

OFFICIAL STATEMENT DATED APRIL 18, 2017

NEW ISSUES

RATING: S&P: "SP-1+"
(See "RATING" herein)

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with its Tax Certificate described herein, under existing law, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In the opinion of Bond Counsel, interest on the Taxable Notes is included in gross income of the owners thereof for Federal income tax purposes under the applicable provisions of the Code. Furthermore, in the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

**\$4,285,000 BOND ANTICIPATION NOTES
OF THE
BOROUGH OF ALLENDALE
COUNTY OF BERGEN, NEW JERSEY
(Bank Qualified) (Non-Callable)
(Book-Entry Only)**

**Dated: April 26, 2017
Due: April 26, 2018
Interest Rate: 2.00%
Yield: 1.00%
CUSIP No. 018213KB3**

**\$9,365,000 BOND ANTICIPATION NOTES
(FEDERALLY TAXABLE)
OF THE
BOROUGH OF ALLENDALE
COUNTY OF BERGEN, NEW JERSEY
(Non-Callable)
(Book-Entry Only)**

**Dated: April 26, 2017
Due: April 26, 2018
Interest Rate: 2.00%
Yield: 1.25%
CUSIP No. 018213KC1**

The \$4,285,000 Bond Anticipation Notes (the "Tax-Exempt Notes") and the \$9,365,000 Bond Anticipation Notes (Federally Taxable) (the "Taxable Notes" and, together with the Tax-Exempt Notes, the "Notes") of the Borough of Allendale, in the County of Bergen, New Jersey (the "Borough"), shall be issued in the form of one certificate in the aggregate principal amount of the Notes of each series and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry Only System" herein.

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

Interest on the Notes will be payable at maturity on April 26, 2018. Principal and interest on the Notes will be paid to DTC by the Borough. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

The Notes are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Borough in connection with the issuance of the Notes. It is anticipated that the Notes in definitive form will be available for delivery to DTC in New York, New York, on or about April 26, 2017.

Jefferies

**BOROUGH OF ALLENDALE
BERGEN COUNTY, NEW JERSEY**

MAYOR

Elizabeth White

BOROUGH COUNCIL

Ari Bernstein
Liz Homan
Jackie McSwiggan
Steve Sasso
Jim Strauch
Amy Wilczynski

BOROUGH CLERK

Anne Dodd

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BOROUGH AUDITOR

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Pompton Lakes, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough or the Underwriter 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 any of 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 of 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 expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or 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.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or the Underwriter.

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**OFFICIAL STATEMENT
OF THE BOROUGH OF ALLENDALE
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to**

\$4,285,000 BOND ANTICIPATION NOTES

**\$9,365,000 BOND ANTICIPATION NOTES
(FEDERALLY TAXABLE)**

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Allendale (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$4,285,000 Bond Anticipation Notes (the "Tax-Exempt Notes") and \$9,365,000 Bond Anticipation Notes (Federally Taxable) (the "Taxable Notes" and, together with the Tax-Exempt Notes, the "Notes") dated April 26, 2017. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the Notes.

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 shall be dated and shall bear interest from April 26, 2017 and shall mature on April 26, 2018. Each series of the Notes shall bear interest at the respective interest rates set forth on the cover hereof, which interest is payable on April 26, 2018. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Notes.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as 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 each series of the Notes, in the principal amount of each series of the Notes, and will be deposited with DTC.

DTC, the world's largest securities 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 and 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.

Purchases of 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 their 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 are 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.

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 MMI 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).

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 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as 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.

NEITHER THE BOROUGH NOR THE PAYING AGENT WILL 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.

Prior Redemption

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

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 Notes are direct obligations of the Borough and, unless paid from other sources, 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.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Borough is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board in the Division of Local Government Services (the "Division") in the State of New Jersey Department of Community Affairs (the "Local Finance Board").

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"), and an adopted bond ordinance of the Borough.

The bond ordinance included in the sale of the Notes was published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinance can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Notes by the Borough.

The proceeds of the Notes will be used to finance the acquisition of real property for affordable housing, municipal facilities, recreation, open space and other municipal purposes in, by and for the Borough.

<u>Ordinance</u>	<u>Description</u>	<u>Tax-Exempt Notes</u>	<u>Taxable Notes</u>
17-02	Acquisition of Real Property For Affordable Housing, Municipal Facilities, Recreation, Open Space And Other Municipal Purposes	\$4,285,000	\$9,365,000

NO DEFAULT

No principal or interest payments on Borough indebtedness are past due. The Borough has never defaulted in the payment of any bonds or notes.

MARKET PROTECTION

The Borough may issue additional bond anticipation notes during the remainder of the year, as necessary. The Borough does not contemplate issuing any bonds within the next ninety (90) days.

QUALIFIED TAX-EXEMPT OBLIGATIONS (TAX-EXEMPT NOTES ONLY)

The Borough has designated the Tax-Exempt Notes only as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and will represent that it

reasonably expects that neither it nor its subordinate entities, if any, will issue more than \$10,000,000 of new money tax-exempt obligations in the current calendar year.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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 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 of the Division (the "Director"), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Borough'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 Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

Debt Limits

The net authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last 3 years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. The Borough has not exceeded its statutory debt limit.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board. 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 make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued 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).

Short-Term Financing

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 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, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Borough's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the “funding commission” to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

Investment of Municipal Funds

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) U.S. Government money market mutual funds; (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities and repurchase agreements fully collateralized by securities set forth in (1) and (3) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the “Cash Management Fund”); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq., or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in Government Obligations, Federal Government Agency Obligations, certain short-term investment-grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency Obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Borough has no investments in derivatives.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

The 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. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division prior to final adoption of the budget. 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, among others, for certification.

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

Limitations on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, 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 Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase 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 items 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. The Cap Law does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither 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 July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Borough) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Borough's appropriation and tax levy increase for 2011 through 2016, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits. The Borough's 2017 Budget will be in compliance with both "CAPS" taking into account applicable adjustments and without conducting a referendum to exceed the cap limits.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall 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 shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall 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 of like amount. The fiscal years for such grants rarely coincide with the municipality's fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

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. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget.

The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected tax by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "ASSESSMENT AND COLLECTION OF TAXES - Tax Collection Procedure" herein for a brief discussion of Chapter 99.

Deferral of Current Expenses

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 the municipality. 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, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes 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

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 be transferred during the first three (3) months of the year to the previous years' 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 approval by the governing body.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Fiscal Year

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Capital Budget

In accordance with the Local Budget Law, the Borough 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 of the next ensuing three 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 next 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 items were detailed.

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Borough, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is 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. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board 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 Bergen County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

TAX MATTERS

Tax-Exempt Notes

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Notes in order that interest on the Tax-Exempt Notes be and remain excluded from gross income of the owners thereof for federal income tax

purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Tax-Exempt Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Tax-Exempt Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Tax-Exempt Notes, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Tax-Exempt Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Tax-Exempt Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Tax-Exempt Notes, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. For other Federal tax information, see "TAX MATTERS - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Tax-Exempt Notes and any gain from the sale of the Tax-Exempt Notes are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Tax-Exempt Notes should be aware that ownership of governmental obligations, such as the Tax-Exempt Notes, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Tax-Exempt Notes. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

Proposals for Tax Changes

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Tax-Exempt Notes or otherwise prevent holders of the Tax-Exempt Notes from realizing the full benefit of the tax exemption of interest on the Tax-Exempt Notes. Further, such proposals may impact the marketability or market value of the Tax-Exempt Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to

enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Tax-Exempt Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Tax-Exempt Notes would be impacted thereby.

Purchasers of the Tax-Exempt Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Tax-Exempt Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Taxable Notes

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, interest on the Taxable Notes is included in gross income of the owners thereof for Federal income tax purposes under the applicable provisions of the Internal Revenue Code of 1986, as amended. Furthermore, in the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Taxable Notes and any gain from the sale of the Taxable Notes are not includable in gross income of the holders thereof.

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

STATEMENT OF LITIGATION

To the knowledge of Raymond R. Wiss, Esq., Westwood, New Jersey (the “Borough Attorney”) there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, 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 the taxes, affecting the validity of the Notes or 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 of the Borough to their respective offices.

Additionally, there is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its noteholders. All of the Borough's tort actions are being defended by municipal joint insurance funds (which provide pooled private insurance coverage and self-insurance coverage to its members). The Borough is also insured for liability in excess of the limits provided by the municipal joint insurance funds. Pending municipal real estate tax appeals are limited in number and based upon the Borough's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not in any way endanger the Borough's ability to pay its noteholders.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and

institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Borough, including the Notes, and such Notes are authorized security for any and all public deposits.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency") has assigned a rating of "SP-1+" to the Notes. Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from the Rating Agency. There is no assurance that such rating will be retained for any given period of time or that such rating will not be revised downward entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

The Tax-Exempt Notes have been purchased at a public sale from the Borough for resale by Jefferies LLC, New York, New York (the "Underwriter"). The proceeds of the Tax-Exempt Notes total \$4,324,381.00 (par plus a bid premium of \$39,381.00).

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Tax-Exempt Notes. The public offering price or yield on the Tax-Exempt Notes may be changed from time to time by the Underwriter without notice. The Tax-Exempt Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Tax-Exempt Notes for their own account or any account managed by them, at prices lower than the public offering price.

The Taxable Notes have been purchased at a public sale from the Borough for resale by the Underwriter. The proceeds of the Taxable Notes total \$9,407,612.00 (par plus a bid premium of \$42,612.00).

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Taxable Notes. The public offering price or yield on the Taxable Notes may be changed from time to time by the Underwriter without notice. The Taxable Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Taxable Notes for their own account or any account managed by them, at prices lower than the public offering price.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Borough shall furnish a certificate of the Borough Attorney, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough, or adversely affect the power of the Borough to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Notes will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough, enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such *ad valorem* taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Forms of Bond Counsel Opinions" herein.

Certificates of Borough Officials

The original purchasers of the Notes shall also receive a certificate, dated as of the date of delivery of the Notes and signed by the Chief Financial Officer that (a) as of the date of the Official Statement furnished by the Borough in relation to the Notes, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Borough is not guaranteed as to accuracy, completeness or fairness, such officer has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officer, since the date of said Official Statement and since the date of the sale of the Notes, there have been no material transactions not in the ordinary course of affairs entered into by the Borough and no material adverse change in the general affairs of the Borough or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Notes. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Notes and receipt of payment therefor and a certificate, dated as of the date of delivery of the Notes and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of the said officers to their respective offices, is being contested.

SECONDARY MARKET DISCLOSURE

The Borough has a limited secondary market disclosure obligation pursuant to Rule 15c2-12(d)(3) because the Notes have a stated maturity of 18 months or less. In accordance with such exemption from full secondary market disclosure, the Borough will agree, pursuant to a continuing disclosure certificate to be executed on the date of issuance of the Notes, to undertake for the benefit of the Noteholders and the

beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, as prescribed by the MSRB. Specifically, the Borough will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

Provide or cause to be provided in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Notes:

- (1) Principal or 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 Notes, or other material events affecting the tax status of the Notes ;
- (7) Modifications to the rights of Noteholders, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borough 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 Borough, 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 Borough);
- (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, 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; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Borough fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders and beneficial owners with respect to such undertaking; *provided, however*, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Notes or any liability by the Borough for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Noteholders and beneficial owners of the Notes.

The Borough reserves the right to terminate its obligation to provide notice of material events, as set forth above, if and when the Borough no longer remains an "obligated person" with respect to the Notes within the meaning of Rule 15c2-12.

The undertaking may be amended by the Borough from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Borough, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Noteholders and the beneficial owners of the Notes.

The Borough previously failed to file, in accordance with Rule 15c2-12, in a timely manner, under previous filing requirements its (i) audited financial statements for the years ended December 31, 2011 and 2012, (ii) annual operating data for the years ended December 31, 2011, 2012 and 2013, and (iii) adopted budgets for fiscal years ended December 31, 2012, 2013 and 2014. Additionally, the Borough acknowledges that it previously failed to file event notices and late filing notices in connection with its timely filings of (i) its audited financial statements, annual operating data, and adopted budgets; and (ii) certain insurer rating changes. Such notices of events and late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Borough appointed Phoenix Advisors, LLC, Bordentown, New Jersey in January of 2015 to serve as continuing disclosure agent.

FINANCIAL STATEMENTS

The financial statements of the Borough for the year ended December 31, 2015 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Ferraioli, Wielkott, Cerullo & Cuva, P.A., Pompton Lakes, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in Appendix B to this Official Statement. See "Appendix B – Independent Auditor's Report and Financial Statements". Appendix B also includes certain unaudited financial information for the year ended December 31, 2016, compiled by the Auditor.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Borough with respect to the issuance of the Notes (the "Municipal Advisor"). The Municipal 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 this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

The Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

The Municipal Advisor assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which the Municipal Advisor considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Borough of Allendale, 500 W. Crescent Avenue, Allendale, New Jersey, 07401, M. Alissa Mayer, Chief Financial Officer, (201) 818-4400, ext. 205.

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 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 the Official Statement is not guaranteed as to accuracy or completeness.

This Official Statement has been duly executed and delivered by the Chief Financial Officer on behalf of the Borough.

