
					\$ 90,110		\$ 90,110
1375/1407	Stormwater Sewer System Improvements	1.00%	6/25/2014		368,005		368,005
1393	Various General Improvements	1.20% 1.00%	6/27/2013 6/25/2014	731,100		731,100	
					695,385		695,385
1409	Library and Senior Center Handicap	1.20% 1.00%	6/27/2013 6/25/2014	73,291		73,291	
					73,291		73,291
1416	Park Improvements	1.20% 1.00%	6/27/2013 6/25/2014	174,800		174,800	
					174,800		174,800
1421	Various Capital Improvements	1.20% 1.00%	6/27/2013 6/25/2014	807,500		807,500	
					-	807,500	807,500
1431	DPW Garage Site Improvements	1.20% 1.00%	6/27/2013 6/25/2014	228,000		228,000	
					-	228,000	228,000
1432	Storm Sewer Improvements - Phase III	1.20% 1.00%	6/27/2013 6/25/2014	218,500		218,500	
					-	218,500	218,500
1434	Various Capital Improvements	1.20% 1.00%	6/27/2013 6/25/2014	414,284		414,284	
					-	414,284	414,284
1436	Various Storm Water Sewer Improvements	1.20% 1.00%	6/27/2013 6/25/2014	114,000		114,000	
					-	114,000	114,000
1438	Various Improvements - Twin Boro Field	1.20% 1.00%	6/27/2013 6/25/2014	1,139,525		1,139,525	
					-	1,139,525	1,139,525
1447	Installation of New Walking Path	1.00%	6/25/2014		152,000		152,000
1448	Improvements to DePew Street	1.00%	6/25/2014		142,850		142,850
1450	Acq. And Installation of AiR Quality Equip.	1.00%	6/25/2014	-	61,750	-	61,750
				<u>\$ 4,025,000</u>	<u>\$ 4,680,000</u>	<u>\$ 4,025,000</u>	<u>\$ 4,680,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
1323	Reconstruction of Pershing	1.50%	6/29/2012	\$ 150,000		\$ 150,000	
		1.20%	6/27/2013		\$ 124,000		\$ 124,000
1393	Various General Improvements	1.50%	6/29/2012	760,000		760,000	
		1.20%	6/27/2013		731,100		731,100
1409	Library and Senior Center Handicap	1.50%	6/29/2012	213,750		213,750	
		1.20%	6/27/2013		73,291		73,291
1416	Park Improvements	1.50%	6/29/2012	174,800		174,800	
		1.20%	6/27/2013		174,800		174,800
1421	Various Capital Improvements	1.50%	6/29/2012	801,450	-	801,450	
		1.20%	6/27/2013		807,500		807,500
1431	DPW Garage Site Improvements	1.20%	6/27/2013		228,000		228,000
1432	Storm Sewer Improvements - Phase III	1.20%	6/27/2013		218,500		218,500
1434	Various Capital Improvements	1.20%	6/27/2013		414,284		414,284
1436	Various Storm Water Sewer Improvements	1.20%	6/27/2013		114,000		114,000
1438	Various Improvements - Twin Boro Field	1.20%	6/27/2013	-	1,139,525	-	1,139,525
				<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>

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

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

In addition to the debt shown in the above schedule, municipalities may issue debt to meet cash flow needs to temporarily finance operating expenditures. This debt which is not included in the Borough's regulatory debt limit calculation is reported in the Current Fund for the years 2014, 2013 and 2012 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations (reassessment of real property), the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

