

OFFICIAL STATEMENT DATED FEBRUARY 13, 2019

NEW ISSUE (BOOK-ENTRY ONLY)

**RATING ON BONDS: S&P: "AA-"
RATING ON NOTES: "SP-1+"
(See "RATINGS" herein)**

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds and Notes (as respectively defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.

**\$8,500,000
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2019**

**Consisting of:
\$5,980,000 General Improvement Bonds, Series 2019
and
\$2,520,000 Utility Bonds, Series 2019**

CALLABLE

**Dated: Date of Delivery
Due: March 1, as shown on the inside front cover**

**\$4,917,000
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY
BOND ANTICIPATION NOTES**

NON-CALLABLE

**Dated: Date of Delivery
Due: February 28, 2020
Coupon: 3.00%
Yield: 1.70%
CUSIP: 094401HY5**

The \$8,500,000 aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$2,520,000 aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$2,520,000 aggregate principal amount of Utility Bonds, Series 2019 (the "Utility Bonds" and together with the General Improvement Bonds, the "Bonds"), are general obligations of the Borough of Bloomingdale, in the County of Passaic, State of New Jersey (the "Borough") for which the full faith and credit of the Borough are pledged. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$4,917,000 aggregate principal amount of Bond Anticipation Notes, dated the date of delivery (the "Notes"), are also general obligations of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds and the Notes will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the first day of March and September of each year, commencing September 1, 2019, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Borough or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Borough to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate set forth above, commencing their date of delivery. Interest on the Notes will be payable at maturity as set forth above. Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent at the date of maturity.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Borough Council on the dates set forth herein and by a resolution duly adopted by the Borough Council on January 22, 2019. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and various bond ordinances duly adopted by the Borough Council on the dates set forth herein and by a resolution duly adopted by the Borough Council on January 22, 2019.

The proceeds of the General Improvement Bonds, along with certain available funds of the Borough in the amount of \$114,171, will be used to: (i) refund, on a current basis, a \$4,878,171 portion of prior bond anticipation notes of the Borough issued in the amount of \$10,468,381 on March 6, 2018 and maturing on March 5, 2019 and \$1,000,000 prior bond anticipation notes of the Borough on December 12, 2018 and maturing on March 5, 2019 (collectively, the "Prior Notes"), (ii) permanently finance the cost of various capital improvements by and in the Borough in the amount of \$536,000 and (iii) pay the costs associated with the issuance of the General Improvement Bonds. The proceeds of the Utility Bonds, along with certain available funds of the Borough in the amount of \$2,029, will be used to: (i) refund, on a current basis, a \$2,597,029 portion of the Prior Notes and (ii) pay the costs associated with the issuance of the Utility Bonds. The proceeds of the Notes, along with certain available funds of the Borough in the amount of \$15,181, will be used to: (i) refund, on a current basis, a \$2,993,181 portion of the Prior Notes and (ii) temporarily finance the cost of various other capital improvements by and in the Borough in the amount of \$1,939,000.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption". The Notes are not subject to redemption prior to their stated maturity.

The Bonds and the Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Borough.

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

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the Borough by the Borough Attorney, Fred Semrau, Boonton, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about March 1, 2019.

Robert W. Baird & Co. Inc.
Bond Underwriter

PiperJaffray
Note Underwriter

\$8,500,000
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$5,980,000 General Improvement Bonds, Series 2019
and
\$2,520,000 Utility Bonds, Series 2019

CALLABLE

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Utility Bonds</u>	<u>Combined Principal Amounts</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP Numbers**</u>
2020	\$ 285,000	\$ 105,000	\$ 390,000	5.00%	1.55%	094401HH2
2021	340,000	135,000	475,000	5.00	1.56	094401HJ8
2022	410,000	150,000	560,000	5.00	1.58	094401HK5
2023	425,000	150,000	575,000	5.00	1.61	094401HL3
2024	535,000	150,000	685,000	5.00	1.65	094401HM1
2025	565,000	165,000	730,000	5.00	1.72	094401HN9
2026	570,000	170,000	740,000	5.00	1.80	094401HP4
2027	570,000	170,000	740,000	4.00	1.95*	094401HQ2
2028	570,000	170,000	740,000	4.00	2.10*	094401HR0
2029	570,000	185,000	755,000	4.00	2.25*	094401HS8
2030	570,000	190,000	760,000	3.00	2.80*	094401HT6
2031	<u>570,000</u>	190,000	760,000	3.00	2.90*	094401HU3
2032		190,000	190,000	3.00	3.00	094401HV1
2033		200,000	200,000	3.00	3.10	094401HW9
2034		<u>200,000</u>	<u>200,000</u>	3.00	3.20	094401HX7
Total:	<u>\$5,980,000</u>	<u>\$2,520,000</u>	<u>\$8,500,000</u>			

* Priced to the first optional call date of March 1, 2026

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY**

MAYOR

Jonathan Dunleavy

BOROUGH COUNCIL

Anthony Costa, Council President
John D'Amato
Dawn Hudson
Richard Dellaripa
Michael Sondermeyer
Ray Yazdi

BOROUGH ATTORNEY

Fred Semrau, Esq.
Dorsey & Semrau LLC
Boonton, New Jersey

CHIEF FINANCIAL OFFICER

Donna M. Mollineaux

BOROUGH CLERK

Breeanna Calabro

INDEPENDENT AUDITORS

Samuel Klein and Company
Newark, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Borough of Bloomingdale, in the County of Passaic, State of New Jersey (the "Borough") to give any information or to make any representations with respect to the Bonds and Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the Borough. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Borough, The Depository Trust Company, New York, New York ("DTC") and other sources deemed reliable by the Borough; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Borough, such information is not to be construed as a representation or warranty by the Borough.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or owners of any of the Bonds or 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 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. The Borough has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, 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 may not be reproduced or used in whole or part, for any other purpose. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial condition of other affairs of the Borough. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of the relevance, materiality or importance, and this Official Statement, including the Appendices, and must be considered in its entirety.

In order to facilitate the distribution of the Bonds and Notes, the respective Underwriters may engage in transactions intended to stabilize the price of the Bonds and Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds and Notes are offered to the public by the respective Underwriters and the yields resulting there from may vary from the initial public offering prices or yields on the cover page and/or inside cover page hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
OF THE
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY

RELATING TO
\$8,500,000 GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$5,980,000 General Improvement Bonds, Series 2019
and
\$2,520,000 Utility Bonds, Series 2019

\$4,917,000 BOND ANTICIPATION NOTES

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Borough of Bloomingdale (the "Borough"), in the County of Passaic (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$8,500,000 General Obligation Bonds, Series 2019, consisting of: \$5,980,000 aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$2,520,000 Utility Bonds, Series 2019 (the "Utility Bonds" and together with the General Improvement Bonds, the "Bonds") and \$4,917,000 Bond Anticipation Notes (the "Notes") of the Borough. This Official Statement, which includes the cover page, inside front cover page and appendices attached hereto, has been authorized by the Borough Council, and executed by and on behalf of the Borough by its Chief Financial Officer, to be distributed in connection with the sale of the Bonds and Notes.

This Official Statement contains specific information relating to the Bonds and Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Borough.

DESCRIPTION OF THE BONDS

General Description

The Bonds are dated the date of delivery thereof and shall bear interest at the rates shown on the inside front cover page hereof from such date, payable semi-annually on the first day of March and September of each year (each an "Interest Payment Date") until maturity or prior redemption, commencing September 1, 2019. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective February 15 and August 15 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the Borough's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on March 1 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the

Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in book-entry only form, without certificates, in denominations of \$1,000 each or any integral multiple thereof, with minimum purchases of \$5,000 required. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly by the Borough as Paying Agent, or some other paying agent as may be designated by the Borough, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants and Indirect Participants (as hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

The Bonds maturing prior to March 1, 2027 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2027 are redeemable at the option of the Borough, in whole or in part, on any date on or after March 1, 2026, upon notice as required herein, at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Borough. The Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Borough Council of the Borough on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the Borough Council on January 22, 2019.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such 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 all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Bonds

The proceeds of the General Improvement Bonds, along with certain available funds of the Borough in the amount of \$114,171, will be used to: (i) refund, on a current basis, a \$4,878,171 portion of prior bond anticipation notes of the Borough issued in the amount of \$10,468,381 on March 6, 2018 and maturing on March 5, 2019 and \$1,000,000 prior bond anticipation notes of the Borough on December 12, 2018 and maturing on March 5, 2019 (collectively, the "Prior Notes"), (ii) permanently finance the cost of various capital improvements by and in the Borough in the amount of \$536,000 and (iii) pay the costs associated with the issuance of the General Improvement Bonds.

The purposes for which the General Improvement Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of General Improvement Bonds to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount
22-2005	Providing for the rehabilitation of existing sport fields and open spaces, finally adopted 10/18/05	\$94,000
15-2008	Providing for various capital improvements, finally adopted 8/26/08	183,000
17-2009	Providing for various capital improvements, finally adopted 10/27/09	342,000
10-2011	Providing for various road and drainage improvements, finally adopted 6/28/11	62,000
18-2011	Providing for various capital improvements, finally adopted 11/22/11	1,361,000
20-2011	Providing for the installation of lighting at Walter T. Bergen School, finally adopted 12/13/11	321,000
1-2014	Providing for curb and sidewalk improvements along certain portions of Heather Lane, Knolls Road, Rafkind Road and Woodlot Road, finally adopted 2/18/14	442,000
15-2014	Providing for various capital improvements, finally adopted 10/21/14	247,000
13-2015	Providing for various capital improvements, finally adopted 6/9/15	522,000
19-2015	Reappropriation Ordinance reappropriating proceeds of obligations from Bond Ordinance Number 1-2014, finally adopted 9/8/15	378,000
14-2016	Providing for various capital improvements, finally adopted 5/17/16	570,000
13-2018	Providing for various capital improvements, finally adopted 5/1/18	1,278,000

Ordinance Number	Description and Date of Final Adoption	Amount
18-2018	Providing for Sloan Park bridge and stream improvements, finally adopted 6/26/18	<u>180,000</u>
	TOTAL	<u>\$5,980,000</u>

The proceeds of the Utility Bonds, along with certain available funds of the Borough in the amount of \$2,029, will be used to: (i) refund, on a current basis, a \$2,597,029 portion of the Prior Notes and (ii) pay the costs associated with the issuance of the Utility Bonds.

The purposes for which the Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of Utility Bonds to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount
17-2007	Providing for the installation of water lines to Upper Morse Lake area, finally adopted 9/27/07	\$148,000
17-2012	Providing for the replacement of a water main on Lakeside Avenue, finally adopted 11/27/12	186,000
22-2012	Providing for the replacement of a water main on Old Ridge Road, finally adopted 11/27/12	233,000
11-2014	Providing for the purchase of various water utility equipment, finally adopted 6/24/14	110,000
7-2015	Providing for various water utility improvements and the purchase of water utility equipment, finally adopted 4/21/15	1,377,000
7-2016	Amending and Restating Bond Ordinance Number 7-2015 and providing for various water utility improvements, finally adopted 3/15/16	<u>466,000</u>
	TOTAL	<u>\$2,520,000</u>

Payment of Bonds

As hereinafter stated, the Bonds are general obligations of the Borough for which the full faith and credit of the Borough will be pledged. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough for the payment of principal of and interest on Bonds without limitation as to rate or amount.

DESCRIPTION OF THE NOTES

General Description

The Notes shall be dated and shall bear interest at the rate as indicated on the front cover page of this Official Statement, payable upon maturity. 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 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. Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. 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, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The 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 DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "DESCRIPTION OF THE NOTES" herein.

Optional Redemption

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

Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Borough Council of the Borough on the dates set forth under "Purpose of the Notes" herein and published and approved as required by law, and by a resolution duly adopted by the Borough Council on January 22, 2019.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such 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 all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Notes

The proceeds of the Notes, along with certain available funds of the Borough in the amount of \$15,181, will be used to: (i) refund, on a current basis, a \$2,993,181 portion of the Prior Notes and (ii) temporarily finance the cost of various other capital improvements by and in the Borough in the amount of \$1,939,000. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Borough, which bond ordinances are described on the following table by ordinance number, description and date of final adoption:

Ordinance Number	Description and Date of Final Adoption	Amount
15-2008	Providing for various capital improvements, finally adopted 8/26/08	\$41,000
17-2009	Providing for various capital improvements, finally adopted 10/27/09	166,000
21-2009	Providing for the rehabilitation and improvements to a water tank located in the Borough, finally adopted 12/22/09	254,000
14-2010	Providing for the purchase of water meters, finally adopted 11/23/10	40,000
15-2010	Providing for the reconstruction of Woodward Avenue, finally adopted 12/14/10	14,000
10-2012	Providing for various road improvements, finally adopted 7/17/12	427,000
35-2013	Providing for the purchase and installation of bleachers at Delazier Field, finally adopted 11/26/13	71,000
1-2014	Providing for curb and sidewalk improvements along certain portions of Heather Lane, Knolls Road, Rafkind Road and Woodlot Road, finally adopted 2/18/14	34,000
14-2016	Providing for various capital improvements, finally adopted 5/17/16	371,000
15-2016	Providing for various 2016 water and sewer utility improvements, finally adopted 5/17/16	96,000
27-2016	Providing for drainage improvements, finally adopted 11/22/16	95,000
10-2017	Providing for various 2017 capital acquisitions and improvements, finally adopted 4/4/17	1,393,000
11-2017	Providing for various 2017 water and sewer utility acquisitions and improvements, finally adopted 4/4/17	820,000
17-2017	Providing for Sloan Park bridge and stream improvements, finally adopted 6/13/17	285,000
8-2018	Providing for the purchase of a garbage truck, finally adopted 3/20/18	285,000

Ordinance Number	Description and Date of Final Adoption	Amount
15-2018	Providing for 2018 water utility acquisitions and improvements, finally adopted 5/15/18	<u>525,000</u>
	TOTAL	<u>\$4,917,000</u>

Payment of Notes

As hereinafter stated, the Notes are general obligations of the Borough for which the full faith and credit of the Borough will be pledged. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough for the payment of principal of and interest on Notes without limitation as to rate or amount.