BOROUGH OF ALLENDALE, IN THE COUNTY OF BERGEN, NEW JERSEY

By: /s/ M. Alissa Mayer
M. Alissa Mayer
Chief Financial Officer

Dated: April 18, 2017

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE BOROUGH OF ALLENDALE

**APPENDIX A
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BOROUGH OF ALLENDALE GENERAL INFORMATION

The Borough is primarily a residential community, approximately 2.8 square miles in area, located in the northwest corner of Bergen County bordered by the Boroughs of Saddle River, Waldwick, Ramsey and the Townships of Wyckoff and Mahwah.

The Borough's population, according to the 2010 Census, was 6,505. The present population is estimated to be 6,704.

Settled in early 1700 and incorporated in 1894, the Borough has grown from a small rural community to a suburban community. It has the feel of a sleepy country hamlet, with tree-lined streets and houses set back on large, well kept lots.

The Borough is principally a municipality of individual residences. However, there are some industrial and commercial buildings and shopping at mini-malls.

The principal shopping areas for items other than food are the four main malls in Paramus along Routes 4 and 17. These shopping areas are approximately a twenty minute drive.

Transportation

Traveling time to New York City is approximately forty minutes. There are many New York City commuters residing in the Borough as well as employees of corporations throughout Bergen County.

MUNICIPAL GOVERNMENT

Allendale's governing body is composed of a Mayor and six Councilpersons. The Mayor and Council serve without pay. They are assisted by an appointed Administrative Officer responsible for supervision of the Borough departments, purchasing, and coordinating the business affairs of the municipality. The Administrative Officer is authorized to develop rules and procedures to increase the efficiency and govern the operation of the Borough government, subject to a majority vote of the Council.

The Mayor is elected to serve a four-year term and may succeed that term by reelection. The Mayor is responsible for the proper execution of local and State laws, the recommendation to Council of measures the Mayor deems in the best interest of the Borough, and maintenance of peace and order. Although the Mayor presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that the Mayor be a member of the Planning Board and 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 are the right to enact ordinances, approve resolutions, approve Mayoral appointments, ratify the annual budget and determine the tax levy.

Each Councilperson chairs one of the following Standing Committees and serves on others: Finance, Police, Fire, Zoning, Buildings and Grounds, Streets, Parks and Recreation and Water. The duties of the Standing Committees include the review of the administrative practices and procedures in order to facilitate the work of the Council.

BOROUGH OFFICIALS

Borough Clerk

Anne Dodd has been the Borough Clerk since July 27, 2015.

Chief Financial Officer

M. Alissa Mayer serves as the Chief Financial Officer since October 1, 2008 and is tenured.

Tax Collector

Harold E. Laufeld III has been the Tax Collector since January 1, 2009 and is tenured.

Tax Assessor

Angela M. Mattiace has been with the Borough since August 1, 1989.

MUNICIPAL SERVICES**Police Protection**

The Borough's Police Department consists of a Chief of Police, four Sergeants, nine Uniformed Officers, one Detective and four dispatchers.

Fire Protection

Fire protection is provided by the Allendale Volunteer Fire Department which was established in 1910.

Department of Public Works

The Department of Public Works ("DPW") is responsible for the maintenance and snow removal from the Borough's 28.6 miles of roads and municipally-owned property and buildings. The DPW is also responsible for the maintenance of the Borough's recreation, parks and recycling. The DPW workforce totals nine full-time and two part-time salary personnel.

Utilities

Electricity and gas are provided by Public Service Electric and Gas Company and Rockland Electric Company (New York).

Telephone and C.A.T.V. are provided by many companies.

Water

Water is supplied from individual wells and by the Borough's Water Utility Department from an underground well and from SUEZ.

Wastewater

Wastewater disposal is primarily sewers connected to the Northwest Bergen County Utilities Authority. Sewer charges are included in the Borough's property tax levy.

Solid Waste

Solid Waste collection for establishments and residences is done by Suburban Disposal. Collection charges are invoiced directly to the Borough, which in turn includes such charges in the property tax levy. The five year contract started on April 15, 2016 and expires on April 14, 2021.

Recreation

Active organized programs are run by non-profit organizations. The Borough owns and operates 70 acre Crestwood Park, which offers swimming and other recreational activities.

A public library is open six days a week.

Acute Care Facilities

Hospitals are available in Pompton Plains, Wayne, Ridgewood, Hackensack, Paterson, and Good Samaritan Hospital in Suffern, New York, all within approximately 10 to 20 miles. A volunteer first aid squad provides service.

EDUCATIONAL FACILITIES

Local Public School System

The Borough's local school district (the "Local School District"), coterminous with the Borough, is a type II school district, an independent legal entity administered by a nine member Board of Education elected by the voters of the Local School District. The Local School District is authorized by law to issue debt for school purposes upon vote of the electorate.

The local school system's fiscal year commences each July 1 and ends each June 30. The local school system consists of grades K through 8. The Board of Education employs teachers and other personnel, which includes administrators, teacher aids, custodians, bus drivers and secretarial assistants.

Regional Public School System

Students in grades 9 through 12 attend the Northern Highlands Regional High School in the Borough, a secondary regional school facility composed of students from the Boroughs of Allendale, Ho-Ho-Kus and Upper Saddle River.

The Regional School District is authorized by law to issue debt for school purposes upon vote of the electorate.

Private/Religious Schools

There are numerous private and religious schools in and around the Borough.

RETIREMENT SYSTEMS

All full-time permanent or qualified Borough employees who began employment after 1944 must enroll in one of two retirement systems, depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by the State. All retirement systems administered by the State are evaluated annually. The Borough is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System. The Borough is not delinquent with respect to its share of payments to the Public Employees Retirement System and the Police and Firemen's Retirement System or the Federal Social Security System ("OASI").

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes approximately thirty-five permanent employees.

Police and Firemen's Retirement System

Approximately fifteen Police personnel are covered under the Police and Firemen's Retirement System ("PFRS").

Historical Summary of Retirement Benefit Payments

<u>System</u>	<u>2016(1)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
PFRS	\$390,440	\$334,245	\$343,572	\$404,398	\$402,574
PERS	185,462	198,027	211,920	207,713	218,171
OASI	255,432	249,254	250,155	245,278	245,041
DCRP	<u>5,297</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sub Total	<u>836,631</u>	<u>781,526</u>	<u>805,647</u>	<u>857,389</u>	<u>865,786</u>
Water Utility:					
PERS		18,331	25,063	27,052	28,282
OASI	<u>2,400</u>	<u>1,447</u>	<u>1,309</u>	<u>13,833</u>	<u>24,000</u>
Total	<u>\$839,031</u>	<u>\$801,304</u>	<u>\$832,019</u>	<u>\$898,274</u>	<u>\$918,068</u>

Source: The Borough's audited financial statements.

(1) Unaudited

PROPOSED CAPITAL IMPROVEMENT PROGRAM

The capital budget does not constitute the approval or appropriation of funds, but sets forth a plan for possible capital expenditures. Each capital expenditure when incurred is subject to approval by resolution of the Borough Council and must be included as part of each year's budget as finally adopted. The Borough's proposed Capital Improvement Program annual funding amount is summarized below.

Anticipated Budget Appropriations

<u>Project Title</u>	<u>Estimated Total Cost</u>	<u>Funding Sources and Amounts</u>			
		<u>Capital Improvement Fund</u>	<u>Grants in Aid and Other Funds</u>	<u>Debt Authorized</u>	<u>To be Funded in Future Years</u>
Various Capital Improvements	\$723,000	\$25,000	\$218,000	\$480,000	\$
Various Water Improvements and Acquisition of Equipment	350,000			350,000	
Total	<u>\$1,073,000</u>	<u>\$25,000</u>	<u>\$218,000</u>	<u>\$830,000</u>	<u>\$0</u>

Source: The Borough's unaudited financial statements.

NEW CONSTRUCTION

Year	New Construction		Total Estimated Construction Cost
	Residential	Non-Residential	
Building Permits Issued			
2016	443	41	\$8,513,453.00
2015	617	81	18,094,416.00
2014	478	64	23,686,042.00
2013	616	83	19,955,290.00
2012	339	70	9,169,669.00

MAJOR REAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>2016 Assessed Valuation</u>
Allendale Plaza & Azarian Bldg..	\$22,108,000
Allendale Nursing Home, Inc..	21,195,400
LPR Allendale c/o Lorico Invest	15,448,000
Black Millwork Co. Inc.	9,000,000
Pearl Ct Invest c/o High St Equity - 6 Pearl Court	9,948,000
Allendale Corporate Center, LLC.	9,056,000
Allendale Corporate Center, LLC.	6,590,000
Pearl Ct. Invest c/o High St Equity - 50 Route 17 South	5,987,000
Allendale Corporate Center, LLC	5,890,000
Allendale Corporate Center (110 Commerce)	4,952,000
	<u>\$110,174,400</u>

Percent of 2017 Assessed Valuation of all Real and Personal Tangible
Property in Borough

6.60%

Source: The Borough's Tax Assessor and the 2017 Tax Duplicate.

To the best of the knowledge of the Borough's Tax Collector, none of the major taxpayers are delinquent in the payment of taxes levied.

NET ASSESSED AND EQUALIZED PROPERTY VALUATIONS

Real Property Net Assessed Valuation by Classification

<u>Classification</u>	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Residential	\$1,465,156,100	\$1,459,382,600	\$1,345,055,500	\$1,335,080,100	\$1,333,766,900
Farm	989,700	989,700	961,400	961,400	961,400
Commercial	93,741,200	93,741,200	82,518,900	82,518,900	82,518,900
Industrial	99,262,000	100,784,000	90,783,000	90,783,000	90,783,000
Vacant	9,175,800	8,901,700	19,866,500	24,941,500	26,672,000
	<u>\$1,668,324,800</u>	<u>\$1,663,799,200</u>	<u>\$1,539,185,300</u>	<u>\$1,534,284,900</u>	<u>\$1,534,702,200</u>

Net Taxable Assessed Valuation - Real & Personal Tangible Property Comparisons

	<u>2016</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>	<u>2012*</u>
Real Property	\$1,668,324,800	\$1,663,799,200	\$1,539,185,300	\$1,534,284,900	\$1,534,702,200
Personal Tangible Property	<u>100,000</u>	<u>100,000</u>	<u>93,090</u>	<u>100,000</u>	<u>4,104,423</u>
Total Assessed Valuation	<u>\$1,668,424,800</u>	<u>\$1,663,899,200</u>	<u>\$1,539,278,390</u>	<u>\$1,534,384,900</u>	<u>\$1,538,806,623</u>
Equalized Valuation	\$1,701,093,830	\$1,682,120,046	\$1,655,667,792	\$1,666,131,533	\$1,632,325,403
Percent Increase Over Previous Year	1.13%	1.60%	(.63%)	2.07%	(6.57%)

* Revaluation

Source: The Borough's tax duplicates for the years shown and County Abstract or Ratables.

LEVY AND COLLECTION OF TAXES

The levy and collection of taxes are based upon a calendar year. The Borough is the political entity responsible for the levying and collection of taxes on all taxable real property within its borders, including the tax levies for the County, the Local School District and the Regional School District.

Property taxes are based on an assessor's valuation of real property and are levied for a calendar year. The taxes for Borough, Local School District, Regional School District and County purposes are combined into one tax levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of the Local School District and the Regional School District cover the current calendar year. Turnover of tax monies by the Borough to a school district are based on school needs and are generally made on a periodic basis throughout the year. The Borough remits 100% of the County taxes, payable quarterly on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's tax levy, and an estimate based on 50% of the levy for the first half of the following calendar year, are mailed annually in June and are due in quarterly installments on the first days of August, November, February and May. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sale as of July 1 following the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to property.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held by the Borough in December 2016.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board 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 Bergen County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

Tax Rate Apportionment (Per \$100 of Assessed Valuation)

<u>Year</u>	<u>Municipal*</u>	<u>Municipal Library</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total</u>
2016(1)	\$0.527	\$0.033	\$0.251	\$0.948	\$0.532	\$2.291
2015	0.527	0.034	0.243	0.925	0.516	2.245
2014	0.557	0.036	0.250	0.978	0.561	2.382
2013	0.556	0.036	0.246	0.969	0.550	2.357
2012	0.556	0.037	0.233	0.946	0.539	2.311

Source: The Borough's Audited Annual Financial Statement.

* Included Municipal Open Space

(1) Unaudited

Comparison of Tax Levies and Tax Levy Apportionments

<u>Year</u>	<u>Municipal*</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total</u>
2016(1)	\$9,371,429	\$4,168,284	\$15,801,509	\$8,867,816	\$38,209,038
2015	9,415,128	4,041,622	15,383,264	8,590,116	37,430,130
2014	9,047,405	3,859,634	15,054,777	8,635,836	36,597,652
2013	9,218,518	3,574,969	14,555,835	8,283,875	35,633,197
2012	9,177,521	3,768,953	14,855,997	8,436,560	36,239,031

Source: The Borough's Audited Annual Financial Statement.