	<u>Date of Maturity</u>	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>
<u>2014 (Unaudited)</u>					
Reassessment of Local Property	12/16/2014	\$ 150,000		\$ 150,000	
	12/15/2015	<u>-</u>	<u>\$ 100,000</u>	<u>-</u>	<u>\$ 100,000</u>
		<u>\$ 150,000</u>	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 100,000</u>
	<u>Date of Maturity</u>	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>					
Reassessment of Local Property	12/18/2013	\$ 200,000		\$ 200,000	
	12/16/2014	<u>-</u>	<u>\$ 150,000</u>	<u>-</u>	<u>\$ 150,000</u>
		<u>\$ 200,000</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>
	<u>Date of Maturity</u>	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>					
Reassessment of Local Property	12/28/2012	\$ 250,000		\$ 250,000	
	12/18/2013	<u>-</u>	<u>\$ 200,000</u>	<u>-</u>	<u>\$ 200,000</u>
		<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014 (Unaudited)</u>		
Library Window and Exterior Restoration	\$ 149,956	2015
Stormwater System Improvements - Phase II	130,459	2015
Road and Curb Improvements	463,220	2015
<u>2013</u>		
Storm Sewer/Drainage Improvements	\$ 57,134	2014
Improvements to Veteran's Memorial Park and Other Parks and Fields	121,049	2014
Improvements to Twin Boro Field Remediation	28,575	2014
<u>2012</u>		
Storm Sewer/Drainage Improvements	\$ 2,143,763	2013
Improvements to Howard Street	28,938	2013
Improvements to DePew Street	28,000	2013
Improvements to Memorial Park Concession Hut	28,693	2013
Improvements to Twin Boro Field Remediation	57,500	2013

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accrue unused vacation benefits, personal, sick leave which may be taken as time off or paid upon retirement at an agreed upon rate.

It is estimated that the current cost of such unpaid compensation and salary related payments would be approximately \$3,594,663, \$3,400,890 and \$3,332,300 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

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

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

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

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.

Basis of Accounting

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rates was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj.us/treasury/doinvest.

Funded Status and Funding Progress

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

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the fiscal year ended June 30, 2013 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. During the years ended December 31, 2014 (Unaudited), 2013, and 2012, 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 year:

<u>Year Ending</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014 (Unaudited)	\$ 932,557	\$ 387,246	\$ 1,047
2013	943,025	396,683	810
2012	850,076	382,729	713

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as a Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contributions are required.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$38 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2014 (Unaudited), 2013 and 2012 were \$307,093, \$299,005, and \$268,609, respectively, which equaled the required contribution. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2014 (Unaudited), 2013, and 2012 were \$5,779, \$3,902 and \$1,869, respectively.

NOTE 14 RISK MANAGEMENT

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

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

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

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

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014 (Unaudited)	\$ 24,000	\$ 9,855	\$ 20,117	\$ 71,086
2013	22,000	9,794	24,395	57,348
2012	27,000	9,657	23,928	49,906

NOTE 15 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In 2009, the Borough settled a lawsuit with a former employee for \$530,000. The Borough’s uninsured exposure as negotiated with the Bergen Municipal Excess Liability Fund (the “MEL”) was \$165,000. This settlement is payable to the MEL over six years with a \$30,000 payment due in 2011 and annual payments of \$27,000 due in 2012 through 2015.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014, 2013 and 2012. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2014 (Unaudited), 2013 and 2012, the Borough reserved \$167,629, \$138,751 and \$93,266, 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, 2014, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014, 2013 and 2012, the Borough had not calculated its arbitrage earnings due to the IRS, if any.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 (UNAUDITED), 2013 AND 2012**

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

The Borough of Dumont Length of Service Award Program (the Plan) was created by a Borough ordinance pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Dumont approved the adoption of the Plan at the general election held on November 2, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Dumont has contributed \$50,000, \$46,800 and \$47,400 for 2013 and 2012, respectively, for eligible volunteer fire department and ambulance corp. members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

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

Vesting and Benefits

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

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

Reporting Requirements

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

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APPENDIX C

Form of Approving Legal Opinion of Bond Counsel

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_____, 2015

Borough Council of the
Borough of Dumont, in the
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of Dumont, in the County of Bergen, New Jersey (the "Borough") in connection with the issuance by the Borough of a \$6,508,859 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Borough listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved, and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Borough without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Note is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Note held by a corporate taxpayer is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,