SECURITY FOR THE BONDS AND NOTES

The Bonds and Notes are valid and legally binding general obligations of the Borough for which the full faith and credit of the Borough are irrevocably pledged for the punctual payment of the principal of and interest on the Bonds and Notes. Unless otherwise paid from other sources, the Borough has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Bonds and Notes and the interest thereon without limitation as to rate or amount.

The Borough is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds and Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds and Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF BONDS AND NOTES" and "MUNICIPAL BANKRUPTCY" herein.

The Bonds and Notes are not a debt or obligation, legal, moral or otherwise of the State or any county, municipality or political subdivision thereof, other than the Borough.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Borough as of the date hereof.

MARKET PROTECTION

The Borough does not anticipate issuing any additional bonds or bond anticipation notes in 2019.

BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds and Notes. The Bonds and 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 Bond

certificate will be issued for the Bonds, in the aggregate principal amount of the issue of the Bonds, and will be deposited with DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover hereof, 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, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds or Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds or Notes on DTC's records. The ownership interest of each actual purchaser of Bonds or 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 Bonds or 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 Bonds or Notes, except in the event that use of the book-entry system for the Bonds or Notes is discontinued.

To facilitate subsequent transfers, all Bonds or 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 Bonds or 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 Bonds or Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds or 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. Beneficial Owners of the Bonds or Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds or Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds or Notes may wish to ascertain that the nominee holding the Bonds or Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds or 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 Bonds or Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and 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, 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, nor its nominee, Paying Agent or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds and Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or Paying Agent, 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 securities depository with respect to the Bonds or Notes at any time by giving reasonable notice to the Borough or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond and Note certificates are required to be printed and delivered.

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

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.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds or Notes, the following provisions apply: (i) the Bonds or Notes may be exchanged for an equal aggregate principal amount of Bonds or Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough or Paying Agent; (ii) the transfer of any Bonds or Notes may be registered on the books maintained by the Borough or Paying Agent for such purposes only upon the surrender thereof to the Borough or Paying Agent together with the duly executed assignment in form satisfactory to the Borough or Paying Agent; and (iii) for every exchange or registration of transfer of Bonds or Notes, the Borough or Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds or Notes. Interest on the Bonds or Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Borough has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Borough debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Borough is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Borough, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Borough Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Borough.

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

The Bonds and Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Borough are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the Borough) may issue 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. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Borough, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Borough is permitted to authorize. The authorized bonded indebtedness of a Borough is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Borough for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

As shown in APPENDIX A, the Borough has not exceeded its statutory debt limit.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Borough and that the 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 services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The Borough has not exceeded its debt limit.

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

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (June 30) after the close of the Borough's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Borough Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted in the United States.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the Borough, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Borough conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Borough does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Borough, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law

requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the Borough's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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 section of the 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.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. [Under the regulations prescribed by the Local Finance Board, the Borough was not eligible for local examination of its budget in 2013. The Borough has adopted its 2016 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)".

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Borough shall limit any increase

in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The Borough has not utilized a portion of its "Cap Bank" in its 2018 Budget. The Borough's 2018 Budget was finally adopted on May 1, 2018. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, new legislation constituting P.L. 2010, c.44, effective July 13, 2010, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care costs in excess of 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes, including the Bonds and Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Borough, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of 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 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the 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."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts 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 requires 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 sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Total of Local, County,} & & \\ \text{and School Levies} & - \text{ Anticipated Revenues} & = \text{Cash Required from Taxes to Support} \\ & & \text{Local Municipal Budget and Other Taxes} \\ \\ \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Amount to be} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Raised by} \\ & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o 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. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Borough, the Borough must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Borough Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Borough's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

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 not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

Tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Borough Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow 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 surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review or the 1st day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds and Notes in order for the interest on the Bonds and Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds or Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The Borough will represent in its tax certificate that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Borough ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Borough with the requirements of the Code and the representations and covenants made in the tax certificate described above, interest on the Bonds and Notes is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code.

The Bonds and Notes do not constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

Original Issue Premium

The Bonds maturing on March 1 in the years 2020 through 2031, inclusive (the "Premium Bonds") were purchased at a premium ("original issue premium") over the stated principal amounts of the Bonds. For federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser's basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.

Original Issue Discount

Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on March 1 in the years 2033 and 2034 (the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.

Additional Federal Income Tax Consequences Relating to Bonds and Notes

Prospective purchasers of the Bonds and Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds and Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds and Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds and Notes, and any gain on the sale thereof, is not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds or Notes.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the federal and State tax-exempt status of interest on the Bonds and Notes and the State tax-exempt status of interest on the Bonds and Notes, gain from the sale or other disposition of the Bonds and Notes, the market value of the Bonds and Notes or the marketability of the Bonds and Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds and Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds and Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds and APPENDIX D for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

Prospective purchasers of the Bonds and Notes should consult their tax advisors with respect to all tax consequences (including but not limited to those listed above) of holding the Bonds and Notes.

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 institutional 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 Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF BONDS AND NOTES

It is understood that the rights of the holders of the Bonds and Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE BOROUGH HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOROUGH EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS AND NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Borough should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provided that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.* which provides that a local unit, including the Borough, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)

If the Borough defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Borough in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Borough is so in default. Once a judgment is entered by the Superior Court to the effect that the Borough is in default, the Municipal Finance Commission (the "Commission") would become operative in the Borough. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE BOROUGH

Upon the delivery of the Bonds and Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Borough, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Borough from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds and Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Bonds and Notes, and signed by the officers who signed the Bonds and 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 Bonds or Notes or the levy or collection of taxes to pay the Bonds or Notes, as applicable, or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds or Notes, as applicable, are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of any of the said officers to the respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and Notes are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the form set forth as APPENDIX C and APPENDIX D, respectively, hereto. Certain legal matters with respect to the Bonds and Notes will be passed on for the Borough by its Borough Attorney, Fred Semrau, Esq., Boonton, New Jersey (the "Borough Attorney").

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Borough of Bloomingdale, Donna M. Mollineaux, Chief Financial Officer, 101 Hamburg Turnpike, Bloomingdale, New Jersey 07403, (973) 838-0778 and Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6459, or Mary K. Lyons, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Borough with respect to the issuance of the Bonds and Notes ("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 the 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.

LITIGATION

To the knowledge of the Borough Attorney there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds or Notes offered for sale or the levy and collection of any taxes to pay the principal of or the interest on said Bonds or Notes, or in any manner questioning the authority of a proceeding for the issuance of the Bonds or Notes or for the levy or collection of taxes to pay the principal of and interest on the Bonds or Notes, or any action contesting the corporate existence or boundaries of the Borough or the title of any of its present officers. Further, to the knowledge of the Borough Attorney, there is no litigation presently pending or threatened against the Borough that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. The respective original purchasers of the Bonds and Notes will receive a certificate of the Borough Attorney to such effect upon the closing of the Bonds and Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS

The Borough has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the Borough each year and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in APPENDIX E attached hereto. Such Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ended December 31, 2013 and 2014; (ii) operating data for the fiscal years ended December 31, 2013 and 2014; and (iii) adopted budgets for fiscal years ended December 31, 2015 and 2016. Additionally, the Borough previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; (iii) adopted budgets, all as described above, and late filing notices and/or event notices in connection with certain bond 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 in April of 2016 to serve as continuing disclosure agent.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES

The Borough has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Borough with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in APPENDIX F hereto, such certificate to be delivered concurrently with the delivery of the Notes.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement and in the collection of financial, statistical or demographic information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Samuel Klein and Company, Newark, New Jersey, the Auditor to the Borough, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The Borough Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

RATINGS

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Standard & Poor's"), has assigned a rating of "AA-" to the Bonds and "SP-1+" to the Notes.

An explanation of the significance of the ratings on the Bonds and Notes may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. Such rating reflects only the views of Standard & Poor's, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely, if in the judgment of Standard & Poor's, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds and Notes. Except as set forth in the Disclosure Certificate, the Borough has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the Bonds and Notes.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Bond Underwriter") at a price of \$9,305,547.91. The purchase price of the Bonds reflects the par amount of Bonds, less an Underwriter's discount of \$54,035.44, plus a net original issue premium of \$859,583.35.

The Notes have been purchased from the Borough at a public sale by Piper Jaffray & Co., New York, New York (the "Note Underwriter") at a price of \$4,973,102.97. The purchase price of the Notes reflects the par amount of Notes, plus a bid premium of \$56,102.97.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Bond Underwriter without prior notice.

The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

FINANCIAL STATEMENTS

The financial statements of the Borough for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, together with the Notes to the Financial Statements for the years then ended, are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by Samuel Klein and Company, Newark, New Jersey, independent auditors, as stated in their report appearing in APPENDIX B.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or an agreement between the Borough and any purchasers or holders of any of the Bonds or 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 herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the Borough, the State or any of their agencies or authorities, since the date hereof.

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

BOROUGH OF BLOOMINGDALE

/s/ DONNA M. MOLLINEAUX
DONNA M. MOLLINEAUX,
Chief Financial Officer

DATED: February 13, 2019

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APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
CONCERNING THE BOROUGH OF BLOOMINGDALE**

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GENERAL INFORMATION REGARDING THE BOROUGH OF BLOOMINGDALE

Size and Geographical Location

The Borough of Bloomingdale, incorporated in the year 1918, is a medium sized residential and commercial community with a land area of 9.25 square miles located in the North Jersey Lakeland area.

The Borough was voted one of the 100 best towns to live in by Monmouth University Polling Institute¹. It was the only Passaic County community to obtain this distinctive award. The Borough is a growing community with stable property values and is favorably situated with easy access to many major highways.

The Borough is bounded by the municipalities of Ringwood on the north, Wanaque and Pompton Lakes on the east, Riverdale and Butler on the south and West Milford on the west.

There are eight lakes within the confines of the Borough. Originally Bloomingdale was predominantly used by summer residents but many of the lakes boast year round homeowners.

Approximately one third of the Borough is mountainous and densely wooded. A little over 2 ½ square miles of the northern mountainous section is part of the state-owned Norvin Green State Forest and approximately 396 acres is owned by the Salvation Army and used by it as a summer camp for underprivileged children and senior citizens, as well as a conference center.

Form of Government

The Borough is governed by a Mayor and six Council Members. The elected council consists of six members elected at large for three year staggered terms with both administrative and policy making powers.

The Mayor is elected by the voters of the municipality every four years. The Mayor has limited authority for administration.

Transportation

Many of the Borough residents are employed locally, but the majority commute to other parts of the metropolitan area.

The Borough is located in the upper part of Passaic County, has excellent transportation and commuter facilities and is about 25 miles from New York City.

The major vehicular traffic artery in the Borough provides easy access to Routes 23, 208, 46, 3 and 287, the Garden State Parkway, the New Jersey Turnpike and Interstate Route 80.

Protection

The Borough has a well trained and efficient police force of 17 full-time officers and 2 detectives. The Department also employs 3 Class II Special Police Officers and 6 Crossing Guards. It operates with 8 marked and 4 unmarked vehicles and 1 DARE van. Education and specialized police training is encouraged. The Department achieved accreditation status in 2014 and was re-accredited in June 2017.

A 52 member volunteer fire department provides fire protection with 2 pumpers, a combination pumper and rescue truck, one ladder truck, a Chief's vehicle and an Assistant chief's vehicle. The Department is also assisted by a very active Ladies Auxiliary. A mutual aid agreement is in effect with all surrounding municipalities.

A Tri-Boro First Aid Squad provides volunteer ambulance services to Bloomingdale, Butler and Kinnelon. Service is free and it is operated on a 24-hour a day basis.

¹ New Jersey Monthly Magazine, February, 2008

Sanitation

The Borough provides garbage collection for all homes on a twice-weekly basis through municipal services. Also, in effect is a recycling schedule where the Borough provides pick up for newspapers, bottles and cans and twice a month offers a "white metal" pick up for the residents.

Utilities

Utilities are supplied by Public Service Electric & Gas Co. (for gas service) and by the Borough of Butler (for electric service). The Water Utility is municipally-owned and operated. Verizon and Cablevision provide telephone services.