* Includes Municipal Open Space and Library

(1) Unaudited

Tax Collection Experience

Current Levy Collection						
<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Percent</u>	<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Percent of Current Levy</u>
2016(1)	\$38,334,695	\$37,889,389	98.84%	\$197,462	\$38,086,851	99.35%
2015	37,430,132	37,207,739	99.40	329,742	37,537,481	100.29
2014	36,892,185	36,488,475	98.91	294,643	36,783,118	99.70
2013	36,239,031	35,891,652	99.04	276,718	36,168,370	99.80
2012	35,633,197	35,353,493	99.22	275,725	35,629,218	99.89

Source: The Borough's Audited Annual Financial Statement.

(1) Unaudited

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percent of Current Tax Levy</u>
2016(1)	\$415,542	\$90,899	\$506,441	1.32%
2015	228,988	71,917	300,905	.80
2014	346,565	69,255	415,820	1.12
2013	295,148	66,452	361,600	1.00
2012	276,738	63,681	340,419	.96

Source: The Borough's Audited Annual Financial Statement.

(1) Unaudited

Tax Title Liens

<u>Year</u>	<u>Balance January 1</u>	<u>Sales & Transfers</u>	<u>Balance December 31</u>
2016(1)	\$71,917	\$18,982	\$90,899
2015	69,254	2,663	71,917
2014	66,452	2,802	69,254
2013	63,681	2,772	66,453
2012	60,963	2,718	63,681

Source: The Borough's Audited Annual Financial Statement.

(1) Unaudited

Foreclosed Property

<u>Year</u>	<u>Amount</u>
2016(1)	\$4,900
2015	4,900
2014	4,900
2013	4,900
2012	4,900

Source: The Borough's Audited Annual Financial Statement.

(1) Unaudited

Municipal Purpose Tax Collection

<u>Year</u>	<u>Municipal Purpose Tax Levy</u>	<u>Current Municipal Tax Collection</u>	<u>Delinquent Municipal Tax Collection</u>	<u>Total Municipal Taxes Collected</u>	<u>Reserve for Uncollected Taxes</u>
2016(1)	\$9,288,008	\$9,405,948	\$197,462	\$9,603,410	\$450,000
2015	9,261,192	9,559,373	329,742	9,889,115	450,000
2014	9,047,405	9,281,782	294,643	9,576,425	443,327
2013	9,026,183	9,201,674	276,718	9,478,392	448,371
2012	9,062,536	9,311,745	275,725	9,587,470	450,000

Source: The Borough's Audited Annual Financial Statement.

(1) Unaudited

Current Fund Revenue Sources

<u>Year</u>	<u>Budget Requirement (1)</u>	<u>Revenue Surplus Appropriated</u>	<u>Miscellaneous Revenues (2)</u>	<u>Municipal Purpose Tax Levy (3)</u>	<u>Surplus</u>
2016(4)	\$13,273,410	1,400,000	\$2,419,551	9,603,411	\$149,552
2015	12,798,549	1,000,000	2,694,420	9,889,115	784,986
2014	12,946,647	1,400,000	2,624,553	9,576,425	654,331
2013	12,638,813	1,085,000	2,595,063	9,478,392	519,642
2012	12,575,895	690,000	2,623,359	9,262,536	-0-

(1) Current year's budget increase is limited to an increase of the lesser of 2.50% or the Index Rate over the immediately preceding year's final appropriation after giving effect to ratable growth, specified exemptions and emergencies.

(2) Includes receipts from non-budget revenue.

(3) Includes receipts from delinquent taxes.

(4) Unaudited

Source: The Borough's Audited Financial Statements.

CURRENT FUND BALANCES AND AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET

<u>Year</u>	<u>Balance as of December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
		<u>Amount</u>	<u>Percent</u>
2016(1)	\$2,650,146	\$1,000,000*	37.73%
2015	3,103,077	1,400,000	45.11
2014	2,639,483	1,000,000	37.89
2013	2,794,123	1,400,000	50.10
2012	2,444,530	1,085,000	44.38

Source: The Borough's audited financial statements.

(1) Unaudited

*Introduced Budget

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which has been refunded, and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of net statutory debt to determine if a local governmental unit is within the limit of its statutory borrowing power. The debt incurring power is limited by State statute to 3.50% of the equalized valuation, determined annually by the State, of all taxable real property within a local governmental unit. The Borough's statutory net debt as of December 31, 2016 was .654%.

The following schedules set forth information on the amounts of debt authorized but unissued, debt issued and outstanding, the remaining borrowing capacity, and overlapping debt. The debt information and statistics noted on the following pages may vary from the figures shown because of either a reduction or an increase in the amounts of debt for each of the political entities noted.

STATUTORY DEBT INFORMATION (As Of December 31, 2016(1))

School Purpose:

Local:

Bonds and Notes Issued	\$3,322,000
Authorized/Unissued Debt	<u>-0-</u>
Total Gross Debt	3,322,000
Deductions	<u>3,322,000</u>
Net Debt for School Purposes	<u>-0-</u>

Regional:

Bonds and Notes Issued	3,421,387
Authorized/Unissued Debt	<u>380</u>
Total Gross Debt	3,421,767
Deductions	<u>3,421,767</u>
Net Debt for School Purposes	<u>-0-</u>

Self-Liquidating:

Bonds and Notes Issued (Water Utility Bonds)	\$3,601,000
Authorized/Unissued Debt	<u>352,550</u>
Total Gross Debt	3,953,550
Deductions	<u>3,953,550</u>
Net Debt for Self-Liquidating Purposes	<u>-0-</u>

Municipal Purpose:

Bonds and Notes Issued	\$10,700,250
Authorized/Unissued Debt	<u>540,240</u>
Total Gross Debt	11,240,490
Deductions	<u>82,795</u>
Net Debt for Municipal Purposes	<u>11,157,695</u>

Total Gross Statutory Debt	21,937,807
Total Statutory Deductions	<u>10,780,112</u>
Total Net Statutory Debt	<u><u>\$11,157,695</u></u>

(1) Unaudited

STATUTORY BORROWING POWER
(As Of December 31, 2016(3))

Statutory Equalized Valuation(1)	\$1,706,962,593
Statutory Borrowing Power(1)	59,743,690
Statutory Net Debt	<u>11,157,695</u>
Remaining Statutory Borrowing Power	<u>\$48,585,995</u>
Net Debt to Statutory Equalized Valuation	.654%

(1) Average of the immediately preceding three years (2016, 2015 and 2014) as calculated by State.

(2) 3-1/2% of the State's equalized valuation.

(3) Unaudited

Source: The Borough

AUTHORIZED BUT UNISSUED DEBT
(As of December 31, 2016(1))

<u>Purpose</u>	<u>Amount</u>
Various Water Improvements	<u>\$352,550</u>
Various Improvements and Acquisition of Real Property	<u>\$540,240</u>

(1) Unaudited

TEMPORARY DEBT ISSUED AND OUTSTANDING
(As of December 31, 2016(1))

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Acquisition of Real Property	\$750,000	.85%	\$25,250
Acquisition of Real Property	<u>1,250,000</u>	.85%	<u>1,170,000</u>
	<u>\$2,000,000</u>		<u>\$1,195,250</u>

Source: The Borough.

(1) Unaudited

PERMANENT DEBT ISSUED AND OUTSTANDING
(As of December 31, 2016(1))

	<u>Dated</u>	<u>Interest</u>	<u>Maturity</u>	<u>Amount</u>
General Serial Bonds	May 1, 2015	1.00% to 2.00%	May 1, 2025	\$3,355,000
General Serial Bonds	Sept. 1, 2010	3.00% to 3.6%	Feb.15 2022	3,510,000
Refunding Bonds	May. 7, 2015	1.00% to 1.50%	July 1, 2020	<u>2,640,000</u>
				<u>9,505,000</u>
Water Utility Bonds of 2010	Feb. 15, 2010	3.00% to 3.6%	Feb. 15, 2026	891,000
Refunding Bonds of 2012	Oct. 25, 2012	2.00% to 4.00%	Jul. 15, 2023	1,675,000
Water Bonds of 2015	May 1, 2015	1.00% to 3.00%	May 1, 2030	<u>1,035,000</u>
				<u>3,601,000</u>
				<u>\$13,106,000</u>

Source: The Borough.

(1) Unaudited

**DIRECT AND OVERLAPPING DEBT
ISSUED AND OUTSTANDING**
(As of December 31, 2016 (4))

	<u>Gross</u>	<u>Direct Debt</u> <u>Net</u>	<u>Direct & Overlapping Debt</u> <u>Gross</u>	<u>Net</u>
Direct Debt:				
Outstanding Debt:				
General Purpose				
Bonds and Notes	\$10,700,250		\$10,700,250	
Authorized But Not Issued	540,240	\$11,157,695	540,240	\$11,157,695
Self-supporting:				
Water Utility:				
Bonds and Loans	3,601,000		3,601,000	
Authorized But Not Issued	352,550		352,550	
Overlapping Debt:				
Local School	3,322,000		3,322,000	
Regional High School (1)	3,421,767		3,421,767	
Bergen County (2)			12,203,342	
Self-supporting:				
Northwest Bergen County Utilities Authority (3)			2,524,472	
Total Direct Debt:				
Gross	<u>\$21,937,807</u>			
Net		<u>\$11,157,695</u>		
Total Direct & Overlapping Debt:				
Gross			<u>\$36,665,621</u>	
Net				<u>\$11,157,695</u>

(1) Apportionment of total debt outstanding.

(2) Bergen County has outstanding \$1,205,030,344 in gross debt as of December 31, 2016. The Borough's share (1.01%) is obtained by dividing the Borough's 2016 equalized valuation by the County's total 2016 equalized valuation, both as derived by the County.

(3) As of December 31, 2016, the Northwest Bergen County Utilities Authority had \$20,083,310 Revenue Bonds and Loans payable outstanding. The Borough's share of 12.57% is derived by taking the Borough's 2017 payment and dividing by the total payments to the Authority.

(4) Unaudited

Source: The Borough and the overlapping entities.

DEBT RATIOS

	<u>Gross</u>	<u>Direct Debt</u>	<u>Net</u>	<u>Direct & Overlapping Debt</u>	<u>Gross</u>	<u>Net</u>
Per Capita (1)	\$3,272		\$1,664	\$5,469		\$1,664
Equalized Valuation (2)	1.29%		.656%	2.16%		.656%

(1) 6,704 estimated population

(2) \$1,701,093,830 (2016 Equalized Valuation)

APPENDIX B

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
OF THE BOROUGH OF ALLENDALE,
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

Ferraioli, Wielkott, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkott, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Allendale
Allendale, New Jersey 07401

Report on the Financial Statements

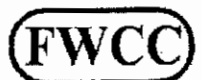
We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Allendale in the County of Bergen, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Allendale on the basis of the financial reporting provisions 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 New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Allendale as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Allendale's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2016 on our consideration of the Borough of Allendale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Allendale's internal control over financial reporting and compliance.

Charles J. Ferraioli, Jr.

Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

June 14, 2016



Borough of Allendale, N.J.

Exhibit A

Page 1 of 2

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	4,757,538.75	4,234,507.61
Change Fund	A-5	400.00	400.00
		<u>4,757,938.75</u>	<u>4,234,907.61</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	228,988.12	346,565.11
Property Acquired for Taxes -			
Assessed Valuation	A-9	4,900.00	4,900.00
Tax Title Liens	A-10	71,917.41	69,254.83
Revenue Accounts Receivable	A-11	126,859.83	126,269.77
Interfund Receivables:			
Other Trust Fund	A-12		768.88
General Capital Fund	A-12		24,923.87
Animal Control Trust Fund	A-12		5,201.80
		<u>432,665.36</u>	<u>577,884.26</u>
Deferred Charges:			
Special Emergency Authorizations	A-13		35,000.00
			<u>35,000.00</u>
		<u>5,190,604.11</u>	<u>4,847,791.87</u>
Federal and State Grant Fund:			
Grants Receivable	A-22	33,150.00	33,150.00
Interfund - Current Fund	A-25	102,498.24	83,574.93
		<u>135,648.24</u>	<u>116,724.93</u>
		<u>5,326,252.35</u>	<u>4,964,516.80</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Exhibit A