Recreation

The Borough has a year-round recreation program for both the adults and youth of the community. It is administered by a Recreation Director appointed by the Mayor and Borough Council. Some of the many programs offered are Gymnastics, Basketball, Field Hockey, Badminton and Mommy and Me classes and a Bloomingdale Day Camp is attended by more than 150 children each summer.

Education

The School Board is an autonomous body and is governed by New Jersey Statutes relating to Type II School Districts. It is composed of nine duly elected members.

For the latest school year, there were 2 elementary schools and one middle school with an aggregate enrollment of 535 students.

High School facilities are provided for by the Butler Board of Education with an enrollment of 225 students from the Borough of Bloomingdale.

A summary of the public school enrollments follow:

<u>Fiscal Year</u>	<u>Enrollment</u>
2013-14	612
2014-15	601
2015-16	579
2016-17	552
2017-18	532

(A) Projected Enrollment

Source: Bloomingdale Board of Education

Other Post Employment Benefits

The Borough has three separate contracts that cover the majority of the employees. They are Communications Works of America (CWA) for both the White and Blue Collar workers and the PBA Local #354 which covers the Police Force. The Borough follows the retirement guidelines from via the State of New Jersey Health Benefits, through a Borough ordinance which states retirement benefits will be offered after 25 years of service or 15 years of service at age 62. These stipulations are available to all employees whether covered by a contractual agreement or not. Each year a calculation is formulated as to the amount of accumulated sick time liability per department and shown in the annual budget.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

DEBT STATEMENT AS OF DECEMBER 31, 2017

Gross Debt

Local School District (Type II):		
Serial Bonds Issued		\$ 591,000.00
Municipal Debt:		
General Improvements:		
Serial Bonds, Notes and Loans	\$8,232,452.00	
Bonds and Notes Authorized but Not Issued	<u>2,419,451.38</u>	10,651,903.38
Water/Sewer Utility:		
General Improvements:		
Bonds and Notes	124,000.00	
Bonds and Notes Issued	3,063,300.00	
Bonds and Notes Authorized but Not Issued	1,671,745.00	
Other	<u>232,982.44</u>	<u>5,092,027.44</u>
Total Gross Debt		16,334,930.82

Statutory Deductions

Local School District (Type II)	591,000.00	
Municipal Debt:		
Cash on Hand	134,653.22	
State Grants Receivable	237,500.00	
Refunding Bonds	1,585,000.00	
Water/Sewer Debt:		
Self-Liquidating	<u>5,092,027.44</u>	<u>7,640,180.66</u>
Statutory Net Debt		<u>\$ 8,694,750.16</u>
Average Equalized Valuation of Real Property for 2015-2017		<u>\$826,199,377.67</u>
Net Debt Percentage (Statutory Debt Limit - 3 ½%)		<u>1.052%</u>

REMAINING STATUTORY BORROWING POWER

3 1/2% of Equalized Valuation Basis	\$28,916,978.22
Net Debt	<u>8,694,750.16</u>
Remaining Borrowing Power December 31, 2017	<u>\$20,222,228.06</u>

Gross Debt is the total financial obligation of the Municipality and its subdivisions. Statutory deductions determine the Borrowing Power and Statutory Net Debt under the laws of the State of New Jersey.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

UNDERLYING DEBT
DECEMBER 31, 2017

County of Passaic - Gross Debt	<u>\$500,508,347.44</u>
Apportionment to Borough of Bloomingdale	<u>\$8,939,079.09</u>
Basis of Debt Apportionment: Ratio of Equalized Valuation: Borough of Bloomingdale - 2017	<u>\$843,411,170.00</u>
Total Passaic County - 2017	<u>\$47,208,882,135.00</u>
Ratio of Borough of Bloomingdale	<u>1.786%</u>

GROSS DEBT COMPARED WITH TRUE VALUE

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2017	<u>\$16,334,930.82</u>	<u>\$25,274,009.91</u>
Aggregate Fair Value for 2017 - All Taxable Property - Assessed Valuation	\$34,565,695,715.00	
Amount Added for Equalization: Real Property Assessed at 88.22% of True Value	<u>12,643,186,420.00</u>	
Total - With Real Property at True Value	<u>\$47,208,882,135.00</u>	
Gross Debt as a Percentage of True Value	<u>3.460%</u>	<u>5.354%</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

ASSESSED VALUATION AND TAX RATES

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and *Personal Property</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation Percentage of True Value</u>
2013	\$744,403,500	\$744,403,500	\$3.850	91.18 %
2014	741,103,300	741,103,300	3.905	94.71
2015	736,220,700	736,220,700	4.054	92.64
2016	733,921,300	733,921,300	4.155	92.44
2017	731,891,400	731,891,400	4.214	88.22
2018	731,139,100	731,139,100	4.295	86.08

*Consists of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger Systems Companies (Chapter 38, P.L. 1966).

COMPARISON OF COMPONENTS OF TAX RATE

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$4.295</u>	<u>\$4.214</u>	<u>\$4.155</u>	<u>\$4.054</u>	<u>\$3.905</u>	<u>\$3.850</u>
Apportionment of Tax Rate:						
Municipal	\$1.057	\$1.046	\$1.049	\$1.024	\$1.002	\$1.009
Municipal Open Space	0.025	0.025	0.024	0.024	0.024	0.025
Municipal Library	0.038	0.037	0.036	0.036	0.035	0.036
County	0.856	0.840	0.812	0.812	0.736	0.732
County Open Space	0.012	0.012	0.012	0.011	0.011	0.011
Local School	2.307	2.254	2.222	2.147	2.097	2.037

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

TAX COLLECTION EXPERIENCE

<u>Year</u>	<u>Tax Levy</u>	<u>Added Taxes</u>	<u>Collections During Year of Levy</u>		<u>Collections to Date Dec. 31, 2017</u>		<u>*Uncollected Dec. 31, 2017</u>
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
2013	\$28,681,440.47	\$2,425.07	\$28,594,907.84	99.69%	\$28,602,577.48	99.72%	\$ -
2014	28,953,429.74	3,332.99	28,880,518.60	99.74	28,884,012.64	99.75	-
2015	29,878,145.39	974.66	29,599,298.34	99.06	29,800,743.15	99.74	28.35
2016	30,522,512.74	869.18	30,230,419.24	99.04	30,470,689.64	99.83	24.96
2017	30,854,762.38	-	30,456,580.59	98.70	30,456,580.59	98.70	349,211.95

*Balances remaining after credits for remissions and transfers to tax title liens.

Tax Collection Procedure

New Jersey property taxes are determined based on the assessed valuation of real property multiplied by a yearly tax rate based on adopted budgets. Bloomingdale is a New Jersey calendar year municipality with taxes assessed for that year from January 1 to December 31. The total levy is determined by a School Budget; which is voted on by registered voters; a County budget; and a municipal budget as decided upon by the Governing Body and Chief Financial Officer of the Borough, and approved by the State of New Jersey.

Taxes are billed yearly in June (if a tax rate has been certified) of the calendar year. Yearly taxes are due on February 1st, May 1st, August 1st and November 1st. As allowed by New Jersey State Statutes, the Borough of Bloomingdale adopts a yearly resolution directing the Tax Collector to collect interest on delinquent accounts at a rate of 8% on the 1st \$1,500.00 of the entire delinquency and 18% on delinquent municipal charges over \$1,500.00. When the tax rate is not "struck" in a timely manner because of a late State or County budget, the Tax Collector can use estimated billing for 3rd quarter taxes. Public Law of 1994, Chapter 72, allows this procedure which assures and maintains a continuous cash flow ensuring the payment of the municipality obligations. In 2008, the Bloomingdale Governing Body has again adopted this resolution.

NJSA Public Law of 1997, Chapter 99 permits all tax collectors to begin the Tax Sale process after the 4th quarter current year billing is delinquent, which is on the 11th day of the 11th month. Since 1998 the Bloomingdale Tax Collector has maintained an average collection rate of over 99.3%.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>2018 Assessed Value</u>
Waterfall Village LLC	\$14,890,100
Finbar Equity I LLC C/O Tilcon	11,160,000
Lake losco	6,196,900
Bloomingtondale Real Property LLC	5,000,000
Tilcon New York, Inc.	4,160,100
LCL Mountaintop LLC	2,800,000
Bloomingtondale Urban Renewal LLC	2,475,000
Tait Realty Management, LLC	2,034,900
Wachovia/World Savings Bank - Tax Property	1,599,500
Durling Realty LLC	1,583,900

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

REAL PROPERTY CLASSIFICATION
2014 - 2018 (ASSESSED VALUATION)

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Industrial</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Farm</u>	<u>Total Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>
2014	\$25,910,100	\$627,648,300	\$5,578,800	\$58,434,600	\$22,560,300	\$ 971,200	\$741,103,300	\$ -	\$741,103,300
2015	26,171,400	625,595,800	5,365,600	55,521,500	22,160,300	1,406,100	736,220,700	-	736,220,700
2016	25,447,300	623,791,300	5,200,100	55,407,900	22,160,300	1,914,400	733,921,300	-	733,921,300
2017	25,484,300	624,082,800	5,200,100	53,049,500	22,160,300	1,914,400	731,891,400	-	731,891,400
2018	25,100,600	624,254,100	5,200,100	52,509,500	22,160,300	1,914,500	731,139,100	-	731,139,100

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

POPULATION

<u>Year</u>		<u>Population</u>
2017 (Estimated)	US Bureau of Census	8,242
2016 (Estimated)	US Bureau of Census	8,229
2010	Federal Census	7,656
2006 (Estimated)	US Bureau of Census	7,604
2000	Federal Census	7,610
1990	Federal Census	7,530

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

ECONOMIC INFORMATION

<u>Median Family Income - 2017</u>					<u>Per Capita Income</u>			
<u>Income Group</u>		<u>Borough of Bloomingdale</u>	<u>County of Passaic</u>	<u>State of New Jersey</u>	<u>Year</u>	<u>Borough of Bloomingdale</u>	<u>County of Passaic</u>	<u>State of New Jersey</u>
Less than	\$ 10,000.00	0	6,065	70,270	2000	\$27,736.00	\$27,401.00	\$27,006.00
\$ 10,000.00	to 14,999.00	28	3,805	44,507	2017	36,535.00	29,393.00	39,069.00
15,000.00	to 24,999.00	83	9,928	115,920				
25,000.00	to 34,999.00	114	9,107	131,582				
35,000.00	to 49,999.00	160	13,290	198,402				
50,000.00	to 74,999.00	297	16,608	320,984				
75,000.00	to 99,999.00	328	15,394	286,769				
100,000.00	to 149,999.00	443	21,794	452,252				
150,000.00	to 199,999.00	254	11,750	257,063				
200,000.00	Or More	<u>154</u>	<u>10,976</u>	<u>339,530</u>				
Total Families		<u>1,861</u>	<u>118,717</u>	<u>2,217,279</u>				
Median Family Income		<u>\$94,018</u>	<u>\$75,932</u>	<u>\$94,337</u>				

Source: U.S. Bureau of the Census

Source: United States Department of Commerce
Bureau of the Census

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

HOUSING CHARACTERISTICS - HOUSING UNITS - 2017

	<u>Borough of Bloomingdale</u>	<u>County of Passaic</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	1,952	86,901	2,052,073
Renter Occupied	913	75,539	1,147,038
Vacant	<u>90</u>	<u>14,403</u>	<u>395,944</u>
Total	<u>2,955</u>	<u>176,843</u>	<u>3,595,055</u>
Median Value Owned	<u>\$298,700</u>	<u>\$333,200</u>	<u>\$321,100</u>

Source: U.S. Bureau of the Census

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

LABOR FORCE ESTIMATES

<u>Year</u>	<u>Borough of Bloomingdale</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2017	4,114	3,926	188	4.6 %
2016	4,153	3,942	211	5.1
2015	4,168	3,939	229	5.5
2014	4,138	3,861	277	6.7
2013	3,964	3,628	336	8.5

<u>Year</u>	<u>County of Passaic</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2017	245,454	231,482	13,972	5.7 %
2016	247,829	232,633	15,196	6.1
2015	249,659	232,524	17,135	6.9
2014	248,450	228,250	20,200	8.1
2013	249,740	224,868	24,872	10.0

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2017	4,518,800	4,309,700	209,100	4.6 %
2016	4,524,300	4,299,900	224,400	5.0
2015	4,537,200	4,274,700	262,500	5.8
2014	4,527,200	4,221,300	305,900	6.8
2013	4,548,600	4,173,800	374,800	8.2

Source: New Jersey Department of Labor, Division of Planning and Research,
Office of Demographics and Economic Analysis

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

BUILDING PERMITS

<u>Year</u>	<u>*Total Number</u>	<u>Construction Value</u>
2018	357	\$3,610,524
2017	391	4,289,016
2016	449	3,215,010
2015	433	3,752,621
2014	356	3,256,222

*Includes new building, alterations and additions.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE BOROUGH OF BLOOMINGDALE
FOR THE YEAR ENDING DECEMBER 31, 2017, 2016, 2015, 2014 and 2013**

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SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

*550 Broad Street
Newark, New Jersey 07102-4517
Phone (973) 624-6100
Fax (973) 624-6101*

*36 West Main Street, Suite 301
Freehold, New Jersey 07728-2291
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Bloomingdale
Bloomingdale, New Jersey 07403

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Borough of Bloomingdale, State of New Jersey, as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 4, 2018. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the Borough of Bloomingdale, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the Borough of Bloomingdale, State of New Jersey.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis presents fairly, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements - regulatory basis of the Borough of Bloomingdale, State of New Jersey as of and for the years then ended December 31, 2017, 2016, 2015, 2014 and 2013 referred to above presents fairly, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of General Obligation Bonds, Series 2019 consisting of General Improvement Bonds, Series 2019, Water Utility Bonds, Series 2019 and Bond Anticipation Notes, Series 2019 of the Borough of Bloomingdale, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated June 4, 2018, April 4, 2017, May 2, 2016, April 1, 2015 and July 31, 2014, respectively.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
June 4, 2018

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>	Balance <u>Dec. 31, 2014</u>	Balance <u>Dec. 31, 2013</u>
<u>Regular Fund</u>					
Cash - Checking	\$ 2,669,992.82	\$ 1,282,653.72	\$ 1,338,917.96	\$ 1,576,935.20	\$ 1,458,156.54
Change Fund	650.00	650.00	600.00	610.00	610.00
	<u>2,670,642.82</u>	<u>1,283,303.72</u>	<u>1,339,517.96</u>	<u>1,577,545.20</u>	<u>1,458,766.54</u>
Due from State of New Jersey per (Ch. 129, P.L. 1976)	1,589.57	1,339.57	1,166.29	12,398.47	
	<u>2,672,232.39</u>	<u>1,284,643.29</u>	<u>1,340,684.25</u>	<u>1,589,943.67</u>	<u>1,458,766.54</u>
<u>Receivables and Other Assets with Full Reserves:</u>					
Delinquent Taxes	349,265.26	239,521.54	206,170.41	161.05	5,244.57
Tax Title Liens	43,689.65	30,137.42	12,292.54	203,323.95	176,450.23
Property Acquired for Taxes at Assessed Valuation	2,236,900.00	2,236,900.00	2,236,900.00	1,758,400.00	1,758,400.00
Revenue Accounts Receivable	38,294.14	70,731.77	40,855.07	68,480.87	104,499.51
Interfunds Receivable	18,628.75	10,776.18	14,655.30	347.15	27,819.31
Other Accounts Receivable	46,213.00	23,184.80		2,000.01	
	<u>2,732,990.80</u>	<u>2,611,251.71</u>	<u>2,510,873.32</u>	<u>2,032,713.03</u>	<u>2,072,413.62</u>
Deferred Charges:					
Emergency Authorization			64,000.00	128,000.00	208,800.00
	<u>5,405,223.19</u>	<u>3,895,895.00</u>	<u>3,915,557.57</u>	<u>3,750,656.70</u>	<u>3,739,980.16</u>
<u>Federal and State Grant Fund</u>					
Cash - Checking	9,014.13	17,103.34	15,331.07	19,861.87	17,133.87
Grants Receivable	38,278.95	110,554.05	110,554.05	109,273.40	98,618.10
	<u>47,293.08</u>	<u>127,657.39</u>	<u>125,885.12</u>	<u>129,135.27</u>	<u>115,751.97</u>
	<u>\$ 5,452,516.27</u>	<u>\$ 4,023,552.39</u>	<u>\$ 4,041,442.69</u>	<u>\$ 3,879,791.97</u>	<u>\$ 3,855,732.13</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Regular Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 119,378.76	\$ 115,356.79	\$ 220,380.99	\$ 129,053.90	\$ 85,543.03
Unencumbered	571,819.79	475,388.41	481,637.26	271,245.40	262,581.94
Codification of Ordinances	374.95	374.95	374.95	374.95	374.95
⊖ Accounts Payable	117.47	116.57	114.97	4,832.44	140.83
⊖ Special Emergency Note			64,000.00	128,000.00	208,800.00
⊖ Due to State of New Jersey	1,523.00	1,588.00	1,985.00	2,398.00	11,176.03
Tax Overpayments	22,117.85	13,900.80	5,370.61	37,611.13	15,603.11
Interfunds Payable	3,655.55	830.55		52,410.71	13,913.42
Local School District Taxes Payable			3.50	0.50	2.50
Reserve for Certain Expenditures				34,833.05	34,833.05
Prepaid Taxes	1,400,162.30	84,980.11	82,691.73	71,194.75	70,604.58
Prepaid Revenue	200.00	200.00			
	<u>2,119,349.67</u>	<u>692,736.18</u>	<u>856,559.01</u>	<u>731,954.83</u>	<u>703,573.44</u>
Reserve for Receivables and Other Assets	2,732,990.80	2,611,251.71	2,510,873.32	2,032,713.03	2,072,413.62
Fund Balance	552,882.72	591,907.11	548,125.24	985,988.84	963,993.10
	<u>5,405,223.19</u>	<u>3,895,895.00</u>	<u>3,915,557.57</u>	<u>3,750,656.70</u>	<u>3,739,980.16</u>
<u>Federal and State Grant Fund</u>					
Deferred Credits:					
Accumulated Revenue Unappropriated				9,916.17	450.00
Appropriated Reserves for Federal and State Grants	47,293.08	127,657.39	125,885.12	119,219.10	115,301.97
	<u>47,293.08</u>	<u>127,657.39</u>	<u>125,885.12</u>	<u>129,135.27</u>	<u>115,751.97</u>
	<u>\$ 5,452,516.27</u>	<u>\$ 4,023,552.39</u>	<u>\$ 4,041,442.69</u>	<u>\$ 3,879,791.97</u>	<u>\$ 3,855,732.13</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 525,000.00	\$ 525,000.00	\$ 480,600.00	\$ 404,984.00	\$ 2,582,262.53
Miscellaneous Revenue Anticipated	2,851,524.06	2,451,218.76	2,231,938.08	2,364,213.95	
Receipts from Delinquent Taxes	240,837.41	203,456.91	6,113.98	6,809.64	
Receipts from Current Taxes	30,456,580.59	30,230,419.24	29,599,298.34	28,880,518.60	28,594,907.84
Nonbudget Revenue	90,254.86	59,039.63	66,990.03	175,676.62	147,061.08
Other Credits to Income	249,864.44	275,009.57	79,228.95	53,923.27	177,514.85
	<u>34,414,061.36</u>	<u>33,744,144.11</u>	<u>32,464,169.38</u>	<u>31,886,126.08</u>	<u>31,501,746.30</u>
 <u>Expenditures</u>					
Budget and Emergency Appropriations	10,944,473.61	10,599,057.11	10,291,336.56	10,184,701.04	9,966,603.34
Interfund Charges	7,852.57		14,308.15		27,326.55
Prior Year Revenue Refund		676.33		287.56	17,765.54
Reserve for Other Accounts Receivable				2,000.01	
Deductions Disallowed by Tax Collector	1,369.18	974.66	1,673.28	1,565.07	2,037.67
Prior Year Paid Taxes Cancelled	35,576.21	18,855.67	65,169.47	20,678.65	29,928.27
Dedicated Open Space Taxes	183,049.26	183,642.45	184,244.62	185,360.44	186,245.54
Local School District Tax	16,490,074.00	16,303,212.00	15,804,680.00	15,535,142.00	15,158,954.00
County Taxes	6,229,318.11	6,045,759.22	6,060,020.90	5,529,411.57	5,529,062.36
Other Expenditures	36,372.81	23,184.80			
	<u>33,928,085.75</u>	<u>33,175,362.24</u>	<u>32,421,432.98</u>	<u>31,459,146.34</u>	<u>30,917,923.27</u>
Statutory Excess in Revenue	485,975.61	568,781.87	42,736.40	426,979.74	583,823.03
 <u>Fund Balance</u>					
Balance January 1	591,907.11	548,125.24	985,988.84	963,993.10	380,170.07
	<u>1,077,882.72</u>	<u>1,116,907.11</u>	<u>1,028,725.24</u>	<u>1,390,972.84</u>	<u>963,993.10</u>
Decreased by:					
Utilized as Anticipated Revenue	525,000.00	525,000.00	480,600.00	404,984.00	
	<u>525,000.00</u>	<u>525,000.00</u>	<u>480,600.00</u>	<u>404,984.00</u>	
Balance December 31	<u>\$ 552,882.72</u>	<u>\$ 591,907.11</u>	<u>\$ 548,125.24</u>	<u>\$ 985,988.84</u>	<u>\$ 963,993.10</u>

See accompanying notes to financial statements.