Page 2 of 2

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	871,015.72	781,344.00
Due to State of New Jersey: Ch. 73, P.L.			
Senior Citizens and Veterans Deduction	A-7	3,624.51	3,124.51
Interfunds Payable:			
Federal and State Grant Fund	A-12	102,498.24	83,574.93
Other Trust Fund	A-12	3,230.13	
Encumbrances Payable	A-15	137,850.84	128,229.73
Accounts Payable	A-16	7,100.04	29,880.00
Prepaid Taxes	A-17	252,419.69	247,539.93
Tax Overpayments	A-21	58,406.28	94,525.08
Due to State of New Jersey - DCA	A-21	3,914.00	15,376.00
Due to State of New Jersey - Marriage	A-21	50.00	75.00
Due to State of New Jersey - Sales Tax	A-21	127.57	98.29
Reserve for:			
Tax Appeals	A-21	201,094.65	233,126.84
Revaluation	A-21	13,530.00	13,530.00
		<u>1,654,861.67</u>	<u>1,630,424.31</u>
Reserve for Receivables	Contra	432,665.36	577,884.26
Fund Balance	A-1	<u>3,103,077.08</u>	<u>2,639,483.30</u>
		<u>5,190,604.11</u>	<u>4,847,791.87</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	113,241.28	98,951.90
Unappropriated Reserves for Grants	A-24	15,449.11	10,815.18
Interfund - Other Trust	A-25	6,957.85	6,957.85
		<u>135,648.24</u>	<u>116,724.93</u>
		<u>5,326,252.35</u>	<u>4,964,516.80</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	1,000,000.00	1,400,000.00
Miscellaneous Revenue Anticipated	A-2	2,450,498.55	2,451,980.95
Receipts from Delinquent Taxes	A-2	329,741.93	294,643.39
Receipts from Current Taxes	A-2	37,207,739.38	36,488,475.19
Non-Budget Revenue	A-2	243,921.05	194,547.90
Other Credits to Income:			
Statutory Excess in Animal Control Trust			2,818.60
Interfunds Returned	A-12	30,894.55	3,152.34
Unexpended Balance of Appropriation Reserves	A-13	469,356.26	601,204.76
Canceled Accounts Payable	A-16	17,650.00	268.62
Tax Overpayments Canceled	A-21	24.11	0.80
Total Revenues and Other Income		<u>41,749,825.83</u>	<u>41,437,092.55</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	3,735,153.00	3,705,279.00
Other Expenses	A-3	5,952,649.68	5,843,893.52
Capital Improvement Fund	A-3	288,938.00	381,000.00
Municipal Debt Service	A-3	1,370,708.40	1,510,964.60
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	838,339.00	1,062,238.70
Refund of Prior Year's Revenue	A-4	2,077.45	7,498.59
Interfund Advances	A-12		30,894.55
Municipal Open Space Tax	A-12	83,363.33	77,402.22
Local District School Tax	A-18	15,383,265.00	15,054,777.00
Regional High School Tax	A-19	8,590,116.00	8,635,836.00
County Taxes including Added Taxes	A-20	4,041,622.19	3,881,948.54
Total Expenditures		<u>40,286,232.05</u>	<u>40,191,732.72</u>

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Excess (Deficit) Revenue Over Expenditures		1,463,593.78	1,245,359.83
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		1,463,593.78	1,245,359.83
Fund Balance, January 1,	A	<u>2,639,483.30</u>	<u>2,794,123.47</u>
		4,103,077.08	4,039,483.30
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,000,000.00</u>	<u>1,400,000.00</u>
Fund Balance, December 31,	A	<u><u>3,103,077.08</u></u>	<u><u>2,639,483.30</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	1,000,000.00	1,000,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	15,000.00	15,250.00	250.00
Fees and Permits	A-2	50,000.00	53,472.70	3,472.70
Fines and Costs:				
Municipal Court	A-11	50,000.00	46,929.93	(3,070.07)
Interest and Costs on Taxes	A-4	70,000.00	88,133.94	18,133.94
Interest on Investments and Deposits	A-11	20.00	5,150.16	5,130.16
Dues & Fees - Crestwood Lake	A-11	280,000.00	339,006.62	59,006.62
Ramsey Sewer Charges	A-11	160,000.00	129,842.18	(30,157.82)
Allendale Elementary School Contribution to Sewer Use	A-11	18,000.00	17,957.00	(43.00)
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	29,000.00	29,706.00	706.00
Saddle River Sewer Payment	A-11	54,000.00	50,623.30	(3,376.70)
Garbage Collection	A-11	1,900.00	2,112.00	212.00
Energy Receipts Tax	A-11	1,068,869.00	1,068,869.00	
Uniform Construction Code Fees	A-11	300,000.00	311,260.00	11,260.00
Public and Private Revenues:				
Recycling Tonnage Grant	A-22	9,134.26	9,134.26	
Body Armor Replacement Fund	A-22	1,680.92	1,680.92	
Drunk Driving Enforcement Fund	A-22	4,252.50	4,252.50	
Other Special Items:				
Cable T.V.	A-11	90,000.00	100,183.28	10,183.28
Assessment Fund Balance	A-11	6,500.00	6,500.00	
Engineering Fees	A-11	9,000.00	15,032.00	6,032.00
Cellular Tower Lease	A-11	120,000.00	155,402.76	35,402.76
Total Miscellaneous Revenues	A-1	2,337,356.68	2,450,498.55	113,141.87
Receipts from Delinquent Taxes	A-1/A-2	200,000.00	329,741.93	129,741.93
Subtotal General Revenues		<u>3,537,356.68</u>	<u>3,780,240.48</u>	<u>242,883.80</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes	A-2/A-8	9,261,192.00	9,559,372.86	298,180.86
Budget Totals		<u>12,798,548.68</u>	<u>13,339,613.34</u>	<u>541,064.66</u>
Non-Budget Revenue	A-1/A-2		243,921.05	243,921.05
		<u>12,798,548.68</u>	<u>13,583,534.39</u>	<u>784,985.71</u>
		A-3		
Adopted Budget	A-3	12,794,296.18		
Appropriated by N.J.S. 40A:4-87	A-3	<u>4,252.50</u>		
		<u>12,798,548.68</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	37,207,739.38
Allocated to School and County Taxes	A-8	<u>28,098,366.52</u>
Balance for Support of Municipal Budget Appropriations		9,109,372.86
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>450,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>9,559,372.86</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-2,A-8	<u>329,741.93</u>
Fees and Permits - Other:		
Clerk	A-11	11,910.00
Parking	A-11	29,896.34
Planning Board	A-11	1,300.00
Board of Adjustment	A-11	1,600.00
Board of Health	A-11	<u>8,766.36</u>
	A-2	<u>53,472.70</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Sewer Connections		70,000.00
Senior Citizens Ground Lease		13,451.21
Police Administration Fees		5,930.25
Senior Citizens & Vets Admin Fee		760.00
Pilot Payment		22,000.00
Police Department Fees		1,351.57
Duplicate Tax Bills		81.00
DMV Inspections		700.00
Address Lists		260.00
Raffles		660.00
Sale of Assets		15,569.95
Insurance Dividend		8,901.39
Library Reimbursement		6,139.83
Miscellaneous Refunds & Reimbursements		24,924.42
Void Checks		7,726.68
FEMA		40,456.02
Alarm Registration		9,700.00
Uniform Fire Safety		<u>15,308.73</u>
	A-2, A-4	<u>243,921.05</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages		32,750.00	32,750.00	29,280.25	3,469.75	
Other Expenses		59,000.00	59,000.00	46,099.77	12,900.23	
Mayor and Council						
Other Expenses		10,000.00	10,000.00	7,575.73	2,424.27	
Borough Clerk						
Salaries and Wages		101,100.00	110,000.00	98,268.96	11,731.04	
Other Expenses		26,250.00	26,250.00	23,737.06	2,512.94	
Financial Administration						
Salaries and Wages		139,675.00	139,675.00	139,673.55	1.45	
Other Expenses		46,700.00	46,700.00	46,477.82	222.18	
Annual Audit		31,000.00	31,000.00	21,620.00	9,380.00	
Collection of Taxes						
Salaries and Wages		59,053.00	59,224.00	59,220.25	3.75	
Other Expenses		11,700.00	11,700.00	10,103.31	1,596.69	
Assessment of Taxes						
Salaries and Wages		43,613.00	43,613.00	43,611.88	1.12	
Other Expenses		72,300.00	72,300.00	49,514.83	22,785.17	
Legal Services and Costs						
Other Expenses		150,000.00	150,000.00	103,977.88	46,022.12	
Engineering Services and Costs						
Other Expenses		83,000.00	83,000.00	61,574.80	21,425.20	
Planning Board						
Salaries and Wages		7,500.00	7,500.00	3,250.00	4,250.00	
Other Expenses		55,700.00	55,700.00	35,338.91	20,361.09	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Insurance:						
Other Insurance - Premiums		166,500.00	166,500.00	125,570.60	40,929.40	
Workers' Compensation Insurance		167,000.00	167,000.00	101,695.48	65,304.52	
Employee Group Insurance		929,000.00	911,371.00	882,761.81	28,609.19	
Health Benefit Waiver		2,600.00	5,600.00	5,536.48	63.52	
Unemployment Insurance		40,000.00	40,000.00	40,000.00		
Public Safety:						
Police						
Salaries and Wages		2,026,776.00	2,051,776.00	2,043,507.77	8,268.23	
Other Expenses		167,480.00	167,480.00	164,654.84	2,825.16	
Emergency Management Services						
Salaries and Wages		2,040.00	2,040.00	2,040.00		
Other Expenses		5,500.00	5,500.00	1,163.56	4,336.44	
First Aid Squad Contribution		31,000.00	31,000.00	31,000.00		
Fire						
Other Expenses		84,700.00	101,700.00	100,658.37	1,041.63	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official						
Salaries and Wages		11,990.00	11,990.00	7,263.32	4,726.68	
Other Expenses		3,200.00	3,200.00	2,146.15	1,053.85	
Municipal Prosecutor						
Salaries and Wages		5,106.00	5,106.00	5,105.88	0.12	
Municipal Court						
Salaries and Wages		13,881.00	13,881.00	13,371.02	509.98	
Other Expenses		6,500.00	6,500.00	4,536.66	1,963.34	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Public Defender						
Other Expenses		2,000.00	2,000.00	350.00	1,650.00	
Public Works:						
Road Repairs and Maintenance						
Salaries and Wages		910,000.00	910,000.00	833,574.87	76,425.13	
Other Expenses		110,000.00	103,082.00	81,790.58	21,291.42	
Snow Removal						
Other Expenses		110,000.00	107,000.00	96,873.10	10,126.90	
Shade Tree Commission						
Other Expenses		35,000.00	35,000.00	26,954.03	8,045.97	
Sewer System						
Salaries and Wages		12,000.00	12,000.00	10,897.96	1,102.04	
Other Expenses		25,000.00	25,000.00	23,747.26	1,252.74	
Garbage and Trash Removal						
Other Expenses		382,000.00	407,000.00	336,027.05	70,972.95	
Recycling						
Salaries and Wages		10,000.00	10,000.00	1,730.70	8,269.30	
Other Expenses		145,000.00	120,000.00	63,095.17	56,904.83	
Public Buildings and Grounds						
Other Expenses		93,000.00	99,918.00	86,561.03	13,356.97	
Health and Welfare:						
Board of Health						
Salaries and Wages		46,174.00	46,174.00	46,173.40	0.60	
Other Expenses		25,000.00	25,000.00	24,838.47	161.53	
Senior Citizens						
Other Expenses		5,000.00	5,000.00	875.00	4,125.00	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Animal Control						
Other Expenses		10,500.00	10,500.00	9,420.00	1,080.00	
Aid to Health Care Facilities (N.J.S.A. 44:5-2)						
Other Expenses		6,000.00	6,000.00	6,000.00		
Municipal Alliance						
Other Expenses		5,000.00	5,000.00	4,695.73	304.27	
Parks and Recreation						
Parks and Playgrounds		50,000.00	53,000.00	49,871.41	3,128.59	
Other Expenses						
Crestwood Lake Public Swimming and Recreation Facility		152,000.00	124,000.00	123,902.14	97.86	
Salaries and Wages		93,000.00	93,000.00	92,445.52	554.48	
Other Expenses						
Code Enforcement and Administration:						
Construction Code Official		80,070.00	87,570.00	85,691.94	1,878.06	
Salaries and Wages - Construction Official		12,600.00	12,600.00	9,961.38	2,638.62	
Other Expenses						
Plumbing Inspector		10,920.00	10,921.00	10,920.08	0.92	
Salaries and Wages						
Electrical Inspector		12,595.00	13,405.00	13,402.33	2.67	
Salaries and Wages						
Fire Subcode Official		10,920.00	10,920.00	10,920.00		
Salaries and Wages						
Zoning Officer/Property Maint.		14,990.00	14,990.00	13,974.35	1,015.65	
Salaries and Wages		5,000.00	5,000.00	69.50	4,930.50	
Other Expenses						