TOWNSHIP OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF ANALYSIS OF MISCELLANEOUS REVENUE - REGULATORY BASIS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Miscellaneous Revenue</u>					
Alcoholic Beverage Licenses	\$ 18,975.27	\$ 14,526.61	\$ 18,761.77	\$ 14,303.71	\$ 19,004.67
Other Licenses	13,991.00	15,940.00	14,209.00	13,362.00	8,476.00
Other Fees and Permits	84,577.00	61,554.00	55,022.00	47,501.00	49,092.00
Municipal Court Fines and Costs	228,444.62	206,339.28	143,614.72	195,488.51	181,796.34
Interest and Costs on Taxes	68,158.32	61,754.85	27,008.58	32,726.77	41,257.18
Interest on Investments and Deposits	24,250.73	12,919.34	4,274.23	4,606.72	4,655.33
Consolidated Municipal Property Tax Relief	31,528.00	34,325.00	34,325.00	42,762.00	45,588.00
Legislative Initiative Municipal Block Grant	514,105.00	511,308.00	511,308.00	502,871.00	500,045.26
Garden State Trust Fund	6,516.00	6,516.00	6,516.00	6,516.00	
⊞ Dedicated Uniform Construction Code Fees Offset					
with Appropriations:					
⊞ (N.J.S. 40A:4.36 and N.J.A.C. 5:23-4.17):					
Uniform Construction Code Fees	127,287.00	112,880.00	130,056.00	105,612.00	504,241.50
Interlocal Agreements	602,984.31	575,546.70	522,066.54	595,960.73	533,485.79
Special Items:					
State and Federal Revenue Offset with Appropriations	92,652.89	96,988.82	97,696.98	86,865.55	63,652.81
Other Special Items:					
Uniform Fire Safety Act					6,316.21
Fund Balance - General Capital		65,000.00	75,000.00	120,000.00	300,000.00
Due from General Capital				27,293.01	
FEMA Blizzard Reimbursement					190,952.87
Senior Center Lease to County	10,800.00	10,800.00	10,800.00	10,800.00	10,800.00
Tower Rental	27,190.05	26,666.66	27,828.11	25,755.54	22,465.57
Soil Extraction Permits	412,000.00	115,000.00	15,000.00	15,000.00	15,000.00
Cablevision	37,304.00	41,069.90		6,000.00	30,897.00
RER Vegetative Waste	16,545.00	16,545.00	16,545.00	52,538.00	13,000.00
Payment in Lieu of Taxes (PILOT)	455,399.50	442,411.20	441,133.69	409,365.69	18,059.50
Administration Fees	67,935.95	16,505.50	36,933.70		
Police Off-Duty Administrative Fee	10,879.42	6,621.90	9,281.26	6,569.50	23,476.50
Reserve for Revaluation			34,557.50		
Settlement				42,316.22	
	<u>\$ 2,851,524.06</u>	<u>\$ 2,451,218.76</u>	<u>\$ 2,231,938.08</u>	<u>\$ 2,364,213.95</u>	<u>\$ 2,582,262.53</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF BUDGET APPROPRIATIONS - REGULATORY BASIS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Appropriations</u>					
Operations:					
General Government	\$ 1,198,766.00	\$ 1,090,510.00	\$ 1,035,971.00	\$ 952,155.00	\$ 907,887.00
Public Safety	2,464,705.00	2,419,136.00	2,378,005.00	2,351,217.00	2,297,065.00
Streets and Roads	764,860.00	713,955.00	714,571.00	678,640.00	548,610.00
Health and Welfare	980,318.00	967,497.00	901,851.00	896,060.00	777,885.00
Recreation and Education	80,260.00	77,800.00	79,400.00	73,400.00	71,717.00
Construction Code Official insurance	112,360.00	115,360.00	110,000.00	106,125.00	112,425.00
Unclassified	1,393,276.00	1,315,500.00	1,242,271.00	1,193,815.00	1,062,730.00
Other Operations	302,662.00	311,000.00	345,399.00	357,170.00	354,600.00
Public and Private Programs Offset by Revenues	1,189,337.50	1,189,541.00	1,186,575.00	1,199,811.00	1,125,633.00
	92,652.89	96,988.82	52,846.98	48,604.80	63,652.81
Contingent	2,500.00	2,500.00	2,500.00	2,500.00	3,000.00
Capital Improvements	114,450.00	58,000.00	30,000.00	65,000.00	50,000.00
Deferred Charges					655.00
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	339,685.00	319,695.00	290,955.00	288,158.00	302,265.00
Police and Firemen's Retirement System of N.J.	446,257.00	441,223.00	421,027.00	387,305.00	418,569.00
Social Security System (OASI)	385,000.00	375,000.00	342,000.00	346,500.00	346,000.00
DCRP	8,000.00	7,000.00	6,800.00	3,500.00	2,000.00
Debt Service	1,069,384.22	1,034,351.29	1,087,164.58	1,153,940.24	1,201,109.53
Special Emergencies		64,000.00	64,000.00	80,800.00	320,800.00
	<u>\$ 10,944,473.61</u>	<u>\$ 10,599,057.11</u>	<u>\$ 10,291,336.56</u>	<u>\$ 10,184,701.04</u>	<u>\$ 9,966,603.34</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
TRUST FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>	Balance <u>Dec. 31, 2014</u>	Balance <u>Dec. 31, 2013</u>
<u>Assessment Trust Fund</u>					
Cash - Checking	\$ 18,346.05	\$ 27,751.14	\$	\$	\$
Assessments Receivable:					
Pledged	47,977.46	65,914.13	89,601.43		
Interfunds Receivable	1.00	1.00	56,257.25		
	<u>66,324.51</u>	<u>93,666.27</u>	<u>145,858.68</u>		
<u>Animal Control Trust Fund</u>					
Cash - Checking	19,570.34	10,737.56	21,146.55	15,734.79	5,978.19
Due from State of New Jersey				1.20	
	<u>19,570.34</u>	<u>10,737.56</u>	<u>21,146.55</u>	<u>15,735.99</u>	<u>5,978.19</u>
<u>General Trust Fund</u>					
Cash - Checking	608,999.86	627,649.64	586,612.09	1,281,216.28	959,831.13
Due from Municipal Court	10.00	448.00	874.00	16.00	44.00
Other Accounts Receivable	547.73	482.39	851.35	511.95	1,390.41
Interfunds Receivable				52,410.71	13,913.42
	<u>609,557.59</u>	<u>628,580.03</u>	<u>588,337.44</u>	<u>1,334,154.94</u>	<u>975,178.96</u>
<u>Grant Trust Fund</u>					
Cash - Checking	<u>8,084.24</u>	<u>8,081.73</u>	<u>8,080.09</u>	<u>8,080.13</u>	<u>8,080.11</u>
<u>Length of Service Awards Program - Unaudited</u>					
Investments	<u>405,562.76</u>	<u>388,176.99</u>	<u>351,953.48</u>		
	<u>\$ 1,109,099.44</u>	<u>\$ 1,129,242.58</u>	<u>\$ 1,115,376.24</u>	<u>\$ 1,357,971.06</u>	<u>\$ 989,237.26</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
TRUST FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>	Balance <u>Dec. 31, 2014</u>	Balance <u>Dec. 31, 2013</u>
<u>Assessment Trust Fund</u>					
Bond Anticipation Notes	\$ 66,130.68	\$ 90,130.68	\$ 145,858.68	\$	\$
Interfunds Payable	193.83	3,535.59			
	<u>66,324.51</u>	<u>93,666.27</u>	<u>145,858.68</u>		
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	5.40	4.20			6.00
Interfunds Payable	11.65	3.02	1.80	1.44	6.14
Reserve for Animal Control Trust Fund Expenditures	19,553.29	10,730.34	21,144.75	15,734.55	5,966.05
	<u>19,570.34</u>	<u>10,737.56</u>	<u>21,146.55</u>	<u>15,735.99</u>	<u>5,978.19</u>
<u>General Trust Fund</u>					
Special Deposits	250,247.42	211,201.71	321,754.58	767,019.65	561,878.76
Premiums on Tax Sale	263,900.00	311,500.00	163,800.00	424,700.00	187,200.00
Municipal Open Space Trust Fund	45,474.89	56,723.00	5,574.80	16,326.21	74,213.30
Interfunds Payable	9,766.74	6,983.25	53,656.11	80,250.00	103,000.00
Reserve for:					
State Unemployment Trust Fund Expenditures	38,371.87	39,784.16	39,597.71	41,564.08	47,641.26
Municipal Alliance on Alcoholism and Drug Abuse - Program Income	1,796.67	2,387.91	3,954.24	4,295.00	1,245.64
	<u>609,557.59</u>	<u>628,580.03</u>	<u>588,337.44</u>	<u>1,334,154.94</u>	<u>975,178.96</u>
<u>Grant Trust Fund</u>					
Interfunds Payable	4.84	2.33	0.69	0.73	0.71
Reserve for:					
Revolving Loan Trust	8,079.40	8,079.40	8,079.40	8,079.40	8,079.40
	<u>8,084.24</u>	<u>8,081.73</u>	<u>8,080.09</u>	<u>8,080.13</u>	<u>8,080.11</u>
<u>Length of Service Awards Program - Unaudited</u>					
Investments	405,562.76	388,176.99	351,953.48		
	<u>\$ 1,109,099.44</u>	<u>\$ 1,129,242.58</u>	<u>\$ 1,115,376.24</u>	<u>\$ 1,357,971.06</u>	<u>\$ 989,237.26</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS AND DEFERRED CHARGES</u>	Balance Dec. 31, 2017	Balance Dec. 31, 2016	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Cash - Checking	\$ 902,554.91	\$ 620,735.40	\$ 1,562,804.30	\$ 1,573,588.67	\$ 1,441,634.72
Grants Receivable	1,107,806.03	1,160,234.69	1,394,944.69	1,480,484.69	1,216,693.37
Other Accounts Receivable	116,065.35				16,800.00
Prospective Assessments				81,000.00	
Interfunds Receivable			40,000.00	104,199.25	475,854.25
Deferred Charges to Future Taxation:					
Funded	1,885,000.00	2,503,000.00	3,203,000.00	3,903,000.00	4,767,000.00
Unfunded	8,584,272.70	7,274,372.70	6,524,682.70	6,300,256.38	5,301,156.38
	<u>\$12,595,698.99</u>	<u>\$11,558,342.79</u>	<u>\$12,725,431.69</u>	<u>\$13,442,528.99</u>	<u>\$13,219,138.72</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Serial Bonds	\$ 300,000.00	\$ 2,503,000.00	\$ 3,203,000.00	\$ 3,903,000.00	\$ 4,767,000.00
Refunding Bonds	1,585,000.00				
Bond Anticipation Notes	6,281,321.32	5,683,996.32	5,321,103.32	5,175,462.00	3,634,900.00
Improvement Authorizations:					
Funded	200,879.28	211,729.28	88,967.78	92,786.60	270,698.51
Unfunded	3,322,699.66	2,428,635.74	3,370,074.78	3,281,663.38	3,797,372.19
Capital Improvement Fund	13,473.00	11,273.00	13,123.00	12,623.00	11,623.00
Interfunds Payable	508,306.71	140,341.44	85.80	2.00	27,295.01
Reserves for:					
Grants Receivable	237,500.00	548,913.34	633,623.34	725,538.34	438,913.34
Other Accounts Receivable	146,065.35	30,000.00	30,000.00	30,000.00	30,000.00
Prospective Assessments				81,000.00	
Fund Balance	453.67	453.67	65,453.67	140,453.67	241,336.67
	<u>\$12,595,698.99</u>	<u>\$11,558,342.79</u>	<u>\$12,725,431.69</u>	<u>\$13,442,528.99</u>	<u>\$13,219,138.72</u>
 Bonds and Notes Authorized but Not Issued	 <u>\$ 2,419,451.38</u>	 <u>\$ 1,776,801.38</u>	 <u>\$ 1,813,286.38</u>	 <u>\$ 1,734,501.38</u>	 <u>\$ 1,881,501.38</u>

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See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
MUNICIPAL WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Operating Fund</u>					
Cash - Checking	\$ 1,293,364.41	\$ 1,597,709.70	\$ 1,532,334.13	\$ 665,182.64	\$ 1,089,473.05
Change Fund	100.00	100.00	100.00	100.00	100.00
	<u>1,293,464.41</u>	<u>1,597,809.70</u>	<u>1,532,434.13</u>	<u>665,282.64</u>	<u>1,089,573.05</u>
Interfunds Receivable	154,016.69	1,739.88	37,833.31	16.19	11,696.81
	<u>1,447,481.10</u>	<u>1,599,549.58</u>	<u>1,570,267.44</u>	<u>665,298.83</u>	<u>1,101,269.86</u>
<u>Assets with Full Reserves:</u>					
Consumer Accounts Receivable	129,165.71	121,711.24	90,980.75	92,352.71	92,451.55
Inventory - Materials and Supplies	78,839.18	30,551.13	33,851.70	14,243.44	13,637.54
	<u>208,004.89</u>	<u>152,262.37</u>	<u>124,832.45</u>	<u>106,596.15</u>	<u>106,089.09</u>
	<u>1,655,485.99</u>	<u>1,751,811.95</u>	<u>1,695,099.89</u>	<u>771,894.98</u>	<u>1,207,358.95</u>
<u>Assessment Trust Fund</u>					
Cash - Checking	17,980.87	15,228.95	105,349.94	27,884.36	89,685.58
Interfunds Receivable		0.33		20,887.30	
Assessments Receivable:					
Pledged				10,262.11	26,897.94
Unpledged	44,775.00	3,468.09	7,016.62	17,837.41	23,864.02
Deferred Charge:					
Amount to be Raised for Cancelled Assessments				23,041.14	52,041.14
	<u>62,755.87</u>	<u>18,697.37</u>	<u>112,366.56</u>	<u>99,912.32</u>	<u>192,488.68</u>
<u>Capital Fund</u>					
Cash - Checking	149,690.09	165,694.56	157,282.08	12,606.04	283,332.79
Grants Receivable		119,406.00	140,245.00		
Loans Receivable	139,685.00	139,685.00	516,255.00		
Interfunds Receivable	500,000.00	140,245.00			
Fixed Capital	9,668,411.93	9,432,017.63	9,396,797.21	9,287,767.42	9,163,464.52
Fixed Capital Authorized and Uncompleted	4,851,559.53	4,240,733.53	3,505,083.00	1,981,316.00	790,316.00
	<u>15,309,346.55</u>	<u>14,237,781.72</u>	<u>13,715,662.29</u>	<u>11,281,689.46</u>	<u>10,237,113.31</u>
	<u>\$ 17,027,588.41</u>	<u>\$ 16,008,291.04</u>	<u>\$ 15,523,128.74</u>	<u>\$ 12,153,496.76</u>	<u>\$ 11,636,960.94</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
MUNICIPAL WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Operating Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 60,300.59	\$ 79,643.22	\$ 79,402.52	\$ 65,858.91	\$ 77,722.01
Unencumbered	131,827.61	317,487.55	135,080.40	200,327.43	130,417.64
Accounts Payable			20,000.00		
Accrued Interest on Bonds and Loans	3,266.79	5,623.15	9,987.48	10,904.67	13,201.25
Accrued Interest on Notes	28,573.78	11,862.75	6,729.71	6,771.00	5,932.85
Water and Sewer Rent Overpayments	7,501.41	5,721.05	6,506.71	11,541.33	16,050.32
Interfunds Payable				20,887.30	175,700.00
	<u>231,470.18</u>	<u>420,337.72</u>	<u>257,706.82</u>	<u>316,290.64</u>	<u>419,024.07</u>
Reserve for Receivables and Inventory	208,004.89	152,262.37	124,832.45	106,596.15	106,089.09
Fund Balance	<u>1,216,010.92</u>	<u>1,179,211.86</u>	<u>1,312,560.62</u>	<u>349,008.19</u>	<u>682,245.79</u>
	<u>1,655,485.99</u>	<u>1,751,811.95</u>	<u>1,695,099.89</u>	<u>771,894.98</u>	<u>1,207,358.95</u>
<u>Assessment Trust Fund</u>					
Assessment Serial Bonds				75,000.00	150,000.00
Accounts Payable	93.67			1,036.39	1,036.39
Interfunds Payable	11.27	821.44	94,490.63		11,576.36
Reserve for Assessments	44,775.00	3,468.09	7,016.62	17,837.41	23,864.02
Fund Balance	<u>17,875.93</u>	<u>14,407.84</u>	<u>10,859.31</u>	<u>6,038.52</u>	<u>6,011.91</u>
	<u>62,755.87</u>	<u>18,697.37</u>	<u>112,366.56</u>	<u>99,912.32</u>	<u>192,488.68</u>
<u>Capital Fund</u>					
Serial Bonds	124,000.00	184,000.00	293,000.00	403,000.00	553,000.00
N.J. Trust Loan Payable	232,982.44	245,564.22	258,127.00		
Bond Anticipation Notes	3,063,300.00	2,274,138.00	1,686,138.00	840,538.00	851,338.00
Improvement Authorizations:					
Funded	3,916.85	3,916.85	3,916.85	16,214.73	35,677.53
Unfunded	2,100,991.28	2,107,082.62	2,342,981.24	1,495,435.67	385,495.36
Capital Improvement Fund	30,050.00	30,050.00	30,050.00	30,050.00	30,050.00
Interfunds Payable	150,349.87	87.89	38.79	23,965.44	197,274.70
Amortization Fund	8,835,715.35	8,712,121.16	8,564,558.21	8,353,406.42	8,079,103.52
Deferred Amortization Fund	740,100.56	533,474.78	368,667.00	91,139.00	80,339.00
Reserve for:					
Debt Service	21,175.00	21,175.00	21,175.00	21,175.00	21,175.00
Grants Receivable		119,406.00	140,245.00		
Fund Balance	<u>6,765.20</u>	<u>6,765.20</u>	<u>6,765.20</u>	<u>6,765.20</u>	<u>3,660.20</u>
	<u>15,309,346.55</u>	<u>14,237,781.72</u>	<u>13,715,662.29</u>	<u>11,281,689.46</u>	<u>10,237,113.31</u>
	<u>\$ 17,027,588.41</u>	<u>\$ 16,008,291.04</u>	<u>\$ 15,523,128.74</u>	<u>\$ 12,153,496.76</u>	<u>\$ 11,636,960.94</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 1,671,745.00</u>	<u>\$ 1,723,453.00</u>	<u>\$ 1,731,390.00</u>	<u>\$ 1,581,000.00</u>	<u>\$ 390,000.00</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
MUNICIPAL WATER AND SEWER UTILITY FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - OPERATING FUND - REGULATORY BASIS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 235,894.00	\$ 300,000.00	\$ 348,639.00	\$ 437,922.00	\$ 270,000.00
Rents	3,111,008.04	3,087,261.61	3,153,291.94	3,053,317.88	3,036,898.22
Water and Sewer Assessment Fund Balance				6,000.00	2,707.00
Miscellaneous Revenue Anticipated	52,956.96	40,690.00	31,761.27	37,224.01	609,492.31
Nonbudget Revenue			1,046,701.57		
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	154,707.09	57,997.07	112,277.73	51,107.81	4,059.51
Accounts Payable Cancelled		20,000.00	6,000.00		8,185.63
	<u>3,554,566.09</u>	<u>3,505,948.68</u>	<u>4,698,671.51</u>	<u>3,585,571.70</u>	<u>3,931,342.67</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating:					
Salaries and Wages	437,500.00	444,000.00	436,600.00	400,000.00	400,000.00
Other Expenses	2,517,414.00	2,622,531.00	2,626,172.00	2,668,940.00	2,509,201.00
Capital Improvements	50,000.00	45,000.00	80,000.00	130,000.00	491,000.00
Debt Service	206,959.03	157,766.44	155,599.00	196,947.30	199,855.00
Deferred Charges			23,041.14	29,000.00	58,875.00
Statutory Expenditures	70,000.00	70,000.00	65,000.00	56,000.00	65,000.00
Prior Year Revenue Refund			67.94		
	<u>3,281,873.03</u>	<u>3,339,297.44</u>	<u>3,386,480.08</u>	<u>3,480,887.30</u>	<u>3,723,931.00</u>
Excess in Revenue	272,693.06	166,651.24	1,312,191.43	104,684.40	207,411.67
<u>Fund Balance</u>					
Balance January 1	1,179,211.86	1,312,560.62	349,008.19	682,245.79	744,834.12
	<u>1,451,904.92</u>	<u>1,479,211.86</u>	<u>1,661,199.62</u>	<u>786,930.19</u>	<u>952,245.79</u>
Decreased by:					
Utilized as Anticipated Revenue	<u>235,894.00</u>	<u>300,000.00</u>	<u>348,639.00</u>	<u>437,922.00</u>	<u>270,000.00</u>
Balance December 31	<u>\$ 1,216,010.92</u>	<u>\$ 1,179,211.86</u>	<u>\$ 1,312,560.62</u>	<u>\$ 349,008.19</u>	<u>\$ 682,245.79</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BLOOMINGDALE

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Bloomingdale is governed by a Mayor-Council type Government. The Borough Council consists of six members, one of which is appointed Council President on an annual basis. The Mayor is elected in a general election for a term of 4 years. Each council member is elected in a general election for a term of 3 years. Each council member carries the power of one legislative vote, while the Mayor votes only in the event of a tie.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements - regulatory basis of the Borough of Bloomingdale include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S. 40A:5-5.

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

Description of Funds

The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three 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 accounting policies of the Borough of Bloomingdale conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. 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 of Bloomingdale accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the General Trust Fund, Animal Control Trust Fund and Grant Trust Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

Utilities Fund - The Water and Sewer Utility is treated as a separate entity. It maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Payroll Fund - Net salaries, payroll deductions and social security contributions of municipal and utility operations are deposited into the Payroll Fund. A Payroll Fund does not exist under GAAP.

Free Public Library - Expenditures of the Free Public Library are recorded directly to the Budget Appropriation. Library fines, State Aid, interest on investments and other miscellaneous revenue are retained by the Library and expended therefrom.

Capital Fixed Assets - This account reflects estimated valuations of land, buildings and certain movable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and state grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Bloomingdale budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create separate spending reserves.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Expenditures (Continued)

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that 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

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.

Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. 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

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Self-Insurance Contributions

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water and Sewer Utilities Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of Bloomingdale has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Capital fixed assets used in governmental operations (general fixed assets) are accounted for in the Capital Fixed Assets. Public domain ("infrastructure") capital 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.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utility:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utility. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(c)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

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 of Bloomingdale presents the financial statements listed in the table of contents which are required by the Division of Local Government Services 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.

D. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective (Continued)

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pensions, No. 68, Accounting and Financial Reporting for Pensions, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements and is effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement and is effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and is effective for reporting periods beginning after December 15, 2018. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*. The object of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB) and is effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The object of this Statement is to improve consistency in accounting and financial reporting for in substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance and is effective for reporting 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 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*. The object of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract and is effective for reporting periods beginning after December 15, 2019. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Investments (Continued)

As of December 31, 2017, the Borough's cash, cash equivalents and investments consisted of:

	<u>2017</u>
Lakeland Bank - Checking Accounts	\$ 5,902,081.08
Lakeland Bank - Certificates of Deposit	<u>25,276.19</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 5,927,357.27</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the 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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2017, of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$5,606,017.96 was covered under the provisions of NJGUDPA.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Borough's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2017, the Borough had investments in certificates of deposit. The carrying amount of the investment at December 31, 2017 was \$25,276.19.

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

As of December 31, 2017, the Borough had funds on deposit in checking and certificates of deposit. The amount on deposit of the Borough's cash and cash equivalents and investments as of December 31, 2017 was \$5,856,017.96. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies of the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$4.214</u>	<u>\$4.155</u>	<u>\$4.054</u>	<u>\$3.905</u>	<u>\$3.850</u>
Apportionment of Tax Rate:					
Municipal	\$1.046	\$1.049	\$1.024	\$1.003	\$1.009
Municipal Open Space	0.025	0.024	0.024	0.025	0.025
County	0.840	0.812	0.812	0.735	0.732
County Open Space	0.012	0.012	0.011	0.011	0.011
School	2.254	2.222	2.147	2.096	2.037
Library	0.037	0.036	0.036	0.035	0.036

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2017	\$ 731,891,400.00
2016	733,921,300.00
2015	736,220,700.00
2014	741,103,300.00
2013	744,403,500.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 30,854,762.38	\$ 30,456,580.59	98.70 %
2016	30,522,512.74	30,230,419.24	99.04
2015	29,878,145.39	29,599,298.34	99.06
2014	28,953,429.74	28,880,518.60	99.74
2013	28,681,440.47	28,594,907.84	99.69

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 43,689.65	\$ 349,265.26	\$ 392,954.91	1.27 %
2016	30,137.42	239,521.54	269,658.96	0.88
2015	12,292.54	206,170.41	218,462.95	0.73
2014	203,323.95	161.05	203,485.00	0.70
2013	176,450.23	5,244.57	181,694.80	0.63

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>Year</u>	<u>Amount</u>
2017	\$ 2,236,900.00
2016	2,236,900.00
2015	2,236,900.00
2014	1,758,400.00
2013	1,758,400.00

5. WATER AND SEWER CONSUMER ACCOUNTS RECEIVABLE

The Borough of Bloomingdale maintains a utility fund for the billing and collection of water and sewer rents. Billings are done on a quarterly basis.

A comparison of Water and Sewer Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Water and Sewer Utility</u>	
	<u>Billing</u>	<u>Collection</u>
2017	\$ 3,118,602.69	\$ 3,111,008.04
2016	3,118,069.39	3,087,261.61
2015	3,152,227.45	3,153,226.94
2014	3,053,537.51	3,053,002.82
2013	3,060,359.96	3,036,898.22

Cash collections include realization of prior year uncollected balances.

6. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2017	\$ 552,882.72	\$ 525,000.00
	2016	591,907.11	525,000.00
	2015	548,125.24	525,000.00
	2014	985,988.84	480,600.00
	2013	963,993.10	404,984.00
Water and Sewer Utility Operating Fund:	2017	1,216,010.92	418,922.00
	2016	1,179,211.86	235,894.00
	2015	1,312,560.62	300,000.00
	2014	349,008.19	348,639.00
	2013	682,245.79	437,922.00

7. 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 Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

7. PENSION PLANS (Continued)

Description of Systems (Continued)

The amount of the Borough's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. 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. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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.

	PERS		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Covered Employee Payroll	\$ 2,682,623	\$ 2,615,300	\$ 2,604,777
Total Payroll	5,782,263	5,441,915	5,295,446
Actuarial Contribution			
Requirements	351,580	332,189	309,577
Total Contributions	548,638	518,632	491,655
Employer Share	351,580	332,189	309,577
% of Covered Payroll	13.11%	12.70%	11.88%
Employee's Share	197,058	186,443	182,078
% of Covered Payroll	7.35%	7.13%	6.99%

	PFRS		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Covered Employee Payroll	\$ 1,730,576	\$ 1,636,242	\$ 1,631,569
Total Payroll	5,782,263	5,441,915	5,295,446
Actuarial Contribution			
Requirements	439,088	421,764	416,966
Total Contributions	613,839	589,096	581,001
Employer Share	439,088	421,764	416,966
% of Covered Payroll	25.37%	25.78%	25.56%
Employee's Share	174,751	167,332	164,035
% of Covered Payroll	10.10%	10.23%	10.05%

Assumptions

The total PERS and PFRS pension liability for June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2017. The actuarial valuation used an inflation rate of 2.25%, projected salary increases through 2026 of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.00%.

7. PENSION PLANS (Continued)

Description of Systems (Continued)

Assumptions (Continued)

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-Retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-Retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-Retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The discount rate used to measure the total pension liability was 5.00% for PERS and 6.14% for PFRS as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040 for PERS and 2057 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 for PERS and 2057 for PFRS and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions and investment policies can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey 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 or other state of local jurisdiction.

7. PENSION PLANS (Continued)

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- 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 $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Borough's proportionate share of the collective PERS net pension liability calculated using the discount rate of 5.00% and 3.98% as of June 30, 2017 and 2016, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

Sensitivity of the Borough's Proportionate Share of the Collective PERS Net Pension Liability to Changes in the Discount Rate

	At 1% Decrease <u>(4.00%)</u>	At Current Discount Rate <u>(5.00%)</u>	At 1% Increase <u>(6.00%)</u>
2017	<u>\$ 10,959,797</u>	<u>\$ 8,834,500</u>	<u>\$ 7,063,864</u>
	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
2016	<u>\$ 13,570,587</u>	<u>\$ 11,074,565</u>	<u>\$ 9,013,883</u>

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

7. PENSION PLANS (Continued)

Police and Firemen’s Retirement System: (Continued)

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

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

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member’s final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

The following presents the Borough’s proportionate share of the collective PFRS net pension liability calculated using the discount rate of 6.14% and 5.55% as of June 30, 2017 and 2016, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Borough's Proportionate Share of the Collective PFRS
Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease <u>(5.14%)</u>	At Current Discount Rate <u>(6.14%)</u>	At 1% Increase <u>(7.14%)</u>
2017	<u>\$ 11,222,200</u>	<u>\$ 8,517,266</u>	<u>\$ 6,294,856</u>
	At 1% Decrease <u>(4.55%)</u>	At Current Discount Rate <u>(5.55%)</u>	At 1% Increase <u>(6.55%)</u>
2016	<u>\$ 13,811,408</u>	<u>\$ 10,711,278</u>	<u>\$ 8,183,309</u>

7. PENSION PLANS (Continued)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer:

	<u>2017</u>	<u>2016</u>
Employer Net Pension Liability	\$ 7,659,354.00	\$ 9,881,479.00
Non-employer Proportionate Share of the Net Pension Liability	<u>857,912.00</u>	<u>829,799.00</u>
	<u>\$ 8,517,266.00</u>	<u>\$ 10,711,278.00</u>

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2017 and 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2017 and 2016, respectively.