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Unclassified:						
Salary and Wage Adjustment		60,000.00	17,618.00		17,618.00	
Radio Equipment Maintenance - All Departments		7,000.00	7,000.00	5,935.00	1,065.00	
Gasoline		113,250.00	113,250.00	51,427.51	61,822.49	
Utilities		364,000.00	364,000.00	285,938.52	78,061.48	
Contingent		25,000.00	25,000.00		25,000.00	
Total Operations within "CAPS"		<u>7,535,633.00</u>	<u>7,510,004.00</u>	<u>6,718,400.97</u>	<u>791,603.03</u>	
Detail:						
Salaries and Wages	A-1	3,763,153.00	3,735,153.00	3,595,780.65	139,372.35	
Other Expenses	A-1	<u>3,772,480.00</u>	<u>3,774,851.00</u>	<u>3,122,620.32</u>	<u>652,230.68</u>	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		169,094.00	169,094.00	169,093.45	0.55	
Police and Firemen's Retirement System		334,245.00	334,245.00	334,245.00		
Social Security System (O.A.S.I.)		280,000.00	280,000.00	249,253.82	30,746.18	
Defined Contribution Retirement Plan		20,000.00	20,000.00	13,396.74	6,603.26	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>803,339.00</u>	<u>803,339.00</u>	<u>765,989.01</u>	<u>37,349.99</u>	
Total General Appropriations for Municipal Purposes within "CAPS"		<u>8,338,972.00</u>	<u>8,313,343.00</u>	<u>7,484,389.98</u>	<u>828,953.02</u>	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)						
Other Expense		561,921.00	561,921.00	561,921.00		
Reserve for Tax Appeals		100,000.00	100,000.00	100,000.00		
Northwest Bergen County Sewerage Authority Share of Costs						
Share of Costs		1,459,810.00	1,459,810.00	1,459,810.00		
P.L.2007 c.62 Employee Group Insurance						
Borough of Waldwick - Well-Baby						
Other Expenses		1,000.00	1,000.00	125.00	875.00	
Borough of Hohokus - Municipal Court						
Other Expenses		40,000.00	40,000.00	26,394.52	13,605.48	
Public and Private Programs Offset by Revenues						
Recycling Tonnage Grant		9,134.26	9,134.26	9,134.26		
Drunk Driving Enforcement Fund		4,252.50	4,252.50	4,252.50		
Body Armor Replacement Fund		1,680.92	1,680.92	1,680.92		
Total Operations - Excluded from "CAPS"		<u>2,177,798.68</u>	<u>2,177,798.68</u>	<u>2,163,318.20</u>	<u>14,480.48</u>	
Detail:						
Other Expenses	A-1	<u>2,177,798.68</u>	<u>2,177,798.68</u>	<u>2,163,318.20</u>	<u>14,480.48</u>	
Capital Improvements:						
Capital Improvement Fund		36,000.00	36,000.00	36,000.00		
Improvements to Various Roads		101,220.00	101,220.00	93,637.78	7,582.22	
Reserve for Fire Truck		125,000.00	125,000.00	125,000.00		

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Crestwood Lake Capital Improvements		20,000.00	20,000.00		20,000.00	
911 Memorial		6,718.00	6,718.00	6,718.00		
Total Capital Improvements Excluded from "CAPS"	A-1	288,938.00	288,938.00	261,355.78	27,582.22	
Municipal Debt Service:						
Payment of Bond Principal		875,000.00	920,000.00	920,000.00		
Payment of Bond Anticipation Notes		362,760.00	362,760.00	200,000.00		162,760.00
Interest on Bonds		254,740.00	235,412.81	235,412.81		
Interest on Notes		15,340.00	15,296.19	15,295.59		0.60
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,507,840.00	1,533,469.00	1,370,708.40		162,760.60
Deferred Charges:						
Special Emergency Authorizations - 5 Years		35,000.00	35,000.00	35,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	35,000.00	35,000.00	35,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,009,576.68	4,035,205.68	3,830,382.38	42,062.70	162,760.60

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Subtotal General Appropriations		12,348,548.68	12,348,548.68	11,314,772.36	871,015.72	162,760.60
Reserve for Uncollected Taxes		<u>450,000.00</u>	<u>450,000.00</u>	<u>450,000.00</u>		
Total General Appropriations		<u>12,798,548.68</u>	<u>12,798,548.68</u>	<u>11,764,772.36</u>	<u>871,015.72</u>	<u>162,760.60</u>
Adopted Budget	A-2		12,794,296.18			
Appropriated by N.J.S. 40A:4-87	A-2		<u>4,252.50</u>			
			<u>12,798,548.68</u>		<u>A</u>	
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			450,000.00		
Cash Disbursed	A-4			11,026,853.84		
Deferred Charges						
Special Emergency Authorization	A-13			35,000.00		
Encumbrances Payable	A-15			137,850.84		
Reserve for Tax Appeals	A-21			100,000.00		
Reserve for Federal and State Grants	A-23			<u>15,067.68</u>		
				<u>11,764,772.36</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Exhibit B

Page 1 of 2

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Assessment Trust Fund			
Cash	B-2	<u> </u>	<u>6,500.00</u>
		<u> </u>	<u>6,500.00</u>
Animal Control Trust Fund:			
Cash	B-2	5,734.94	10,346.60
Due from State Department of Health	B-4	<u>3.00</u>	<u>3.00</u>
		<u>5,737.94</u>	<u>10,349.60</u>
Other Trust Funds:			
Cash	B-2	1,325,882.12	1,095,095.58
Interfund - Federal and State Grant Fund	B-6	6,957.85	6,957.85
Interfund - Current Fund	B-7	<u>3,230.13</u>	<u> </u>
		<u>1,336,070.10</u>	<u>1,102,053.43</u>
Payroll Fund			
Cash	B-10	<u>18,062.41</u>	<u>39,271.88</u>
		<u>18,062.41</u>	<u>39,271.88</u>
		<u>1,359,870.45</u>	<u>1,158,174.91</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Assessment Trust Fund			
Fund Balance	B-1		6,500.00
			<u>6,500.00</u>
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-3	4,488.94	4,907.00
Prepaid Licenses	B-5	1,249.00	240.80
Interfund - Current Fund	B-7		5,201.80
		<u>5,737.94</u>	<u>10,349.60</u>
Other Trust Fund:			
Interfund - Current Fund	B-7		768.88
Reserve for Open Space	B-8	84,364.42	78,029.23
Various Reserves	B-9	1,251,705.68	1,023,255.32
		<u>1,336,070.10</u>	<u>1,102,053.43</u>
Payroll Fund			
Payroll Deductions Payable	B-10	18,062.41	39,271.88
		<u>18,062.41</u>	<u>39,271.88</u>
		<u>1,359,870.45</u>	<u>1,158,174.91</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Assessment Trust Funds

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - December 31, 2014	B	6,500.00	
Increased by:			
Collection of Unpledged Assessments		<u> </u>	<u>6,500.00</u>
		6,500.00	6,500.00
Decreased by:			
Cash Disbursements	B-2	<u>6,500.00</u>	<u> </u>
Balance - December 31, 2015	B	<u> </u>	<u>6,500.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2/C-3	1,168,852.44	854,158.45
Various Receivables	C-4	270,510.44	57,893.68
Deferred Charges to Future Taxation:			
Funded	C-5	10,665,000.00	7,940,000.00
Unfunded	C-6	<u>1,332,990.00</u>	<u>4,467,990.00</u>
		<u>13,437,352.88</u>	<u>13,320,042.13</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-7	10,665,000.00	7,940,000.00
Bond Anticipation Notes	C-8	1,272,750.00	4,409,390.00
Improvement Authorizations:			
Funded	C-9	1,189,712.50	148,044.85
Unfunded	C-9	11,754.91	632,216.52
Capital Improvement Fund	C-10	3,111.98	3,111.98
Reserve for:			
Bond Issue Costs	C-11		5,957.13
Debt Service	C-11	82,794.73	71,062.28
Fire Truck	C-11	125,000.00	
Interfund - Current Fund	C-12		24,923.87
Fund Balance	C-1	<u>87,228.76</u>	<u>85,335.50</u>
		<u>13,437,352.88</u>	<u>13,320,042.13</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2015 of \$60,240.00 per Exhibit C-13.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - January 1,	C	85,335.50	57,550.96
Increased by:			
Funded Improvement			
Authorizations Canceled		27,784.54	
Premium on Sale of			
Bond Anticipation Notes	C-2	<u>36,893.26</u>	<u>27,784.54</u>
		<u>36,893.26</u>	<u>27,784.54</u>
		122,228.76	85,335.50
Decreased by:			
Appropriated to Finance			
Improvement Auth.	C-9	<u>35,000.00</u>	
Balance - December 31,	C/C-3	<u><u>87,228.76</u></u>	<u><u>85,335.50</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	490,050.13	433,014.51
Interfund - Water Capital Fund	D-15	<u>3,600.00</u>	<u>259.89</u>
		<u>493,650.13</u>	<u>433,274.40</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-8	<u>39,921.02</u>	<u>34,630.50</u>
		<u>39,921.02</u>	<u>34,630.50</u>
Total Operating Fund		<u>533,571.15</u>	<u>467,904.90</u>
Capital Fund:			
Cash	D-5/D-7	1,637,819.44	782,209.28
Fixed Capital	D-9	7,466,982.44	7,461,982.44
Fixed Capital Authorized and Uncompleted	D-10	<u>2,192,351.71</u>	<u>1,718,351.71</u>
Total Capital Fund		<u>11,297,153.59</u>	<u>9,962,543.43</u>
Total Assets		<u><u>11,830,724.74</u></u>	<u><u>10,430,448.33</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-11	66,612.91	101,601.69
Encumbrances Payable	D-12	64,746.19	54,199.35
Accrued Interest on Bonds	D-13	24,623.52	35,348.28
Accrued Interest on Notes	D-14	2,256.42	2,256.42
Accounts Payable	D-16		11,750.00
Reserve for:			
Meter Deposits	D-16	15,325.00	15,325.00
Valve Replacement	D-16	512.75	512.75
		<u>174,076.79</u>	<u>220,993.49</u>
Reserve for Receivables	Contra	39,921.02	34,630.50
Fund Balance	D-1	<u>319,573.34</u>	<u>212,280.91</u>
Total Operating Fund		<u>533,571.15</u>	<u>467,904.90</u>
Capital Fund:			
Bond Anticipation Notes	D-17		235,550.00
Water Serial Bonds Payable	D-18	3,961,000.00	3,206,000.00
Improvement Authorizations:			
Funded	D-19	1,503,050.60	527,048.01
Unfunded	D-19	2,550.00	612,752.61
Capital Improvement Fund	D-20	3.13	3.13
Reserve for Amortization	D-21	5,078,684.15	4,737,684.15
Reserve for Deferred Amortization	D-22	617,100.00	539,100.00
Interfund - Water Operating	D-23	3,600.00	259.89
Reserve for Capital Infrastructure	D-24	116,763.92	100,763.92
Fund Balance	D-2	<u>14,401.79</u>	<u>3,381.72</u>
Total Capital Fund		<u>11,297,153.59</u>	<u>9,962,543.43</u>
Total Liabilities, Reserves and Fund Balances		<u>11,830,724.74</u>	<u>10,430,448.33</u>

The fixed capital reported is taken from the municipal records
and does not necessarily reflect the true condition of such fixed capital.

There was Authorized but not Issued Debt at December 31, 2015
of \$2,550.00 per Exhibit D-25.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Allendale, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	120,000.00	130,000.00
Rents	D-3	1,682,190.38	1,538,447.51
Miscellaneous	D-3	79,040.45	72,103.73
Facilities Charge	D-3	115,969.45	115,188.51
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-11	<u>46,166.63</u>	<u>54,731.02</u>
Total Income		<u>2,043,366.91</u>	<u>1,910,470.77</u>
Expenditures:			
Operating	D-4	1,277,468.00	1,294,345.00
Capital Improvements	D-4	115,000.00	115,000.00
Debt Service	D-4	403,774.48	395,945.00
Deferred Charges and			
Statutory Expenditures	D-4	<u>19,832.00</u>	<u>29,710.00</u>
Total Expenditures		<u>1,816,074.48</u>	<u>1,835,000.00</u>
Excess / (Deficit) in Revenue		227,292.43	75,470.77
Deficit in Revenue			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus		227,292.43	75,470.77
Fund Balance - January 1,	D	<u>212,280.91</u>	<u>266,810.14</u>
		439,573.34	342,280.91
Decreased by:			
Utilized as Anticipated Revenue		<u>120,000.00</u>	<u>130,000.00</u>
Fund Balance - December 31,	D	<u><u>319,573.34</u></u>	<u><u>212,280.91</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Allendale, N.J.

Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	3,381.72
Increased by:		
Premium on Sale of Bond Anticipation Notes	D-5	<u>11,020.07</u>
Balance - December 31, 2015	D/D-7	<u><u>14,401.79</u></u>

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	120,000.00	120,000.00	
Rents	D-1/D-8	1,538,000.00	1,682,190.38	144,190.38
Facilities Charge	D-1/D-8	115,000.00	115,969.45	969.45
Miscellaneous	D-1	<u>50,000.00</u>	<u>79,040.45</u>	<u>29,040.45</u>
Budget Totals	D-4	<u><u>1,823,000.00</u></u>	<u><u>1,997,200.28</u></u>	<u><u>174,200.28</u></u>

Analysis Realized Revenues

Miscellaneous:

Interest on Investments	D-5	530.31
Installations/Miscellaneous	D-8	<u>78,510.14</u>
		<u><u>79,040.45</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2015

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		19,688.00	19,688.00	19,133.19	554.81	
Other Expenses		832,780.00	832,780.00	783,736.93	49,043.07	
Purchase of Water		425,000.00	425,000.00	408,038.86	16,961.14	
Total Operating	D-1	1,277,468.00	1,277,468.00	1,210,908.98	66,559.02	
Capital Improvements:						
Capital Infrastructure		115,000.00	115,000.00	115,000.00		
Total Capital Improvements	D-1	115,000.00	115,000.00	115,000.00		
Debt Service:						
Payment of Bond Principal		320,000.00	320,000.00	320,000.00		
Payment of Bond Anticipation and Capital Notes		3,600.00	3,600.00			3,600.00
Interest on Bonds		82,600.00	82,600.00	82,600.00		
Interest on Notes		4,500.00	4,500.00	1,174.48		3,325.52
Total Debt Service	D-1	410,700.00	410,700.00	403,774.48		6,925.52
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		18,332.00	18,332.00	18,331.05	0.95	
Social Security System (O.A.S.I.)		1,500.00	1,500.00	1,447.06	52.94	
Total Deferred Charges and Statutory Expenditures	D-1	19,832.00	19,832.00	19,778.11	53.89	
		<u>1,823,000.00</u>	<u>1,823,000.00</u>	<u>1,749,461.57</u>	<u>66,612.91</u>	<u>6,925.52</u>
			D-3		D	D-1
Cash Disbursed	D-5			1,602,115.38		
Encumbrances	D-12			64,746.19		
Interest on Bonds	D-13			82,600.00		
				<u>1,749,461.57</u>		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Exhibit E

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>3,109.95</u>	<u>3,109.95</u>
		<u>3,109.95</u>	<u>3,109.95</u>
<u>Liabilities</u>			
Reserve for Public Assistance		<u>3,109.95</u>	<u>3,109.95</u>
		<u>3,109.95</u>	<u>3,109.95</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit F

Borough of Allendale, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Land	26,187,001.96	26,187,001.96
Buildings	5,975,912.25	5,853,192.20
Improvements Other Than Buildings	1,718,276.80	1,701,196.90
Machinery and Equipment	<u>8,556,988.75</u>	<u>8,670,560.06</u>
	<u>42,438,179.76</u>	<u>42,411,951.12</u>
 Investment in Fixed Assets	 <u>42,438,179.76</u>	 <u>42,411,951.12</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements

BOROUGH OF ALLENDALE, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Allendale have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Allendale (the "Borough") operates under a 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 Free Public Library, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Assessment Trust Fund - This fund deals with the handling of special assessment levies against property for the cost of an improvement, the whole, or a part of, which costs are levied against the property receiving the benefit.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Payroll Fund - Receipts and disbursements of payroll withholdings that the Borough collects on behalf of various agencies as their agents.

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

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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. Effective January 1, 2002, the Borough transferred administration of the General Assistance Program to the Bergen County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Allendale. 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 for municipalities by the Division 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:

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. 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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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 tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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 and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - 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 in the accounting period when they become susceptible to accrual.

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 for the current fund and water operating fund. 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:

General Capital Fund
Public Assistance Fund

Trust Fund
Water Capital Fund

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, the Borough Council increased the original budget by \$4,252.50 for additional aid allotted the Borough. In addition, several budget transfers were approved by the governing body.

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 canceled 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, which should be recognized when due.

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

Appropriation Reserves - 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. The Borough does not allow the accumulation of unused vacation and sick days. 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 be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Borough of Allendale has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services which differs in certain respects from generally accepted accounting principles.

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 drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

C. Basic Financial Statements

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$-0- of the Borough's bank balance of \$9,595,203.71 was exposed to custodial credit risk.

Investments

Investment 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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2015 consisted of the following:

	<u>Balance Dec. 31, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$7,940,000.00	\$6,595,000.00	\$3,870,000.00	\$10,665,000.00	\$1,160,000.00
Water Utility	<u>3,206,000.00</u>	<u>1,075,000.00</u>	<u>320,000.00</u>	<u>3,961,000.00</u>	<u>360,000.00</u>
	<u>\$11,146,000.00</u>	<u>\$7,670,000.00</u>	<u>\$4,190,000.00</u>	<u>\$14,626,000.00</u>	<u>\$1,520,000.00</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. 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 five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued</u>			
General Bonds and Notes	11,937,750.00	\$12,349,390.00	\$12,893,390.00
Water Utility - Bonds and Notes	<u>3,961,000.00</u>	<u>3,441,550.00</u>	<u>3,745,200.00</u>
Total Issued	15,898,750.00	15,790,940.00	16,638,590.00
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Cash on Hand	<u>82,794.73</u>	<u>71,062.28</u>	<u>95,577.81</u>
Net Debt Issued	<u>15,815,955.27</u>	<u>15,719,877.72</u>	<u>16,543,012.19</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	60,240.00	58,600.00	405,714.44
Water Utility - Bonds and Notes	<u>2,550.00</u>	<u>462,000.00</u>	<u>3,158.00</u>
Total Authorized But Not Issued	<u>62,790.00</u>	<u>520,600.00</u>	<u>408,872.44</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$15,878,745.27</u>	<u>\$16,240,477.72</u>	<u>\$16,951,884.63</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .711%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$4,163,000.00	\$4,163,000.00	\$0.00
Regional School District Debt	3,830,975.15	3,830,975.15	0.00
Water Utility Debt	3,963,550.00	3,963,550.00	0.00
General Debt	<u>11,997,990.00</u>	<u>82,794.73</u>	<u>11,915,195.27</u>
	<u>\$23,955,515.15</u>	<u>\$12,040,319.88</u>	<u>\$11,915,195.27</u>

Net Debt \$11,915,195.27 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,676,046,755.33 equals .711%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	\$58,661,636.44
Net Debt	<u>11,915,195.27</u>
Remaining Borrowing Power	<u>\$46,746,441.17</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year	\$1,997,200.28
Deductions:	
Operating and Maintenance Cost	\$1,297,300.00
Debt Service per Water Account	<u>403,774.48</u>
Total Deductions	<u>1,701,074.48</u>
Excess in Revenue	<u>\$296,125.80</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2015:

	<u>Debt Outstanding</u>
Paid by Current Fund:	
General Serial Bonds - General Improvement Refunding Bonds of 2015 with interest rates of 1.00% to 1.50% issued May 7, 2015, due through July 1, 2020	\$2,970,000.00
General Serial Bonds - General Improvement Bonds of 2015 with interest rates of 1.00% to 2.00% issued May 7, 2015, due through May 1, 2025	3,580,000.00
General Serial Bonds - General Improvement Refunding Bonds of 2012 with interest rates of 2.00% to 3.00% issued October 25, 2012, due through July 15, 2016	530,000.00
General Serial Bonds - General Improvement Bonds of 2010 with interest rates of 3.00% to 3.15% issued February 15, 2010, due through February 15, 2022	<u>3,585,000.00</u>
	<u>10,665,000.00</u>
Paid by Water Utility Operating Fund:	
Water Serial Bonds - Water Utility Bonds of 2015 with interest rates of 1.00% to 3.00% issued May 7, 2015, due through May 1, 2030	1,075,000.00
Water Serial Bonds - Water Utility Refunding Bonds of 2012 with interest rates of 2.00% to 4.00% issued October 25, 2012, due through July 15, 2023	1,985,000.00
Water Serial Bonds - Water Utility Bonds of 2010 with interest rates of 3.00% to 3.6% issued February 15, 2010, due through February 15, 2026	<u>901,000.00</u>
	<u>3,961,000.00</u>
	<u>\$14,626,000.00</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital and Water Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or Water Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

Water Capital	<u>\$2,550.00</u>
General Capital	<u>\$60,240.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING

<u>General</u>			
Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$1,160,000.00	\$218,746.25	\$1,378,746.25
2017	1,245,000.00	198,996.25	1,443,996.25
2018	1,275,000.00	179,927.50	1,454,927.50
2019	1,320,000.00	155,990.00	1,475,990.00
2020	1,355,000.00	127,940.00	1,482,940.00
2021-2025	<u>4,310,000.00</u>	<u>174,016.25</u>	<u>4,484,016.25</u>
	<u>\$10,665,000.00</u>	<u>\$1,055,616.25</u>	<u>\$11,720,616.25</u>

<u>Water Utility</u>			
Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$360,000.00	\$97,349.75	\$457,349.75
2017	390,000.00	90,399.75	480,399.75
2018	385,000.00	82,849.75	467,849.75
2019	365,000.00	69,849.75	434,849.75
2020	330,000.00	62,849.75	392,849.75
2021-2025	<u>1,555,000.00</u>	<u>203,193.13</u>	<u>1,758,193.13</u>
2026-2030	<u>576,000.00</u>	<u>25,833.00</u>	<u>601,833.00</u>
	<u>\$3,961,000.00</u>	<u>\$632,324.88</u>	<u>\$4,593,324.88</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2015, the Borough had \$1,272,750.00 in outstanding general capital bond anticipation notes, maturing on January 29, 2016 at an interest rate of .50%

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2015.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
1st Constitution Bank		\$1,272,750.00		\$1,272,750.00
TD Bank	\$4,644,940.00		\$4,644,940.00	
	<u>\$4,644,940.00</u>	<u>\$1,272,750.00</u>	<u>\$4,644,940.00</u>	<u>\$1,272,750.00</u>

NOTE 5. LOCAL AND REGIONAL HIGH SCHOOL TAXES

Local and regional high school taxes have been raised on a calendar year basis and there is no deferred liability at December 31, 2015.

NOTE 6. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems: (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems: (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems: (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, Borough Administrator, or Municipal or Borough Manager, Department Heads, Legal Counsel, Municipal or Borough Engineer, Municipal Prosecutor and the Municipal Court Judge.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems: (continued)

Defined Contribution Retirement Program, (continued)

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$198,027.00	\$334,245.00	\$13,396.74
2014	211,920.00	343,572.00	
2013	207,713.00	404,398.00	

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$4,842,499.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was .0215720762 percent, which was an increase/(decrease) of (.0024490864) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$187,424.50. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$115,525.00	\$
Changes of assumptions	520,046.00	
Net difference between projected and actual earnings on pension plan investments		77,858.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u> </u>	<u>929,838.00</u>
Total	<u>\$635,571.00</u>	<u>\$1,007,696.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Year ended June 30:

2016	\$101,532.00
2017	101,532.00
2018	101,532.00
2019	161,706.00
2020	91,412.00

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough's Proportion	.0215720762%	.0240211626%

Actuarial Assumptions

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

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Borough's proportionate share of the pension liability	\$6,018,634	\$4,842,499	\$3,856,436

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Borough had a liability of \$8,000,692.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was .0480334126 percent, which was an increase/(decrease) of .0045158418 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$334,245.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$69,009.00
Changes of assumptions	1,477,127.00	
Net difference between projected and actual earnings on pension plan investments		139,245.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>495,345.00</u>	<u>321,148.00</u>
Total	<u>\$1,972,472.00</u>	<u>\$529,402.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$240,982.00
2017	240,982.00
2018	240,982.00
2019	395,128.00
2020	150,799.00

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	.048033416%	.0435175708%

Actuarial Assumptions

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

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.629% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1% Decrease 4.79%	At Current Discount Rate 5.79%	1% Increase 6.79%
Borough's proportionate share of the pension liability	\$11,472,429	\$8,000,692	\$6,443,555

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits to employees hired prior to June 1, 2012 in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Borough of Allendale contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within a state administered pension system who was hired prior to June 1, 2012 shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 7. OTHER POST EMPLOYMENT BENEFITS, (continued)

Funding Policy, (continued)

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of on a monthly basis. The rates charges by the system for the year ended December 31, 2015 were as follows:

The Borough of Allendale's contributions to SHBP for post-retirement benefits for the year ended December 31, 2015 was \$383,332.26 which equaled the required contributions for the year.

NOTE 8. FUND BALANCES

Fund balances as of December 31, 2015 and 2014 that have been anticipated as revenue in the 2016 and 2015 budgets were as follows:

	<u>2016</u>	<u>2015</u>
Current Fund	\$1,400,000.00	\$1,000,000.00
Water Operating Fund	161,000.00	120,000.00

NOTE 9. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2015. The Borough had an update of their fixed assets in 2015:

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Land	\$26,187,001.96	\$	\$	\$26,187,001.96
Land Improvements	1,701,196.90	17,079.90		1,718,276.80
Buildings	5,853,192.20	122,720.05		5,975,912.25
Machinery and Equipment	8,670,560.06	116,400.59	229,971.90	8,556,988.75
	<u>\$42,411,951.12</u>	<u>\$256,200.54</u>	<u>\$229,971.90</u>	<u>\$42,438,179.76</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough does not permit employees to accrue unused sick and vacation time.

NOTE 11. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$252,419.69</u>	<u>\$247,539.93</u>
Cash Liability for Taxes Collected in Advance	<u>\$252,419.69</u>	<u>\$247,539.93</u>

NOTE 12. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2015 consist of the following:

\$3,230.13	Due to Other Trust Fund from Current Fund for Other Trust Fund receipts deposited in Current Fund.
102,498.24	Due to Federal and State Grant Fund from Current Fund for grant receipts deposited in Current Fund.
6,957.85	Due to Other Trust Fund from Federal and State Grant Fund for grant expenditures paid by Other Trust Fund.
<u>3,600.00</u>	Due to Water Operating Fund from Water Capital Fund for Water Capital Fund expenditures paid by Water Operating Fund.
<u>\$116,286.22</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 13. LEASES

The Borough has not entered into any long-term agreements for any equipment purchases.

NOTE 14. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2015 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Allendale is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough of Allendale is a member of the Bergen County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage up to \$100,000 for member municipalities. The Borough of Allendale pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Allendale is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$100,000 for general liability, automobile liability and workers' compensation. The MEL also provides insurance coverage for the following: employment practices liability, non-owned aircraft, public officials liability, directors and officers liability and Faithful Performance and Employee Dishonesty Blanket Bond (\$1,000,000 limit).

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 14. RISK MANAGEMENT, (continued)

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Administration, Inc.

The Borough of Allendale continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Borough Counsel that the Borough is involved in several legal suits that are either covered by insurance or not material to the financial statements.

NOTE 16. BOROUGH WATER UTILITY

Commencing on August 1, 2013, the Borough contracted United Water Operations Inc. (SUEZ) to operate, maintain and manage the Borough's Water Utility.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 14, 2016, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

APPENDIX B
SELECTED FINANCIAL INFORMATION
FOR YEARS ENDED DECEMBER 31, 2016-2012

The selected data presented on pages B-63 to B-74 under the section "Selected Financial Information" as of and for each of the years in the five year periods ended December 31, 2016 are derived from the financial statements of the Borough of Allendale, except for the financial information for December 31, 2016 which is derived from the "Unaudited" Annual Financial Statements. The excerpts from the financial statements as of December 31, 2015 and the Independent Auditor's Report thereon are included in the previous section.

BOROUGH OF ALLENDALE, N.J.

COMPARATIVE BALANCE SHEET
CURRENT FUND

ASSETS	Unaudited 2016	2015	2014	2013	2012
Current Fund:					
Cash	4,822,329.32	4,757,538.75	4,234,507.61	4,308,881.15	4,084,559.94
Change Fund	400.00	400.00	400.00	400.00	400.00
	<u>4,822,729.32</u>	<u>4,757,938.75</u>	<u>4,234,907.61</u>	<u>4,309,281.15</u>	<u>4,084,959.94</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Taxes Receivable	415,542.31	228,988.12	346,565.11	295,148.14	276,738.33
Property Acquired for Taxes - Assessed Valuation	4,900.00	4,900.00	4,900.00	4,900.00	4,900.00
Tax Title Liens	90,899.12	71,917.41	69,254.83	66,452.42	63,680.58
Revenue Accounts Receivable	126,859.83	126,859.83	126,269.77	119,450.91	128,750.11
Interfund Receivables:					
Other Trust Fund			768.88	767.03	766.89
General Capital Fund			24,923.87	2.11	95.16
Animal Control Trust Fund			5,201.80	2,383.20	2,160.23
	<u>638,201.26</u>	<u>432,665.36</u>	<u>577,884.26</u>	<u>489,103.81</u>	<u>477,091.30</u>
Deferred Charges:					
Special Emergency Authorizations			35,000.00	70,000.00	105,000.00
			<u>35,000.00</u>	<u>70,000.00</u>	<u>105,000.00</u>
	<u>5,460,930.58</u>	<u>5,190,604.11</u>	<u>4,847,791.87</u>	<u>4,868,384.96</u>	<u>4,667,051.24</u>
Federal and State Grant Fund:					
Grants Receivable	15,350.00	33,150.00	33,150.00	33,150.00	33,150.00
Interfund - Current Fund	121,174.12	102,498.24	83,574.93	84,063.86	49,510.47
	<u>136,524.12</u>	<u>135,648.24</u>	<u>116,724.93</u>	<u>117,213.86</u>	<u>82,660.47</u>
TOTAL ASSETS	<u>5,597,454.70</u>	<u>5,326,252.35</u>	<u>4,964,516.80</u>	<u>4,985,598.82</u>	<u>4,749,711.71</u>

BOROUGH OF ALLENDALE, N.J.

COMPARATIVE BALANCE SHEET
CURRENT FUND

	Unaudited 2016	2015	2014	2013	2012
LIABILITIES, RESERVES AND FUND BALANCE					
Current Fund:					
Appropriation Reserves	1,142,188.63	871,015.72	781,344.00	929,179.39	1,097,622.36
Due to State of New Jersey: Ch. 73, P.L.					
Senior Citizens and Veterans Deduction	3,986.15	3,624.51	3,124.51	2,874.51	3,124.51
Interfunds Payable:					
Other Trust Fund	165.43	3,230.13			
Federal and State Grant Fund	121,174.12	102,498.24	83,574.93	84,063.86	49,510.47
Encumbrances Payable	151,253.53	137,850.84	128,229.73	87,583.57	107,785.41
Accounts Payable	3,349.89	7,100.04	29,880.00	17,854.10	38,818.62
Prepaid Taxes	359,783.09	252,419.69	247,539.93	226,743.65	212,319.48
Local School Taxes Payable				0.30	
Tax Overpayments	85,916.04	58,406.28	94,525.08	62,463.42	98,652.28
Outside Liens					
Due to State of New Jersey - DCA	3,961.00	3,914.00	15,376.00	2,943.00	1,938.00
Due to State of New Jersey - Marriage	200.00	50.00	75.00	75.00	
Due to State of New Jersey - Sales Tax	105.11	127.57	98.29	135.32	105.35
Reserve for:					
Tax Appeals	286,969.99	201,094.85	233,126.84	157,711.56	122,023.73
Revaluation	13,530.00	13,530.00	13,530.00	13,530.00	13,530.00
	2,172,582.98	1,654,861.67	1,630,424.31	1,585,157.68	1,745,430.21
Reserve for Receivables	638,201.26	432,665.36	577,884.26	489,103.81	477,091.30
Fund Balance	2,650,146.34	3,103,077.08	2,639,483.30	2,794,123.47	2,444,529.73
	5,460,930.58	5,190,604.11	4,847,791.87	4,868,384.96	4,667,051.24
Federal and State Grant Fund					
Appropriated Reserve for Grants	127,863.29	113,241.28	98,951.90	98,190.61	62,414.06
Unappropriated Reserve for Grants	1,702.98	15,449.11	10,815.18	12,065.40	13,288.56
Interfund - Other Trust	136,524.12	135,648.24	116,724.93	117,213.86	82,660.47
	5,597,454.70	5,326,252.35	4,964,516.80	4,985,598.82	4,749,711.71
TOTAL LIABILITIES, RESERVES AND FUND BALANCE					

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND
YEAR ENDED DECEMBER 31,

	Unaudited 2016	2015	2014	2013	2012
Revenues and Other Income:					
Fund Balance Utilized	1,400,000.00	1,000,000.00	1,400,000.00	1,085,000.00	690,000.00
Miscellaneous Revenue Anticipated	2,419,551.03	2,450,498.55	2,451,980.95	2,395,341.27	2,667,336.97
Receipts from Delinquent Taxes	197,462.38	329,741.93	294,843.39	276,718.24	275,725.26
Receipts from Current Taxes	37,889,389.56	37,207,739.38	36,488,475.19	35,891,651.63	35,353,493.31
Non-Budget Revenue	207,392.76	243,921.05	194,547.90	199,721.99	211,415.47
Other Credits to Income:					
Statutory Excess in Animal Control Trust			2,818.60	2,383.20	2,160.23
Interfunds Returned		30,894.55	3,152.34	3,022.28	8,304.80
Unexpended Balance of Appropriation Reserves	592,725.16	469,356.26	601,204.76	713,607.85	665,604.82
Canceled Accounts Payable		17,650.00	268.62		
Tax Overpayments Canceled	4.19	24.11	0.80	17.30	0.42
Total Revenues and Other Income	42,706,525.08	41,749,825.83	41,437,092.55	40,567,463.76	39,874,041.28
Expenditures:					
Budget and Emergency Appropriations:					
Operations:					
Salaries and Wages	3,877,493.00	3,735,153.00	3,705,279.00	3,771,447.00	3,787,659.50
Other Expenses	6,136,986.77	5,952,649.68	5,843,893.52	5,631,228.28	5,916,738.23
Capital Improvement Fund	558,417.00	288,938.00	381,000.00	36,000.00	121,000.00
Municipal Debt Service	1,378,746.26	1,370,708.40	1,510,964.60	1,374,701.04	1,155,736.50
Deferred Charges and Statutory Expenditures -					
Municipal	871,766.00	838,339.00	1,062,238.70	1,177,458.01	1,177,911.49
Refund of Prior Year's Revenue	2,605.28	2,077.45	7,498.59	534.40	
Interfund Advances			30,894.55	3,152.34	3,022.28
Municipal Open Space Tax	83,663.63	83,363.33	77,402.22	76,838.88	77,069.38
Local District School Tax	15,801,509.00	15,383,265.00	15,054,777.00	14,855,997.00	14,555,834.51
Regional High School Tax	8,867,816.00	8,590,116.00	8,635,836.00	8,436,560.00	8,283,875.23
County Taxes Including Added Taxes	4,180,452.88	4,041,622.19	3,881,948.54	3,768,953.07	3,574,968.79
Total Expenditures	41,759,455.82	40,286,232.05	40,191,732.72	39,132,870.02	38,653,815.91

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND
YEAR ENDED DECEMBER 31,

	Unaudited 2016	2015	2014	2013	2012
Excess (Deficit) Revenue Over Expenditures	947,069.26	1,463,593.78	1,245,359.83	1,434,593.74	1,220,225.37
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year					
Total Adjusted Expenditures	947,069.26	1,463,593.78	1,245,359.83	1,434,593.74	1,220,225.37
Fund Balance, January 1,	3,103,077.08	2,639,483.30	2,794,123.47	2,444,529.73	1,914,304.36
	4,050,146.34	4,103,077.08	4,039,483.30	3,879,123.47	3,134,529.73
Decreased by:					
Fund Balance Utilized as Budget Revenue	1,400,000.00	1,000,000.00	1,400,000.00	1,085,000.00	690,000.00
Fund Balance, December 31,	2,650,146.34	3,103,077.08	2,639,483.30	2,794,123.47	2,444,529.73

BOROUGH OF ALLENDALE, N.J.

COMPARATIVE BALANCE SHEETS
TRUST FUNDS

ASSETS	Unaudited 2016	2015	2014	2013	2012
Assessment Trust Fund:					
Cash			6,500.00	6,500.00	13,600.00
Assessments Receivable		-	6,500.00	6,500.00	27,200.00
Animal Control Trust Fund:					
Cash	6,161.54	5,734.94	10,346.60	6,897.20	7,312.83
Due from State of New Jersey	2.80	3.00	3.00		
	6,164.34	5,737.94	10,349.60	6,897.20	7,312.83
Other Trust Funds:					
Cash	1,325,190.91	1,325,882.12	1,095,095.58	1,034,287.64	781,159.23
Interfund - Current Fund	165.43	3,230.13			
Interfund - Federal & State Grant Fund	6,957.85	6,957.85	6,957.85	6,957.85	6,957.85
	1,332,314.19	1,336,070.10	1,102,053.43	1,041,245.49	788,117.08
Payroll Fund:					
Cash	20,685.97	18,062.41	39,271.88	39,520.55	31,417.44
	20,685.97	18,062.41	39,271.88	39,520.55	31,417.44
	1,359,164.50	1,359,870.45	1,158,174.91	1,094,163.24	854,047.35

BOROUGH OF ALLENDALE, N.J.

COMPARATIVE BALANCE SHEETS
TRUST FUNDS

	Unaudited 2016	2015	2014	2013	2012
LIABILITIES, RESERVES AND FUND BALANCE					
Assessment Trust Fund:					
Interfund - General Capital Fund					20,700.00
Reserve for Assessment and Liens			6,500.00	6,500.00	6,500.00
Fund Balance	-	-	6,500.00	6,500.00	27,200.00
Animal Control Trust Fund:					
Prepaid Licenses	1,037.00	1,249.00	240.80	16.40	389.60
Due to State Department of Health				3.60	3.00
Interfund - Current Fund	5,127.34	4,488.94	5,201.80	2,383.20	2,160.23
Reserve for Dog Fund Expenditures			4,907.00	4,494.00	4,760.00
	6,164.34	5,737.94	10,349.60	6,897.20	7,312.83
Other Trust Fund:					
Interfund - Current Fund			768.88	767.03	766.89
Interfund - General Capital Fund	84,238.53	84,364.42	78,029.23	77,674.51	13,039.20
Reserve for Open Space	1,248,075.66	1,251,705.68	1,023,255.32	962,803.95	64,790.63
Various Reserves					709,520.36
	1,332,314.19	1,336,070.10	1,102,053.43	1,041,245.49	788,117.08
Payroll Fund:					
Payroll Deductions Payable	20,685.97	18,062.41	39,271.88	39,520.55	31,417.44
	20,685.97	18,062.41	39,271.88	39,520.55	31,417.44
	1,359,164.50	1,359,870.45	1,158,174.91	1,094,163.24	854,047.35

BOROUGH OF ALLENDALE, N.J.