Following is the total of the Borough's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2017:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$ 8,834,500	\$ 7,659,354
Deferred Outflow of Resources	2,446,812	1,264,786
Deferred Inflow of Resources	1,918,531	1,586,785
Pension Expense	352,145	239,212
Contributions Made After Measurement Date	351,580	439,088

7. PENSION PLANS (Continued)

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2017 and 2016. The Borough's proportionate share of the collective net pension liability as of June 30, 2017 and 2016 was .0380% and .0374% for PERS and .0496% and .0517% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

At June 30, 2017, the amount determined as the Borough's proportionate share of the PERS net pension liability was \$8,834,500. For the year ended June 30, 2017 the Borough would have recognized PERS pension expense of \$352,145. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference Between Expected and Actual Experience	\$ 208,022	\$
Change of Assumptions	1,779,847	1,773,322
Net Difference Between Projected and Actual Investment Earnings	60,157	
Net Change in Proportions	398,786	145,209
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>351,580</u>	
	<u><u>\$ 2,798,392</u></u>	<u><u>\$ 1,918,531</u></u>

7. PENSION PLANS (Continued)

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

At June 30, 2017, the amount determined as the Borough's proportionate share of the PFRS net pension liability was \$7,659,354. For the year ended June 30, 2017 the Borough would have recognized PFRS pension expense of \$239,212. At June 30, 2017 deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference Between Expected and Actual Experience	\$ 49,689	\$ 44,954
Change of Assumptions	944,484	1,254,378
Net Difference Between Projected and Actual Investment Earnings	146,158	
Net Change in Proportions	124,455	287,453
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>439,088</u>	
	<u><u>\$ 1,703,874</u></u>	<u><u>\$ 1,586,785</u></u>

7. PENSION PLANS (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyout/Venture Capital	8.25%	13.08%

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 7.34% as of July 1, 2017 and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Borough</u>	<u>Employees</u>	<u>Borough</u>	<u>Employees</u>
2017	\$ 373,805.07	\$ 197,058.01	\$ 446,257.00	\$ 174,750.60
2016	345,570.00	186,443.15	441,223.00	167,332.10
2015	320,955.00	182,077.96	421,027.00	164,035.30

During 2009, the Borough of Bloomingdale, in accordance with the provisions of Public Law 2009, c. 19 (S21), elected by resolution of the governing body to defer the 50% of their 2009 normal and accrued pension liability for the PERS and PFRS pension retirement system obligation in the amount of \$227,669.50. This deferred pension liability will be repaid over a 15 year period and started in April 2012.

8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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. This waiver is irrevocable.

As of May 21, 2010, the minimum base salary required for eligibility in the DCRP was increased to \$5,000.00.

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 and 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 options 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 remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PERS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

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

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past three years is as follows:

<u>Year</u>	<u>Borough</u>	<u>Employees</u>
2017	\$ 8,154.91	\$ 14,950.57
2016	7,491.03	13,734.05
2015	5,806.88	11,208.68

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

Plan Description

As of August 1, 2013, the Borough of Bloomingdale contributed to the North Jersey Municipal Employee Benefit Fund for post-employment healthcare.

The Borough of Bloomingdale, by contractual agreement, provides certain post-employment benefits to retired employees and their spouses and dependent children for health insurance.

For the employee to be eligible for such benefits the retiree in the Public Employees' Retirement System must have twenty-five years or more of continuous full time service with the Borough and the retiree in the Police and Firemen's Retirement System must have twenty-five years or more of pension service credits and fifteen years of service with the Borough.

GASB Statement 45 requires that the Borough disclose its annual OPEB cost for the plan which is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. However, New Jersey Local Finance Notice 2007-15, *Implementing GASB 45: Disclosure of Liabilities for Other Post-Employment Benefits for Municipalities and Counties*, does not require municipalities and counties to calculate the ARC. The New Jersey Local Finance Notice 2007-15 ("LFN 2007-15") calls for the measurement of an actuarial liability. The LFN 2007-15 was amended by LFN 2009-13R. The LFN 2009-13R calls for the measurement of annual cost and can be met by utilizing actuarial assumptions as promulgated in the Notices. For this purpose, the actuarial measurements can be used for disclosure of Other Post- Employment Benefits ("OPEB").

Funding Policy

Contributions to pay for the health premiums of participating retirees in the North Jersey Municipal Employee Benefit Fund are billed to the Borough of Bloomingdale on a monthly basis.

The Borough of Bloomingdale's contributions to the North Jersey Municipal Employee Benefit Fund for the years ended December 31, 2017, 2016 and 2015 were \$446,652.00, \$440,472.00 and \$336,264.00, respectively.

Actuarial Valuations

The Borough of Bloomingdale has contracted with an actuary and received an actuarial certification regarding the plan in accordance with the requirements of GASB 45 and the LFN's.

The Annual Required Contribution ("ARC") is the measure of annual cost on an accrual basis. It is comprised of the "Normal Cost" which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability ("UAAL"). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Valuations (Continued)

The ARC as of December 31, 2017 is \$650,817 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2017. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 107,480
(2) Actuarial Accrued Liability as of December 31, 2017	8,850,363
(3) Assets	0
(4) UAAL = (2) - (3)	8,850,363
(5) 30 Year Amortization of UAAL at Discount Rate	543,337
(6) ARC = (1) + (5)	650,817

Actuarial Assumptions

The following assumptions were made by the actuarial in their calculations:

- Mortality RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
- Turnover NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility
- Assumed Retirement Age At first eligibility after the completion of 20 years of service police, 25 years of service all others
- Full Attribution Period Service to Assumed Retirement Age
- Annual Discount Rate 4.50%
- Medical Trend 6% in 2017, reducing by 0.1% per annum, leveling at 5% per annum in 2026
- Medical Cost Aging Factor NJ SHBP Medical Morbidity Rates
- Attribution Period - The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per Capita Cost Methods - The valuation reflects per capita net premium costs based on actual 2017 medical, prescription drug, and dental premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (47) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 medical costs were decreased using the assumption that Medicare picks up 66.7%. Employer costs for current retirees are measured at \$458 thousand for 2017.

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions (Continued)

- Retiree Contributions - NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees' Retirement System. For purposes of this valuation, future retiree contributions are assumed at the same percentage of current contributions to total premiums as reported by the Fund.

- Actuarial Valuation Method - Projected Unit Credit Funding Method

Other Information

Participant Information:

Active Employees	51
Retirees Plus Dependents	26

Market Value of Assets	\$ -
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It should be noted that the above information is required with the regulations of the Local Finance Board to be amended every three years.

10. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. 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. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legally required installment is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 8,166,321.32	\$ 8,186,996.32	\$ 8,524,103.32
Assessment Trust Fund:			
Bonds and Notes	66,130.68	90,130.68	145,858.68
Water and Sewer Utility Fund:			
Bonds and Notes	3,187,300.00	2,458,138.00	1,979,138.00
Loans Payable	232,982.44	245,564.22	258,127.00
	<u>11,652,734.44</u>	<u>10,980,829.22</u>	<u>10,907,227.00</u>
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	2,419,451.38	1,776,801.38	1,813,286.38
Water and Sewer Utility Fund:			
Bonds and Notes	1,671,745.00	1,723,453.00	1,731,390.00
	<u>4,091,196.38</u>	<u>3,500,254.38</u>	<u>3,544,676.38</u>
 Total Debt	 <u>15,743,930.82</u>	 <u>14,481,083.60</u>	 <u>14,451,903.38</u>
 Less: Cash on Hand:			
General Capital Fund	116,500.00	186,425.00	609,707.00
Assessment Trust Fund	18,153.22	24,216.55	56,257.25
Grants Receivable	237,500.00	548,913.34	633,623.34
Other Accounts Receivable	116,065.35	116,065.35	116,065.35
	<u>488,218.57</u>	<u>759,554.89</u>	<u>1,299,587.59</u>
 Net Bonds and Notes Issued and Authorized but Not Issued	 <u>\$ 15,255,712.25</u>	 <u>\$ 13,721,528.71</u>	 <u>\$ 13,152,315.79</u>

Summary of Statutory Debt Condition - Annual Debt Statement

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 1.038%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 591,000.00	\$ 591,000.00	\$
General	10,651,903.38	2,073,218.57	8,578,684.81
Water and Sewer Utility	5,092,027.44	5,092,027.44	-
	<u>\$16,334,930.82</u>	<u>\$7,756,246.01</u>	<u>\$ 8,578,684.81</u>

Net Debt, \$8,578,684.81, divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$826,199,377.67 equals 1.038%.

10. MUNICIPAL DEBT (Continued)

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis	\$ 28,916,978.22
Net Debt	<u>8,578,684.81</u>
Remaining Borrowing Power	<u><u>\$ 20,338,293.41</u></u>

School Debt Deduction

School debt is deductible up to the extent of 3.00% of the Average Equalized Assessed Valuations of Real Property for the Local School District.

Calculation of "Self-Liquidating Purposes" Water and Sewer Utility per N.J.S. 40A:2-45

Fund Balance and Cash Receipts from Fees, Rents or Other Charges for Year		\$ 3,399,859.00
Deductions:		
Operating and Maintenance Costs	\$3,024,914.00	
Debt Service per Water and Sewer Utility Operating Fund	<u>206,959.03</u>	
		<u>3,231,873.03</u>
Excess in Revenue		<u><u>\$ 167,985.97</u></u>

There being an excess in revenue, all Water and Sewer Utility Debt is deductible for Debt Statement purposes.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

As of December 31, 2017, the Borough's long-term debt is as follows:

General Obligation Bonds

\$4,050,000, 2008 Bonds due in annual installments of \$300,000 through July 2018, interest at 4.00%	\$ 300,000.00
\$1,585,000.00, 2017 Refunding Bonds due in annual installments of \$35,000 to \$320,000 through July 2023, interest at 1.90%	<u>1,585,000.00</u>
	<u><u>\$ 1,885,000.00</u></u>

10. MUNICIPAL DEBT (Continued)

Water and Sewer Utility Bonds

\$849,000, 1999 Bonds due in annual installments of \$44,000 to \$45,000 through March 2019, interest at 4.85% to 5.00%	\$ 89,000.00
\$230,000, 2004 Bonds due in annual installments of \$15,000 to \$20,000 through August 2019, interest at 3.70%	<u>35,000.00</u>
	<u><u>\$ 124,000.00</u></u>

N.J. Environmental Infrastructure Trust Loan Payable

Loan agreements were entered into by the Borough of Bloomingdale with the New Jersey Department of Environmental Protection for the purpose of the water main replacement project in 2015 at an interest rate of 0.32% to 3.37%. Loans payable at December 31, 2017 in the amount of \$232,982.44 are detailed as follows:

	<u>Water and Sewer Utility</u>
Trust Share	\$ 117,505.00
Fund Share	<u>115,477.44</u>
	<u><u>\$ 232,982.44</u></u>

N.J. Environmental Infrastructure Trust Loan Payable

An amortization schedule detailing principal and interest is detailed as follows:

<u>Calendar Year</u>	<u>Total</u>	<u>Water and Sewer Utility</u>	
		<u>Principal</u>	<u>Interest</u>
2018	\$ 15,663.08	\$ 12,623.78	\$ 3,039.30
2019	15,663.44	12,684.78	2,978.66
2020	15,663.20	12,758.78	2,904.42
2021	15,662.70	12,847.78	2,814.92
2022	15,663.14	12,954.78	2,708.36
2023	15,663.28	13,078.78	2,584.50
2024	15,662.76	13,212.78	2,449.98
2025	15,663.38	13,359.78	2,303.60
2026	15,662.78	13,516.78	2,146.00
2027	15,663.58	13,697.78	1,965.80
2028	15,663.58	13,900.78	1,762.80
2029	15,663.20	14,115.78	1,547.42
2030	15,663.18	14,342.78	1,320.40
2031	15,662.84	14,581.78	1,081.06
2032	15,663.26	14,833.78	829.48
2033	15,663.52	15,097.78	565.74
2034	<u>15,663.14</u>	<u>15,373.96</u>	<u>289.18</u>
	<u><u>\$ 266,274.06</u></u>	<u><u>\$ 232,982.44</u></u>	<u><u>\$ 33,291.62</u></u>

10. MUNICIPAL DEBT (Continued)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Assessment Trust Fund	1.15%	<u>\$ 66,130.68</u>
General Capital Fund	1.15%	<u>\$6,281,321.32</u>
Water and Sewer Capital Fund	1.15%	<u>\$3,063,300.00</u>

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

<u>Original Note Issued</u>	<u>Legal Installment Date</u>	<u>Permanent Funding Required as of May 1</u>
2009	2012 - 2019	2020
2010	2013 - 2020	2021
2012	2015 - 2022	2023
2013	2016 - 2023	2024
2014	2017 - 2024	2025
2015	2018 - 2025	2026
2016	2019 - 2026	2027
2017	2020 - 2027	2028

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>Total</u>	<u>General</u>		<u>Water and Sewer Utility</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 428,651.42	\$ 335,000.00	\$ 29,065.17	\$ 60,000.00	\$ 4,586.25
2019	415,290.00	320,000.00	29,450.00	64,000.00	1,840.00
2020	338,370.00	315,000.00	23,370.00		
2021	327,385.00	310,000.00	17,385.00		
2022	316,495.00	305,000.00	11,495.00		
2023	305,700.00	300,000.00	5,700.00		
	<u>\$ 2,131,891.42</u>	<u>\$ 1,885,000.00</u>	<u>\$ 116,465.17</u>	<u>\$ 124,000.00</u>	<u>\$ 6,426.25</u>

Note: Interest reflected above is on the cash basis for all funds.

10. MUNICIPAL DEBT (Continued)

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Capital Fund:		
General Improvements	\$2,419,451.38	\$1,776,801.38
Water and Sewer Capital Fund:		
General Improvements	<u>1,671,745.00</u>	<u>1,723,453.00</u>
	<u>\$4,091,196.38</u>	<u>\$3,500,254.38</u>

11. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Fund	\$ 18,628.75	\$ 3,655.55
Assessment Trust Fund	1.00	193.83
Animal Control Trust Fund		11.65
General Trust Fund		9,766.74
Grant Trust Fund		4.84
General Capital Fund		508,306.71
Water and Sewer Utility Operating Fund	154,016.69	
Water and Sewer Utility Assessment Trust Fund		11.27
Water and Sewer Utility Capital Fund	500,000.00	150,349.87
Payroll Fund		345.98
	<u>\$672,646.44</u>	<u>\$672,646.44</u>

12. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 there were no deferred charges on the balance sheet.

13. DEFERRED COMPENSATION PLAN

The Borough of Bloomingdale offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

13. DEFERRED COMPENSATION PLAN (Continued)

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Borough of Bloomingdale authorized such modifications to their plan by resolution of the Borough Council adopted October 21, 1997.

The Administrator for the Borough of Bloomingdale's Deferred Compensation Plan is the Variable Annuity Life Insurance Company (VALIC) and AXA Equitable.

The Plan was subject to a review only as defined by the New Jersey Division of Local Government Services and the American Institute of Certified Public Accountants. A review consists principally of inquiries of Borough officials and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards. The audit of the program lies within the scope of the audit of the independent accountants of the Variable Annuity Life Insurance Company (VALIC) and AXA Equitable.

14. RISK MANAGEMENT

The Borough of Bloomingdale is a member of the Morris County Municipal Joint Insurance Fund which provides insurance coverage for the following:

Property
General Liability
Worker's Compensation
Police Professional Liability
Automobile Liability
Public Officials' Liability
Public Employee Dishonesty per Loss
Theft

15. CONTINGENT LIABILITIES

a. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation and sick leave. The maximum sick leave benefits an employee is entitled to at retirement is the cash equivalent of 90 days at their existing daily rate.

It is estimated that the sum of \$1,165,547.21 computed internally at 2017 salary rates would be payable to 52 officials and employees of the Borough of Bloomingdale as of December 31, 2017 for accumulated vacation and sick days. This amount was not verified by audit.

Benefits paid in any future years will be charged to that year's budget.

Provisions for the above are not reflected on the Financial Statements of the Borough.

15. CONTINGENT LIABILITIES (Continued)

b. Tax Appeals

As of April 25, 2018 there were five appeals pending before the New Jersey Tax Court with an assessed valuation of \$3,970,600.00. Potential liability was undeterminable.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Borough to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

c. Federal and State Awards

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2017 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "Rebate Arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

e. Payments in Lieu of Taxes (PILOT)

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

f. Litigation

There is no significant litigation or any contingent liabilities, unasserted claims or assessments or statutory violations which would materially affect the financial position or results of operations of the Borough other than listed below:

General liability claims pending against the Borough are handled by insurance carriers.

16. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

17. SUBSEQUENT EVENT

The Borough of Bloomingdale has evaluated subsequent events that occurred after the balance sheet date, but before June 4, 2018. No items were determined to require disclosure.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION FOR THE BONDS

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

March 1, 2019

Mayor and Borough Council
of the Borough of Bloomingdale
Bloomingdale, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of the \$8,500,000 aggregate principal amount of General Obligation Bonds, Series 2019, consisting of \$5,980,000 aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$2,520,000 aggregate principal amount of Utility Bonds, Series 2019 (the "Utility Bonds" and together with the General Improvement Bonds, the "Bonds"), of the Borough of Bloomingdale, in the County of Passaic (the "Borough"), a body politic and corporate of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Borough Council of the Borough and published as required by law; and (iii) a resolution duly adopted by the Borough Council of the Borough on January 22, 2019.

The Bonds are issued in fully registered, book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of Bonds of each series maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$1,000 each or any integral multiple thereof, with a minimum purchase of \$5,000 required. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough as Paying Agent (or a

Paying Agent duly appointed by the Borough) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the first day of March and September (each an "Interest Payment Date") in each year until maturity or prior redemption, commencing September 1, 2019. The Bonds shall mature on March 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Utility Bonds</u>	<u>Combined Principal Amounts</u>	<u>Interest Rates</u>
2020	\$285,000	\$105,000	\$390,000	5.00%
2021	340,000	135,000	475,000	5.00
2022	410,000	150,000	560,000	5.00
2023	425,000	150,000	575,000	5.00
2024	535,000	150,000	685,000	5.00
2025	565,000	165,000	730,000	5.00
2026	570,000	170,000	740,000	5.00
2027	570,000	170,000	740,000	4.00
2028	570,000	170,000	740,000	4.00
2029	570,000	185,000	755,000	4.00
2030	570,000	190,000	760,000	3.00
2031	<u>570,000</u>	190,000	760,000	3.00
2032		190,000	190,000	3.00
2033		200,000	200,000	3.00
2034		<u>200,000</u>	200,000	3.00
Total:	<u>\$5,980,000</u>	<u>\$2,520,000</u>	<u>\$8,500,000</u>	

The Bonds of this issue maturing prior to March 1, 2027 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2027 are redeemable at the option of the Borough, in whole or in part, on any date on or after March 1, 2026, upon notice as required therein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes 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 are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough enforceable in accordance with their terms, and (iii) the Borough has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the Borough is subject to the levy of ad valorem taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Borough has covenanted in its tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Borough with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

The Bonds maturing on March 1 of the years 2020 through 2031, inclusive (collectively, the "Premium Bonds"), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable

bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.

We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on March 1 in the years 2033 and 2034 (the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar person or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the Discount Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is treated as interest and is excludable from gross income for Federal income tax purposes to the same extent described above. In the case of any holder of the Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder in determining, for Federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the Discount Bonds should consult their tax advisors for an explanation of the original issue discount rules.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the Bonds, as executed by the Borough, and, in our opinion, the form of each Bond and their execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

FORM OF APPROVING LEGAL OPINION FOR THE NOTES

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

March 1, 2019

Mayor and Borough Council
of the Borough of Bloomingdale
Bloomingdale, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Borough Council of the Borough of Bloomingdale, in the County of Passaic, State of New Jersey (the "Borough"), and other proofs submitted to us relative to the issuance and sale of the

**\$4,917,000
BOND ANTICIPATION NOTES**

NON-CALLABLE

**BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY**

Dated: March 1, 2019

The \$4,917,000 Bond Anticipation Notes (the "Notes") of the Borough, are dated March 1, 2019, mature February 28, 2020 and bear interest at the rate of three and zero hundredths per centum (3.00%) per annum. The Notes are issued in fully registered form without coupons, initially registered in the name of, and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. The Notes are issued in book-entry only form and are not subject to redemption prior to maturity. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to various bond ordinances of the Borough having been in all respects duly adopted, approved and published as required by law. The Notes are being issued to: (i) refund, on a current basis (along with \$15,181 budgeted funds), a \$2,993,181 portion of prior bond anticipation notes of the Borough issued in the amount of \$10,468,381 on March 6, 2018 and maturing on March 5, 2019 (the "Prior Notes") and (ii) temporarily finance the cost of various capital improvements by and in the Borough in the amount of \$1,939,000.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the Borough, and (iii) all the taxable property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Borough has covenanted in its tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Borough with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the form of the unexecuted Notes and, in our opinion, the form is regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated March 1, 2019 (the "Disclosure Certificate") is executed and delivered by the Borough of Bloomingdale, in the County of Passaic, State of New Jersey (the "Borough" or the "Issuer") in connection with the issuance of its \$8,500,000 aggregate principal amount of General Obligation Bonds, Series 2019 consisting of \$5,980,000 aggregate principal amount of General Improvement Bonds, Series 2019 (the "General Improvement Bonds") and \$2,520,000 aggregate principal amount of Utility Bonds, Series 2019 (the "Utility Bonds" and together with the General Improvement Bonds, the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to various bond ordinances duly adopted by the Borough Council of the Borough approved and published as required by law, and a resolution entitled, "RESOLUTION (A) PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$8,895,000 GENERAL OBLIGATION BONDS, SERIES 2019 CONSISTING OF \$6,300,000 GENERAL IMPROVEMENT BONDS, SERIES 2019 AND \$2,595,000 UTILITY BONDS, SERIES 2019 OF THE BOROUGH OF BLOOMINGDALE, IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND (B) AUTHORIZING THE SALE AND ISSUANCE OF \$4,917,000 BOND ANTICIPATION NOTES" (the "Resolution"), being duly adopted by the Borough Council of the Borough on January 22, 2019. The Borough covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Borough for the benefit of the Holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Borough acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borough pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Borough or the Dissemination Agent is authorized by law or contract to remain closed.

“Continuing Disclosure Information” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Borough with the EMMA (as defined below) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Certificate.

“Disclosure Representative” shall mean the Chief Financial Officer of the Borough or her designee, or such other person as the Borough shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Borough or any Dissemination Agent subsequently designated in writing by the Borough which has filed with the Borough a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined below) and approved by the SEC (as defined below) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Borough or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

“Financial Obligation” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *“Financial Obligation”* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“National Repository” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC (as defined below) as a repository for purposes of the Rule (as defined below).

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC (as defined below) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough’s reporting obligations under this Disclosure Certificate pursuant to the provisions of Section 6 of this Disclosure Certificate provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2018). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Certificate but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Borough, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Borough certifying that the Annual Report has been provided pursuant to this Disclosure Certificate to the National Repository and stating the date it was provided to the National Repository.

(c) If the Borough fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Borough advising of such failure. Whether or not such notice is given or received, if the Borough thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with a copy of said notice to the Borough) to the National Repository in substantially the form attached as Exhibit A hereto.

SECTION 4. Content of Annual Reports. (a) The Borough’s Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Borough as of December 31 of each year (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (“GAAP”) and the budget laws of the State.

(2) The general financial information and operating data of the Borough consistent with the information set forth in Appendix A to the Official Statement dated February 13, 2019, prepared in connection with the sale of the Bonds (the "Official Statement") consisting of (1) Borough indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borough is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Borough shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment 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 Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;

12. Bankruptcy, insolvency, receivership or similar event 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;

14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

15. Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The Borough shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Borough has or obtains knowledge of the occurrence of any of the Listed Events, the Borough shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Borough determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Borough shall promptly notify the Dissemination Agent in writing (if the Borough is not the Dissemination Agent) and the Borough shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Borough determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Borough shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Borough) and the Dissemination Agent (if the Dissemination Agent is not the Borough) shall be instructed by the Borough not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Borough (if the Dissemination Agent is not the Borough). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Borough's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Borough is no longer an "Obligated Person" (as defined in the Rule). The Borough shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) of this Disclosure Certificate.

SECTION 7. Dissemination Agent; Compensation. The Borough may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Borough. The Borough shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Borough may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Borough to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Borough or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Resolution at the time of the amendment. The Borough shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 of this Disclosure Certificate. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Borough shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borough. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 of this Disclosure Certificate, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Borough from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Borough chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Borough shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Borough to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Borough to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Borough agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Borough) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Borough further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure

Certificate. The obligations of the Borough under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Borough, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Borough:

Borough of Bloomingdale
101 Hamburg Turnpike
Bloomingdale, New Jersey 07403
Attention: Chief Financial Officer

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Borough and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Borough and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

BOROUGH OF BLOOMINGDALE

By: _____
DONNA M. MOLLINEAUX,
Chief Financial Officer

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: Borough of Bloomingdale,
in the County of Passaic, State of New Jersey

Name of Issue: \$8,500,000 General Obligation Bonds, Series 2019
Dated: March 1, 2019
(CUSIP Number: 094402HX7)

Date of Issuance: March 1, 2019

NOTICE IS HEREBY GIVEN that the above designated Borough has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution and a Continuing Disclosure Certificate for the General Obligation Bonds, Series 2019 dated March 1, 2019 executed by the Borough.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Borough)

cc: The Borough

APPENDIX F

**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET
DISCLOSURE REQUIREMENTS FOR THE NOTES**

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**CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, DONNA M. MOLLINEAUX, Chief Financial Officer of the Borough of Bloomingdale, in the County of Passaic (the "Borough"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY on behalf of Piper Jaffray & Co., New York, New York, the purchaser (the "Purchaser") of \$4,917,000 aggregate principal amount of Bond Anticipation Notes of the Borough dated March 1, 2019 and maturing February 28, 2020 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Borough will provide notice of certain material events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events effecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Borough, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action; (14) appointment of a successor or additional trustee or change of name of a trustee; (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Whenever the Borough obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the Borough shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis.

The Borough's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the Borough fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Certificate. Notwithstanding the above, the remedy

for a breach of the provisions of this Certificate or the Borough's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Borough, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Borough and caused the official seal of the Borough to be hereunto affixed and attested to by the Clerk of the Borough this 1st day of March, 2019.

BOROUGH OF BLOOMINGDALE

(SEAL)

DONNA M. MOLLINEAUX,
Chief Financial Officer

BREEANNA CALABRO,
Borough Clerk