COMPARATIVE BALANCE SHEET
GENERAL CAPITAL FUND

	Unaudited 2016	2015	2014	2013	2012
ASSETS					
Cash	682,495.76	1,168,852.44	854,158.45	629,207.99	142,380.63
Various Receivables	323,510.44	270,510.44	57,893.68	373,059.05	244,329.12
Deferred Charges to Future Taxation:					
Funded	9,905,000.00	10,665,000.00	7,940,000.00	8,795,000.00	9,635,000.00
Unfunded	1,735,490.00	1,332,990.00	4,467,990.00	4,504,104.44	4,352,314.44
Interfund - Other Trust Fund					13,039.20
Interfund - Water Capital Fund					195,848.06
Interfund - Assessment Trust Fund					20,700.00
	<u>12,646,496.20</u>	<u>13,437,352.88</u>	<u>13,320,042.13</u>	<u>14,301,371.48</u>	<u>14,603,611.45</u>

LIABILITIES, RESERVES AND FUND BALANCE

Serial Bonds Payable	9,905,000.00	10,665,000.00	7,940,000.00	8,795,000.00	9,635,000.00
Bond Anticipation Notes	1,195,250.00	1,272,750.00	4,409,390.00	4,098,390.00	3,646,600.00
Improvement Authorizations:					
Funded	611,104.67	1,189,712.50	181,804.85	460,361.42	404,889.83
Unfunded	373,960.70	11,754.91	598,456.52	715,120.07	747,902.59
Capital Improvement Fund	3,111.98	3,111.98	3,111.98	3,111.98	3,111.98
Reserve for:					
Bond Issue Costs			5,957.13	5,957.13	15,157.13
Fire Truck		125,000.00			
Debt Service	82,794.73	82,794.73	71,062.28	95,577.81	71,062.28
Various Improvements	45,000.00			70,300.00	
Interfund - Current Fund			24,923.87	2.11	95.16
Fund Balance	430,274.12	87,228.76	85,335.50	57,550.96	79,792.48
	<u>12,646,496.20</u>	<u>13,437,352.88</u>	<u>13,320,042.13</u>	<u>14,301,371.48</u>	<u>14,603,611.45</u>

BOROUGH OF ALLENDALE, N.J.
STATEMENT OF FUND BALANCE
GENERAL CAPITAL FUND

	Unaudited 2016	2015	2014	2013	2012
Balance - December 31,	87,228.76	85,335.50	57,550.96	79,792.48	117,796.24
Increased by:					
Additional Refunding Proceeds					4,631.01
Premium on Sale of Bonds/Bond Anticipation Notes	125,000.00	36,893.26		22,758.48	7,365.23
Cancelled Reserves	218,045.36		27,784.54		
Funded Improvement Authorization Canceled					
	430,274.12	122,228.76	85,335.50	102,550.96	129,792.48
Decreased by:					
Appropriated to Finance Improvement Authorization		35,000.00		45,000.00	50,000.00
	-	35,000.00	-	45,000.00	50,000.00
Balance - December 31,	430,274.12	87,228.76	85,335.50	57,550.96	79,792.48

BOROUGH OF ALLENDALE, N.J.
COMPARATIVE BALANCE SHEET
WATER UTILITY FUND

	Unaudited 2016	2015	2014	2013	2012
ASSETS					
Operating Fund:					
Cash	548,063.66	490,050.13	433,014.51	534,933.00	573,563.34
Change Fund	5,273.99	3,600.00	259.89	120.00	120.00
Interfund - Water Capital Fund					
	553,337.65	493,650.13	433,274.40	535,053.00	573,683.34
Receivables with Full Reserves:					
Consumers Account Receivable	23,291.67	39,921.02	34,630.50	53,755.59	51,935.12
	23,291.67	39,921.02	34,630.50	53,755.59	51,935.12
Total Operating Fund	576,629.32	533,571.15	467,904.90	588,808.59	625,618.46
Capital Fund:					
Cash	1,595,063.18	1,637,819.44	782,209.28	616,878.01	720,410.16
Fixed Capital	7,466,982.44	7,466,982.44	7,461,982.44	7,177,308.84	7,177,308.84
Fixed Capital Authorized and Uncompleted	2,542,351.71	2,192,351.71	1,718,351.71	1,288,625.90	1,288,625.90
Interfund - Water Operating				115,901.01	117,670.58
Total Capital Fund	11,604,397.33	11,297,153.59	9,962,543.43	9,198,713.76	9,304,015.48
Total Assets	12,181,026.65	11,830,724.74	10,430,448.33	9,787,522.35	9,929,633.94

BOROUGH OF ALLENDALE, N.J.
COMPARATIVE BALANCE SHEET
WATER UTILITY FUND

	Unaudited 2016	2015	2014	2013	2012
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserve	233,432.26	66,612.91	101,601.69	84,146.61	115,437.19
Encumbrances Payable	48,849.33	64,746.19	54,199.35	11,870.00	64,333.89
Accounts Payable			11,750.00		
Accrued Interest on Bonds and Notes	35,205.18	26,879.94	37,604.70	40,487.49	23,207.81
Interfund - Water Capital				115,901.01	117,670.58
Water Rent Overpayments					4,681.26
Reserve for:					
Meter Deposits	15,325.00	15,325.00	15,325.00	15,325.00	15,350.00
Valve Replacement	512.75	512.75	512.75	512.75	512.75
	<u>333,324.52</u>	<u>174,076.79</u>	<u>220,993.49</u>	<u>268,242.86</u>	<u>341,193.48</u>
Reserve for Receivables	23,291.67	39,921.02	34,630.50	53,755.59	51,935.12
Fund Balance	<u>220,013.13</u>	<u>319,573.34</u>	<u>212,400.91</u>	<u>266,810.14</u>	<u>232,489.86</u>
Total Operating Fund	<u>576,629.32</u>	<u>533,571.15</u>	<u>468,024.90</u>	<u>588,808.59</u>	<u>625,618.46</u>
Capital Fund:					
Bond Anticipation Notes			235,550.00	239,200.00	239,200.00
Water Serial Bonds Payable	3,601,000.00	3,961,000.00	3,206,000.00	3,506,000.00	3,801,000.00
Improvement Authorizations:					
Funded	1,323,366.25	1,503,050.60	527,048.01	321,994.60	349,041.88
Unfunded	314,804.10	2,550.00	612,752.61	154,147.48	154,393.62
Capital Improvement Fund	3.13	3.13	3.13	3.13	3.13
Interfund - General Capital Fund					195,848.06
Interfund - Water Operating	5,273.99	3,600.00	259.89		
Reserve for Amortization	5,438,684.15	5,078,684.15	4,657,684.15	3,949,166.74	3,654,166.74
Reserve for Deferred Amortization	617,100.00	617,100.00	619,100.00	768,410.00	768,410.00
Reserve for Capital Infrastructure	289,763.92	116,763.92	100,763.92	256,852.68	140,927.92
Fund Balance	<u>14,401.79</u>	<u>14,401.79</u>	<u>3,381.72</u>	<u>2,939.13</u>	<u>1,024.13</u>
Total Capital Fund	<u>11,604,397.33</u>	<u>11,297,153.59</u>	<u>9,962,543.43</u>	<u>9,198,713.76</u>	<u>9,304,015.48</u>
Total Liabilities, Reserves and Fund Balances	<u>12,181,026.65</u>	<u>11,830,724.74</u>	<u>10,430,568.33</u>	<u>9,787,522.35</u>	<u>9,929,633.94</u>

Borough of Allendale, NJ

**Statement of Operations and Changes in Fund Balance
Water Utility Operating Fund
Year Ended December 31,**

	Unaudited <u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:					
Surplus Anticipated	161,000.00	120,000.00	130,000.00	80,000.00	100,000.00
Rents	1,665,898.09	1,682,190.38	1,538,447.51	1,561,483.73	1,622,404.68
Facilities Charge	173,848.68	115,969.45	115,188.51	115,924.76	117,718.84
Miscellaneous	83,030.20	79,040.45	72,103.73	48,705.42	84,929.71
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	<u>45,162.82</u>	<u>46,166.63</u>	<u>54,731.02</u>	<u>80,531.37</u>	<u>40,053.08</u>
Total Income	<u>2,128,939.79</u>	<u>2,043,366.91</u>	<u>1,910,470.77</u>	<u>1,886,645.28</u>	<u>1,965,106.31</u>
Expenditures:					
Operating	1,392,925.00	1,277,468.00	1,294,345.00	1,210,267.00	1,236,990.00
Capital Improvements	206,500.00	115,000.00	115,000.00	117,000.00	118,000.00
Debt Service	465,675.00	403,774.48	395,945.00	394,006.00	340,859.00
Deferred Charges and Statutory Expenditures	<u>2,400.00</u>	<u>19,832.00</u>	<u>29,710.00</u>	<u>51,052.00</u>	<u>97,357.94</u>
Total Expenditures	<u>2,067,500.00</u>	<u>1,816,074.48</u>	<u>1,835,000.00</u>	<u>1,772,325.00</u>	<u>1,793,206.94</u>
Excess in Revenue over Expenditures	61,439.79	227,292.43	75,470.77	114,320.28	171,899.37
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years					
Statutory Excess to Surplus	61,439.79	227,292.43	75,470.77	114,320.28	171,899.37
Fund Balance - January 1,	<u>319,573.34</u>	<u>212,280.91</u>	<u>266,810.14</u>	<u>232,489.86</u>	<u>160,590.49</u>
	381,013.13	439,573.34	342,280.91	346,810.14	332,489.86
Decreased by:					
Utilized as Anticipated Revenue	<u>161,000.00</u>	<u>120,000.00</u>	<u>130,000.00</u>	<u>80,000.00</u>	<u>100,000.00</u>
Fund Balance - December 31,	<u><u>220,013.13</u></u>	<u><u>319,573.34</u></u>	<u><u>212,280.91</u></u>	<u><u>266,810.14</u></u>	<u><u>232,489.86</u></u>

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF GENERAL FIXED ASSETS

	Unaudited 2016	2015	2014	2013	2012
General Fixed Assets:					
Land	26,187,001.96	26,187,001.96	26,187,001.96	26,187,001.96	26,187,001.96
Buildings	5,975,912.25	5,975,912.25	5,853,192.20	5,679,748.30	5,679,748.30
Improvements Other Than Buildings	1,718,276.80	1,718,276.80	1,701,196.90	343,352.90	343,352.90
Machinery and Equipment	8,556,988.75	8,556,988.75	8,670,560.06	7,482,102.93	7,482,102.93
	<u>42,438,179.76</u>	<u>42,438,179.76</u>	<u>42,411,951.12</u>	<u>39,692,206.09</u>	<u>39,692,206.09</u>
Investment in Fixed Assets	<u>42,438,179.76</u>	<u>42,438,179.76</u>	<u>42,411,951.12</u>	<u>39,692,206.09</u>	<u>39,692,206.09</u>

APPENDIX C

PROPOSED FORMS OF BOND COUNSEL OPINIONS

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† ADMITTED IN NY AND NC ONLY
†† ALSO ADMITTED IN FL AND DC

APPENDIX C

[Proposed Form of Bond Counsel Opinion - Tax-Exempt Notes]

April __, 2017

Borough Council
Borough of Allendale
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of a \$4,285,000 Bond Anticipation Note (the "Note") by the Borough of Allendale, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Borough"). The Note is dated April 26, 2017, is payable April 26, 2018, bears interest from its date at the rate of 2.00% per annum, payable at maturity, and is numbered 17-1.

The Note has been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to and in anticipation of the issuance of bonds authorized by a bond ordinance adopted by the Borough Council of the Borough on January 26, 2017 (Ord. No. 17-02) (the "Bond Ordinance") to finance the acquisition of real property in, by and for the Borough.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Note and other amounts and to the rebate of certain arbitrage earnings to the United States.

Noncompliance by the Borough with such requirements may cause interest on the Note to be included in gross income of the owners thereof retroactive to the date of issuance of the Note, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Note, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined a certified copy of the Bond Ordinance and a copy of the form of Note. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and any exhibits thereto. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Note, on a certificate of the Borough.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Borough in connection with the issuance and sale of the Note, or (ii) other documents of the Borough delivered to the purchaser of the Note, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. The Note has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Borough enforceable in accordance with its terms, except as enforcement of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit to the payment of the principal of and interest on the Note, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Note and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Borough with its Tax Certificate, under existing law, interest on the Note is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Note is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Note and any gain from the sale of the Note are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC

STEVEN L. ROGUT
DANIEL J. MCCARTHY
DIANE U. DABULAS
THOMAS J. BACE ††

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† ADMITTED IN NY AND NC ONLY
†† ALSO ADMITTED IN FL AND DC

[Proposed Form of Bond Counsel Opinion - Taxable Notes]

April __, 2017

Borough Council
Borough of Allendale
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of a \$9,365,000 Bond Anticipation Note (Federally Taxable) (the "Note") by the Borough of Allendale, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Borough"). The Note is dated April 26, 2017, is payable April 26, 2018, bears interest from its date at the rate of 2.00% per annum, payable at maturity, and is numbered 17-2.

The Note has been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to and in anticipation of the issuance of bonds authorized by a bond ordinance adopted by the Borough Council of the Borough on January 26, 2017 (Ord. No. 17-02) (the "Bond Ordinance") to finance the acquisition of real property in, by and for the Borough.

As bond counsel, we have examined a certified copy of the Bond Ordinance and a copy of the form of Note. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when

relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Note, on a certificate of the Borough.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Borough in connection with the sale and issuance of the Note, or (ii) other documents of the Borough delivered to the purchaser of the Note, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. The Note has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Borough enforceable in accordance with its terms, except as enforcement of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit to the payment of the principal of and interest on the Note, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Note and the interest thereon, without limitation as to rate or amount.

3. Interest on the Note is included in gross income of the owners thereof for Federal income tax purposes under the applicable provisions of the Internal Revenue Code of 1986, as amended. Furthermore, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Note and any gain from the sale of the Note are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC