

Report of Audit

on the

Financial Statements

of the

Borough of
South Bound Brook

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2012

BOROUGH OF SOUTH BOUND BROOK

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BOROUGH OF SOUTH BOUND BROOK

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
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YEAR ENDED DECEMBER 31, 2012 AND 2011



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of South Bound Brook
12 Main Street
South Bound Brook, New Jersey 08880

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of South Bound Brook, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the regulatory financial statements, except for the omission of the Statement of Fixed Assets, the regulatory financial statements are prepared by the Borough of South Bound Brook on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of South Bound Brook as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, as described in the sixth paragraph, if any, that might have been determined to be necessary had we been able to audit the Statement of Fixed Assets, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of South Bound Brook's regulatory financial statements. The supplementary information, and the schedules of expenditures of federal awards and state financial assistance as listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2013 on our consideration of the Borough of South Bound Brook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of South Bound Brook's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 1, 2013

CURRENT FUND

BOROUGH OF SOUTH BOUND BROOK

"A"

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>A S S E T S</u> | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2012</u> | <u>BALANCE DECEMBER 31, 2011</u> |
|--|-------------|--|--|
| Cash | A-4 | \$ 1,144,798.02 | \$ 730,147.61 |
| Change Funds | A-5 | 450.00 | 450.00 |
| Due to State of New Jersey, Senior Citizens and Veterans Deductions | A-7 | <u>35,322.51</u> | <u>35,968.37</u> |
| | | <u>\$ 1,180,570.53</u> | <u>\$ 766,565.98</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-8 | \$ 278,503.99 | \$ 152,210.92 |
| Tax Title Liens Receivable | A-9 | 75,452.57 | 50,054.85 |
| PILOT Receivables | A-32 | 12,296.26 | 8,432.32 |
| Sewer Rents Receivable | A-33 | 99,975.95 | 137,784.88 |
| Property Acquired for Taxes Assessed Valuation | A-21 | 46,053.66 | 46,053.66 |
| Revenue Accounts Receivable | A-10 | 8,809.85 | 9,673.38 |
| Interfunds Receivable | A-22 | <u>105,943.76</u> | <u>27,565.27</u> |
| | A | <u>\$ 627,036.04</u> | <u>\$ 431,775.28</u> |
| Deferred Charges: | | | |
| Emergency Appropriation - NJSA 40A: 4-53 | | \$ 40,000.00 | \$ 50,000.00 |
| Emergency Appropriation - NJSA 40A: 4-48 | | | 34,530.31 |
| Emergency Appropriation - NJSA 40A: 4-54 | | <u>75,000.00</u> | |
| | A-36 | <u>\$ 115,000.00</u> | <u>\$ 84,530.31</u> |
| | | <u>\$ 1,922,606.57</u> | <u>\$ 1,282,871.57</u> |
| Grant Fund: | | | |
| Grants Receivable | A-11 | \$ 167,818.52 | \$ 600,770.47 |
| Due Capital Fund | A-24 | | 73,000.00 |
| Due Current Fund | A-29 | <u>249,171.69</u> | |
| | | <u>\$ 416,990.21</u> | <u>\$ 673,770.47</u> |
| | | <u>\$ 2,339,596.78</u> | <u>\$ 1,956,642.04</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-14 | \$ 78,949.18 | \$ 16,628.65 |
| Prepaid Taxes | A-16 | 6,453.51 | 12,876.94 |
| Tax Overpayments | A-15 | 7,735.44 | 6,629.94 |
| Reserve for Due County - 5% PILOT | A-13 | 98,142.36 | 48,331.16 |
| Accounts Payable | A-20 | 31,222.43 | 53,528.10 |
| Reserve for Sale of Municipal Assets | A-19 | 10,784.21 | 8,918.21 |
| Reserve for Tax Appeals | A-12 | 31,945.97 | 34,150.27 |
| Reserve for Prepaid Sewer | A-35 | 1,668.67 | |
| Reserve for Prepaid PILOT | A-34 | 4,224.23 | |
| PILOT Overpayments | A-30 | 790.65 | 2,802.25 |
| Sewer Overpayments | A-31 | 1,686.28 | 1,056.14 |
| Reserve for Prepaid Revenue (CCO) | A-23 | | 51.00 |
| Interfunds Payable | A-22 | <u>382,384.41</u> | <u>103.91</u> |
| | | <u>\$ 655,987.34</u> | <u>\$ 185,076.57</u> |
| Reserve for Receivables and Other Assets | A | 627,036.04 | 431,775.28 |
| Fund Balance | A-1 | <u>639,583.19</u> | <u>666,019.72</u> |
| | | <u>\$ 1,922,606.57</u> | <u>\$ 1,282,871.57</u> |
| Grant Fund: | | | |
| Reserve for Grants - Unappropriated | A-26 | \$ | \$ 29,350.10 |
| Reserve for Grants - Appropriated | A-25 | 416,711.21 | 381,354.80 |
| Due Trust Other Fund | A-28 | | 260,000.00 |
| Due Current Fund | A-29 | | 2,786.57 |
| Accounts Payable | A-27 | <u>279.00</u> | <u>279.00</u> |
| | | <u>\$ 416,990.21</u> | <u>\$ 673,770.47</u> |
| | | <u>\$ 2,339,596.78</u> | <u>\$ 1,956,642.04</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE-REGULATORY BASIS

| | <u>REF.</u> | <u>YEAR 2012</u> | <u>YEAR 2011</u> |
|--|-------------|-------------------------|-------------------------|
| <u>REVENUE AND OTHER INCOME</u> | | | |
| Fund Balance Utilized | A-1:A-2 | \$ 455,000.00 | \$ 550,000.00 |
| Miscellaneous Revenues Anticipated | A-2 | 2,353,840.01 | 2,142,827.55 |
| Receipts from Delinquent Taxes | A-2 | 150,828.72 | 158,117.96 |
| Receipts from Current Taxes | A-2 | 9,333,859.73 | 9,341,304.25 |
| Non-Budget Revenue | A-2 | 304,202.54 | 89,211.22 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-14 | 9,958.53 | 13,324.93 |
| Grant Fund Reserves Canceled | A-25 | 9,289.10 | 2,950.00 |
| Reserves Canceled | | 50.00 | 76,851.30 |
| Interfunds Returned | | | 109,477.70 |
| <u>TOTAL INCOME</u> | | <u>\$ 12,617,028.63</u> | <u>\$ 12,484,064.91</u> |
| <u>EXPENDITURES</u> | | | |
| Budget and Emergency Appropriations within "CAPS": | | | |
| Operations | A-3 | \$ 3,605,253.94 | \$ 3,492,331.81 |
| Deferred Charges and Statutory Expenditures | A-3 | 594,126.29 | 700,722.10 |
| Appropriations Excluded From "CAPS": | | | |
| Operations | A-3 | 802,370.72 | 758,032.40 |
| Capital Improvements | A-3 | 500.00 | 500.00 |
| Deferred Charges and Statutory Expenditures | A-3 | 44,530.31 | 24,000.00 |
| Judgments | A-3 | | 25,435.07 |
| Municipal Debt Service | A-3 | 277,890.76 | 260,031.14 |
| County Taxes | A-17 | 1,208,994.56 | 1,219,296.88 |
| Local District School Tax | A-18 | 5,643,643.00 | 5,630,996.00 |
| Grant Fund Receivable Canceled | A-11 | 7,777.09 | 2,950.00 |
| Receivables Canceled | | | 14,351.00 |
| Interfunds Advanced | | 78,378.49 | |
| <u>TOTAL EXPENDITURES</u> | | <u>\$ 12,263,465.16</u> | <u>\$ 12,128,646.40</u> |
| Excess in Revenue | | \$ 353,563.47 | \$ 355,418.51 |
| Adjustments to Income before Fund Balance: | | | |
| Expenditures Included above which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | | 75,000.00 | 84,530.51 |
| Statutory Excess to Fund Balance | | \$ 428,563.47 | \$ 439,949.02 |
| Fund Balance, January 1 | A:A-1 | 666,019.72 | 776,070.70 |
| | | <u>\$ 1,094,583.19</u> | <u>\$ 1,216,019.72</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1:A-2 | 455,000.00 | 550,000.00 |
| Fund Balance, December 31 | A:A-1 | <u>\$ 639,583.19</u> | <u>\$ 666,019.72</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

| | REF. | ANTICIPATED BUDGET | N. J. S. A. 40A: 4-87 | REALIZED | EXCESS OR (DEFICIT) |
|---|---------|-----------------------|--------------------------|-----------------|---------------------------|
| Fund Balance Appropriated | A-1 | \$ 455,000.00 | | \$ 455,000.00 | |
| Miscellaneous Revenues: | | | | | |
| Licenses - Alcoholic Beverage | A-10 | \$ 8,000.00 | \$ | \$ 8,000.00 | \$ |
| Fees and Permits - Other | A-2 | 8,000.00 | | 10,633.40 | 2,633.40 |
| Municipal Court - Fines and Costs | A-10 | 110,000.00 | | 130,657.97 | 20,657.97 |
| Interest and Costs on Taxes | A-10 | 20,000.00 | | 35,309.22 | 15,309.22 |
| Consolidated Municipal Property Tax Relief Aid | A-10 | 54,962.00 | | 54,962.00 | |
| Energy Receipts Tax | A-10 | 364,332.00 | | 364,332.00 | |
| Construction Code Official | A-2 | 26,000.00 | | 17,982.00 | (8,018.00) |
| Police Services - Rocky Hill | A-10 | 46,000.00 | | 38,632.62 | (7,367.38) |
| Recycling Tonnage Program | A-11 | 3,279.97 | 3,501.63 | 6,781.60 | |
| Clean Communities Program | A-11 | 6,243.97 | 6,143.93 | 12,387.90 | |
| Alcohol Education Rehabilitation | A-11 | 3,020.34 | 3,453.63 | 6,473.97 | |
| Municipal Alliance on Alcoholism and Drug Abuse | A-11 | 15,123.00 | | 15,123.00 | |
| Drunk Driving Enforcement Fund | A-11 | 5,783.33 | 7,100.89 | 12,884.22 | |
| Body Armor Replacement Fund | A-11 | 1,522.49 | 1,550.79 | 3,073.28 | |
| SC Youth Services Program - 2012 | A-11 | 9,500.00 | 10,000.00 | 19,500.00 | |
| Uniform Fire Safety Act | A-10 | 2,200.00 | | 3,449.55 | 1,249.55 |
| Cable TV Franchise Fee | A-10 | 33,301.00 | | 33,301.00 | |
| Verizon Franchise Fee | A-10 | 17,726.00 | | 17,726.86 | 0.86 |
| P.I.L.O.T. | A-2 | 920,000.00 | | 946,412.78 | 26,412.78 |
| State of N.J. Division of Motor Vehicles | A-10 | 2,500.00 | | 5,150.00 | 2,650.00 |
| Sewer Charges | A-33 | 598,000.00 | | 611,066.64 | 13,066.64 |
| | A-1 | \$ 2,255,494.10 | \$ 31,750.87 | \$ 2,353,840.01 | \$ 66,595.04 |
| Receipts From Delinquent Taxes | A-1:A-8 | \$ 125,000.00 | \$ | \$ 150,828.72 | \$ 25,828.72 |
| Amount to be Raised by Taxation for Support of Municipal Budget: | | | | | |
| Local Tax for Municipal Purposes | A-2:A-8 | \$ 2,850,427.05 | \$ | \$ 2,949,222.17 | \$ 98,795.12 |
| <u>Budget Totals</u> | | \$ 5,685,921.15 | \$ 31,750.87 | \$ 5,908,890.90 | \$ 191,218.88 |
| Non-Budget Revenue | A-1:A-2 | | | 304,202.54 | 304,202.54 |
| | | \$ 5,685,921.15 | \$ 31,750.87 | \$ 6,213,093.44 | \$ 495,421.42 |
| REF. | A-3 | | A-3 | | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH BOUND BROOK
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

REF.

ANALYSIS OF REALIZED REVENUES

| | | | |
|--|---------|----|----------------------------|
| Allocation of Current Tax Collections: | | | |
| Collections on a Cash Basis | A-1:A-8 | \$ | 9,333,859.73 |
| Allocated to: | | | |
| School and County Taxes | | | <u>6,852,637.56</u> |
| Balance for Support of Municipal Budget Appropriations | | \$ | 2,481,222.17 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | | <u>468,000.00</u> |
| Amount for Support of Municipal Budget | A-2 | \$ | <u><u>2,949,222.17</u></u> |
| | | | |
| Fees and Permits - Other: | | | |
| Clerk | A-10 | \$ | 125.00 |
| Bulk Trash | A-10 | | 6,095.00 |
| Planning | A-10 | | 1,444.00 |
| Registrar | A-10 | | 370.00 |
| Building Department | A-10 | | 1,080.00 |
| Police | A-10 | | <u>1,519.40</u> |
| | A-2 | \$ | <u><u>10,633.40</u></u> |
| | | | |
| Construction Code Official: | | | |
| Receipts | A-10 | \$ | 17,931.00 |
| Prepaid Applied | A-23 | | <u>51.00</u> |
| | A-2 | \$ | <u><u>17,982.00</u></u> |
| | | | |
| P.I.L.O.T. Revenue: | | | |
| Receipts | A-32 | \$ | 1,016,555.08 |
| | | | |
| Less: | | | |
| Due County - 5% PILOT | A-13 | \$ | 49,811.20 |
| PILOT Administrative Costs | A-2 | | <u>20,331.10</u> |
| | | | 70,142.30 |
| | A-2 | \$ | <u><u>946,412.78</u></u> |

ANALYSIS OF NON-BUDGET REVENUE

| | | | |
|--|-----|----|--------------------------|
| Miscellaneous Revenues Not Anticipated: | | | |
| Interest on Investments and Deposits | | \$ | 2,812.19 |
| Reimbursements of Prior Year Costs | | | 96,262.74 |
| Rent | | | 40,199.70 |
| SC and Veterans' Administrative Costs | | | 753.14 |
| Police Outside Overtime Administrative Costs | | | 3,956.50 |
| Rocky Hill Court Fees | | | 4,380.48 |
| Insurance Reimbursement | | | 118,716.14 |
| Other Licenses | | | 8,572.00 |
| Miscellaneous | | | 1,884.98 |
| Tax Collector | | | <u>6,333.57</u> |
| | A-4 | \$ | 283,871.44 |
| PILOT Administrative Costs | A-2 | | <u>20,331.10</u> |
| | A-2 | \$ | <u><u>304,202.54</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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

| | APPROPRIATIONS | | EXPENDED | | CANCELED |
|---|----------------|---------------------------|-----------------|-----------|----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | | |
| Mayor and Council | | | | | |
| Salaries and Wages | \$ 10,243.00 | \$ 10,243.00 | \$ 10,243.00 | \$ | |
| Other Expenses | 4,500.00 | 5,000.00 | 4,464.96 | 535.04 | |
| Clerk: | | | | | |
| Salaries and Wages | 93,105.00 | 93,102.72 | 93,102.72 | | |
| Other Expenses | 8,500.00 | 16,319.59 | 14,304.80 | 2,014.79 | |
| Elections: | | | | | |
| Salaries and Wages | 1,343.00 | 1,344.24 | 1,344.24 | | |
| Other Expenses | 1,100.00 | 1,061.83 | 1,061.83 | | |
| Financial Administration: | | | | | |
| Salaries and Wages | 47,643.00 | 43,513.95 | 43,513.95 | | |
| Audit | 21,900.00 | 21,900.00 | 21,900.00 | | |
| Miscellaneous | 16,120.00 | 16,120.00 | 15,821.44 | 298.56 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 12,583.00 | 12,582.72 | 12,582.72 | | |
| Other Expenses | 1,500.00 | 1,636.92 | 1,636.91 | 0.01 | |
| Liquidation of Titles and Foreclosed Property | 50.00 | 50.00 | | 50.00 | |
| Collection of Taxes: | | | | | |
| Salaries and Wages | 53,863.00 | 53,838.24 | 53,838.24 | | |
| Other Expenses | 14,928.00 | 14,964.04 | 14,963.59 | 0.45 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 88,000.00 | 69,099.82 | 62,093.69 | 7,006.13 | |
| Municipal Prosecutor: | | | | | |
| Salaries and Wages | 15,000.00 | 15,000.00 | 15,000.00 | | |
| Engineering Services and Costs: | | | | | |
| Other Expenses | 18,000.00 | 21,131.40 | 21,131.39 | 0.01 | |
| Public Buildings and Grounds: | | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | 6,057.92 | 942.08 | |
| Planning Board: | | | | | |
| Salaries and Wages | 6,115.00 | 5,995.44 | 5,995.44 | | |
| Other Expenses | 1,000.00 | 410.95 | 410.95 | | |
| Insurance: | | | | | |
| Group - Employees | 416,634.00 | 424,261.29 | 424,261.28 | 0.01 | |
| Other Insurance | 165,000.00 | 171,596.18 | 170,405.10 | 1,191.08 | |
| Unemployment Compensation Insurance | 8,000.00 | 7,645.37 | 7,645.37 | | |
| Medical and Employee Contracts | 750.00 | 750.00 | 750.00 | | |
| Fire: | | | | | |
| Other Expenses: | | | | | |
| Miscellaneous | 30,000.00 | 30,676.88 | 30,676.82 | 0.06 | |
| Rent | 20,000.00 | 20,000.00 | 20,000.00 | | |
| Bureau of Fire Safety: | | | | | |
| Salaries and Wages | 4,500.00 | 4,694.52 | 4,694.52 | | |
| Other Expenses | 1,500.00 | 954.00 | 954.00 | | |
| Police: | | | | | |
| Salaries and Wages | 1,229,850.00 | 1,246,847.61 | 1,246,847.61 | | |
| Other Expenses | 72,000.00 | 72,000.00 | 69,622.46 | 2,377.54 | |
| Municipal Court | | | | | |
| Salaries and Wages | 135,000.00 | 132,375.80 | 132,375.80 | | |
| Other Expenses | 11,000.00 | 11,000.00 | 10,561.74 | 438.26 | |
| Environmental Commission: | | | | | |
| Other Expenses | 50.00 | | | | |
| First Aid Organization - Other Expenses | 15,000.00 | 15,000.00 | 13,905.52 | 1,094.48 | |
| Emergency Management Services: | | | | | |
| Salaries and Wages | 1,680.00 | 1,677.84 | 1,677.84 | | |
| Other Expenses | 1,500.00 | 1,500.00 | 968.00 | 532.00 | |
| Road Repair and Maintenance: | | | | | |
| Other Expenses | 15,500.00 | 14,868.78 | 13,324.64 | 1,544.14 | |
| Sewer System: | | | | | |
| Other Expenses | 6,500.00 | 6,635.83 | 6,591.25 | 44.58 | |
| Department of Public Works: | | | | | |
| Salaries and Wages | 320,100.00 | 309,982.14 | 309,982.14 | | |
| Other Expenses | 5,500.00 | 7,060.03 | 7,060.02 | 0.01 | |
| 2012 Storm Sandy | | 75,000.00 | 55,073.62 | 19,926.38 | |
| Garbage and Trash: | | | | | |
| Other Expenses | 138,000.00 | 134,500.00 | 131,472.65 | 3,027.35 | |
| Solid Waste Recycling: | | | | | |
| Other Expenses | 44,500.00 | 44,500.00 | 34,343.66 | 10,156.34 | |

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

| | APPROPRIATIONS | | EXPENDED | | CANCELED |
|--|------------------------|---------------------------|------------------------|---------------------|-----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u> | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | \$ 3,745.00 | \$ 3,754.95 | \$ 3,754.95 | \$ | \$ |
| Other Expenses | 50,737.00 | 50,675.49 | 50,675.49 | | |
| Dog Regulations | 10,000.00 | 10,000.00 | 10,000.00 | | |
| Parks and Playgrounds: | | | | | |
| Other Expenses | 9,000.00 | 9,000.00 | 8,887.80 | 112.20 | |
| Board of Recreation Commissioners: | | | | | |
| Salaries and Wages | 9,000.00 | 9,259.70 | 9,259.70 | | |
| Other Expenses-Sports | 6,000.00 | 6,000.00 | 5,842.67 | 157.33 | |
| Other Expenses-Social | 4,500.00 | 3,463.77 | 3,463.77 | | |
| Celebration of Public Events | 1,500.00 | 1,073.77 | 1,073.77 | | |
| Contribution to Senior Citizens Center | 3,850.00 | 3,850.00 | | 3,850.00 | |
| Historical Society | 8,000.00 | 8,000.00 | 7,976.19 | 23.81 | |
| Inspection of Buildings: | | | | | |
| Salaries and Wages | 82,290.00 | 83,970.12 | 83,970.12 | | |
| Other Expenses | 2,500.00 | 1,000.00 | 881.40 | 118.60 | |
| Inspection of Plumbing: | | | | | |
| Salaries and Wages | 5,000.00 | 6,285.00 | 6,285.00 | | |
| Electrical Inspector | | | | | |
| Salaries and Wages | 5,000.00 | | | | |
| Fire Officials: | | | | | |
| Salaries and Wages | 2,951.29 | 2,759.46 | 2,759.46 | | |
| Safety and Health Act | | | | | |
| Other Expenses | 3,500.00 | 3,500.00 | 3,248.00 | 252.00 | |
| Unclassified | | | | | |
| Street Lighting | 97,000.00 | 97,000.00 | 89,598.03 | 7,401.97 | |
| Fire Hydrant Service | 60,000.00 | 53,280.45 | 53,280.45 | | |
| Telephone | 27,000.00 | 27,000.00 | 26,169.00 | 831.00 | |
| Fuel Oil | 52,000.00 | 54,000.00 | 47,180.38 | 6,819.62 | |
| Gas/Electricity | 30,000.00 | 23,999.93 | 19,519.21 | 4,480.72 | |
| Water | 1,600.00 | 2,540.17 | 2,540.16 | 0.01 | |
| <u>TOTAL OPERATIONS WITHIN "CAPS"</u> | <u>\$ 3,540,230.29</u> | <u>\$ 3,604,253.94</u> | <u>\$ 3,529,027.38</u> | <u>\$ 75,226.56</u> | <u>\$</u> |
| <u>CONTINGENT</u> | <u>1,000.00</u> | <u>1,000.00</u> | <u>425.85</u> | <u>574.15</u> | |
| <u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u> | <u>\$ 3,541,230.29</u> | <u>\$ 3,605,253.94</u> | <u>\$ 3,529,453.23</u> | <u>\$ 75,800.71</u> | <u>\$</u> |
| <u>DEFERRED CHARGES & STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u> | | | | | |
| <u>Deferred Charges:</u> | | | | | |
| Deficit- Animal Control | \$ 164.75 | \$ 164.75 | \$ 164.75 | \$ | \$ |
| <u>Statutory Expenditures</u> | | | | | |
| Prior Years Bills | 47,101.95 | 60,295.04 | 60,295.04 | | |
| Police and Firemen's Retirement System of N.J. | 283,546.00 | 283,546.00 | 283,546.00 | | |
| Public Employees Retirement System of N.J. | 88,228.00 | 88,228.00 | 88,228.00 | | |
| Social Security System (O.A.S.I.) | 170,000.00 | 161,892.50 | 161,892.50 | | |
| <u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u> | <u>\$ 589,040.70</u> | <u>\$ 594,126.29</u> | <u>\$ 594,126.29</u> | <u>\$</u> | <u>\$</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u> | <u>\$ 4,130,270.99</u> | <u>\$ 4,199,380.23</u> | <u>\$ 4,123,579.52</u> | <u>\$ 75,800.71</u> | <u>\$</u> |
| <u>OPERATIONS-EXCLUDED FROM "CAPS"</u> | | | | | |
| Sewerage Authority-Share of Costs | \$ 635,000.00 | \$ 635,000.00 | \$ 631,851.53 | \$ 3,148.47 | \$ |
| Length of Service Award Program (LOSAP) | 17,000.00 | 18,000.00 | 18,000.00 | | |
| Insurance: | | | | | |
| Group Employees | 23,366.00 | 23,366.00 | 23,366.00 | | |
| Interlocal Municipal Service Agreements | | | | | |
| Police Services - Rocky Hill: | | | | | |
| Salaries and Wages | 46,000.00 | 46,000.00 | 46,000.00 | | |

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

| | APPROPRIATIONS | | EXPENDED | | |
|---|------------------------|------------------------------|------------------------|---------------------|-----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | CANCELED |
| <u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES</u> | | | | | |
| Somerset County Youth Service Program (N.J.S.A. 40A: 4-87 +\$10,000.00) | \$ 9,500.00 | \$ 19,500.00 | \$ 19,500.00 | \$ | \$ |
| Clean Communities Program (N.J.S.A. 40A: 4-87 +\$6,143.93) | 6,243.97 | 12,387.90 | 12,387.90 | | |
| Body Armor Replacement Fund (N.J.S.A. 40A: 4-87 +\$1,550.79) | 1,522.49 | 3,073.28 | 3,073.28 | | |
| Recycling Tonnage Grant (N.J.S.A. 40A: 4-87 +\$3,501.63) | 3,279.97 | 6,781.60 | 6,781.60 | | |
| Drunk Driving Enforcement Fund (N.J.S.A. 40A: 4-87 +\$7,100.89) | 5,783.33 | 12,884.22 | 12,884.22 | | |
| Alcohol Education and Rehabilitation Fund (N.J.S.A. 40A: 4-87 +\$3,453.63) | 3,020.34 | 6,473.97 | 6,473.97 | | |
| Municipal Alliance - County | 15,123.00 | 15,123.00 | 15,123.00 | | |
| Municipal Alliance - Local Match | 3,780.75 | 3,780.75 | 3,780.75 | | |
| <u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u> | <u>\$ 769,619.85</u> | <u>\$ 802,370.72</u> | <u>\$ 799,222.25</u> | <u>\$ 3,148.47</u> | <u>\$</u> |
| <u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u> | | | | | |
| Capital Improvement Fund | \$ 500.00 | \$ 500.00 | \$ 500.00 | | |
| <u>TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u> | <u>\$ 500.00</u> | <u>\$ 500.00</u> | <u>\$ 500.00</u> | | |
| <u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Principal | \$ 125,000.00 | \$ 125,000.00 | \$ 125,000.00 | | |
| Interest on Bonds | 62,000.00 | 66,244.00 | 66,244.00 | | |
| Somerset County Improvement Authority | 86,000.00 | 86,646.76 | 86,646.76 | | |
| <u>TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u> | <u>\$ 273,000.00</u> | <u>\$ 277,890.76</u> | <u>\$ 277,890.76</u> | | |
| <u>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</u> | | | | | |
| Special Emergency Authorization - 5 Years (N.J.S.A. 40A:4-55) | \$ 10,000.00 | \$ 10,000.00 | \$ 10,000.00 | | |
| Emergency Authorizations | 34,530.31 | 34,530.31 | 34,530.31 | | |
| <u>TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</u> | <u>\$ 44,530.31</u> | <u>\$ 44,530.31</u> | <u>\$ 44,530.31</u> | | |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u> | <u>\$ 1,087,650.16</u> | <u>\$ 1,125,291.79</u> | <u>\$ 1,122,143.32</u> | <u>\$ 3,148.47</u> | <u>\$</u> |
| <u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u> | <u>\$ 5,217,921.15</u> | <u>\$ 5,324,672.02</u> | <u>\$ 5,245,722.84</u> | <u>\$ 78,949.18</u> | <u>\$</u> |
| | <u>468,000.00</u> | <u>468,000.00</u> | <u>468,000.00</u> | | |
| <u>TOTAL GENERAL APPROPRIATIONS</u> | <u>\$ 5,685,921.15</u> | <u>\$ 5,792,672.02</u> | <u>\$ 5,713,722.84</u> | <u>\$ 78,949.18</u> | <u>\$</u> |
| <u>REF.</u> | <u>A-2:A-3</u> | | <u>A-1</u> | <u>A:A-1</u> | |
| Budget | A-3 | \$ 5,685,921.15 | | | |
| N.J.S.A. 40A:4-54 | A-36 | 75,000.00 | | | |
| Appropriation by 40A:4-87 | A-2 | 31,750.87 | | | |
| | | <u>\$ 5,792,672.02</u> | | | |
| Disbursements | A-4 | | \$ 5,102,272.42 | | |
| Deferred Charges | A-36 | | 44,530.31 | | |
| Accounts Payable | A-20 | | 27,335.93 | | |
| Reserve for Grants Appropriated | A-25 | | 80,004.72 | | |
| Reserve for Uncollected Taxes | A-2 | | 468,000.00 | | |
| | | | <u>\$ 5,722,143.38</u> | | |
| Less Refunds | A-4 | | 8,420.54 | | |
| | | | <u>\$ 5,713,722.84</u> | | |

TRUST FUND

"B"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

| <u>A S S E T S</u> | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2012</u> | <u>BALANCE DECEMBER 31, 2011</u> |
|--|-------------|--|--|
| Assessment Fund: | | | |
| Cash | B-2:B-3 | \$ 1,853.61 | \$ 1,853.61 |
| Prospective Assessments Funded | B-6 | 22,802.50 | 22,802.50 |
| | | <u>\$ 24,656.11</u> | <u>\$ 24,656.11</u> |
| Animal Control Trust Fund: | | | |
| Cash | B-2 | \$ 6,926.79 | \$ 10,361.18 |
| Deficit in Animal Control Expenditures | B-9 | 3,625.00 | 173.75 |
| | | <u>\$ 10,551.79</u> | <u>\$ 10,534.93</u> |
| Other Funds: | | | |
| Cash | B-2 | \$ 408,900.97 | \$ 70,479.42 |
| Due From County of Somerset: | | | |
| Community Development Block Grants | B-12 | 30,246.33 | 44,755.00 |
| Due From Vendors - Police Outside Services | B-5 | 3,956.50 | |
| Due Grant Fund | B-17 | | 260,000.00 |
| | | <u>\$ 443,103.80</u> | <u>\$ 375,234.42</u> |
| | | <u>\$ 478,311.70</u> | <u>\$ 410,425.46</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Assessment Fund: | | | |
| Reserve for Assessments | B-7 | \$ 22,802.50 | \$ 22,802.50 |
| Fund Balance | B-1 | 1,853.61 | 1,853.61 |
| | | <u>\$ 24,656.11</u> | <u>\$ 24,656.11</u> |
| Animal Control Trust Fund: | | | |
| Due Current Fund | B-11 | \$ 10,546.39 | \$ 10,525.93 |
| Due State of New Jersey | B-10 | 5.40 | 9.00 |
| | | <u>\$ 10,551.79</u> | <u>\$ 10,534.93</u> |
| Other Funds: | | | |
| Reserve for Community Development Block Grants | B-13 | \$ 30,246.33 | \$ 44,755.00 |
| Reserve for Various Deposits | B-14 | 131,034.10 | 119,737.96 |
| Reserve for Escrow Deposits | B-16 | 163,656.75 | 170,451.35 |
| Reserve for COAH Deposits | B-4 | 22,704.68 | 22,704.68 |
| Reserve for Law Enforcement Trust Fund | B-5 | 64.57 | 3,332.66 |
| Due Current Fund | B-8 | 95,397.37 | 14,252.77 |
| | | <u>\$ 443,103.80</u> | <u>\$ 375,234.42</u> |
| | | <u>\$ 478,311.70</u> | <u>\$ 410,425.46</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

STATEMENT OF FUND BALANCE -
ASSESSMENT TRUST FUND-REGULATORY BASIS

| | <u>REF.</u> | |
|---|-------------|---------------------------|
| Balance, December 31, 2011 and December 31, 2012 | B | \$ <u><u>1,853.61</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL CAPITAL FUND

BOROUGH OF SOUTH BOUND BROOKGENERAL CAPITAL FUNDBALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u> |
|---|-------------|--|--|
| <u>ASSETS</u> | | | |
| Cash | C-2:C-3 | \$ 256,172.27 | \$ (52.47) |
| Deferred Charges to Future Taxation-Unfunded | C-5 | 1,887,007.43 | 940,507.43 |
| Deferred Charges to Future Taxation-Funded | C-4 | 2,337,000.00 | 2,462,000.00 |
| Due Current Fund | C-6 | 133,212.72 | 103.91 |
| Grants Receivable | C-13 | 533,518.62 | 459,791.49 |
| | | \$ 5,146,911.04 | \$ 3,862,350.36 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Capital Improvement Fund | C-7 | \$ 82,594.73 | \$ 130,594.73 |
| Improvement Authorizations: | | | |
| Funded | C-8 | 553,960.94 | 447,008.44 |
| Unfunded | C-8 | 1,112,068.76 | 637,393.49 |
| Reserve for Redevelopment | C-9 | | 726.31 |
| Contracts Payable | C-10 | 387,680.06 | 46,695.62 |
| General Serial Bonds Payable | C-12 | 2,337,000.00 | 2,462,000.00 |
| Bond Anticipation Notes Payable | C-14 | 642,500.00 | |
| Due Grant Fund | C-11 | | 73,000.00 |
| Fund Balance | C-1 | 31,106.55 | 64,931.77 |
| | | \$ 5,146,911.04 | \$ 3,862,350.36 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

| | <u>REF.</u> | | |
|------------------------------------|-------------|---------------|----------------------------|
| Balance, December 31, 2011 | C | | \$ 64,931.77 |
| Increased by: | | | |
| Improvement Authorization Canceled | C-8 | \$ 3,748.47 | |
| Reserve for Redevelopment Canceled | C-9 | <u>726.31</u> | |
| | | | <u>4,474.78</u> |
| | | | \$ 69,406.55 |
| Decreased by: | | | |
| Improvement Authorizations | C-8 | | <u>38,300.00</u> |
| Balance, December 31, 2012 | C | | \$ <u><u>31,106.55</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SOUTH BOUND BROOK

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of South Bound Brook is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

The financial statements of the Borough of South Bound Brook include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of South Bound Brook, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of South Bound Brook do not include the operations of the Board of Education, inasmuch as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of South Bound Brook 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. 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 financial transactions and accounts of the Borough of South Bound Brook are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set for self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal, State and local grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group - Utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Grants are realized as revenue when anticipated in the Borough's budget. 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 the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets – N.J.A.C. 5:30-5.6 Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. Basic Financial Statements

The GASB codification also defines the financial statements of governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements, schedules and statistical data listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank 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.

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of South Bound Brook had the following cash and cash equivalents at December 31, 2012:

| | <u>Change Fund</u> | <u>Cash in Bank</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reconciled Balance</u> |
|----------------------|--------------------|-----------------------|-------------------|---------------------|---------------------------|
| Current Fund | \$450.00 | \$1,220,237.16 | \$4,649.53 | \$80,087.97 | \$1,144,798.72 |
| Assessment Fund | | 1,853.61 | | | 1,853.61 |
| Animal Control Fund | | 7,366.79 | | 440.00 | 6,926.79 |
| Trust Other Fund | | 423,461.60 | 120.00 | 14,680.63 | 408,900.97 |
| General Capital Fund | | 268,781.15 | \$20.00 | 12,628.88 | 256,172.27 |
| | <u>\$450.00</u> | <u>\$1,921,700.31</u> | <u>\$4,789.53</u> | <u>\$107,837.48</u> | <u>\$1,818,652.36</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 Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2012, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000.00 was covered by Federal Depository Insurance and \$1,671,700.31 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of South Bound Brook's investment activities during the year were in accordance with the above New Jersey Statute.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)

| | <u>YEAR 2012</u> | <u>YEAR 2011</u> | <u>YEAR 2010</u> |
|--|-----------------------|-----------------------|-----------------------|
| Issued: | | | |
| Bonds and Notes | \$2,979,500.00 | \$2,462,000.00 | \$2,572,000.00 |
| Authorized But Not Issued: | | | |
| General: | | | |
| Bonds and Notes | <u>1,244,507.43</u> | <u>940,507.43</u> | <u>764,107.43</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$4,224,007.43</u> | <u>\$3,402,507.43</u> | <u>\$3,336,107.43</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 1.304%.

| | <u>GROSS DEBT</u> | <u>DEDUCTIONS</u> | <u>NET DEBT</u> |
|----------------------|-----------------------|-----------------------|-----------------------|
| General Debt | \$4,224,007.43 | | \$4,224,007.43 |
| School District Debt | <u>2,690,000.00</u> | <u>\$2,690,000.00</u> | |
| TOTAL | <u>\$6,914,007.43</u> | <u>\$2,690,000.00</u> | <u>\$4,224,007.43</u> |

NET DEBT \$4,224,007.43 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2 AS AMENDED \$323,809,753.67 EQUALS 1.304%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

| | |
|---|-------------------------|
| Equalized Valuation Basis - December 31, 2012 | <u>\$323,809,753.67</u> |
| 3-1/2% of Equalized Valuation Basis | \$11,333,341.38 |
| Net Debt | <u>4,224,007.43</u> |
| Remaining Borrowing Power | <u>\$7,109,333.95</u> |

*Equalized Valuation Basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

LONG-TERM DEBT:

General Serial Bonds:

\$2,572,000.00 General Improvement Bonds of 2010 due in annual installments of \$110,000.00 to \$220,000.00 through 2024 at a variable interest rate \$2,337,000.00

Bond Anticipation Notes:

\$642,500.00 Bond Anticipation Note in the General Capital Fund, issued 12/19/12 and maturing 12/19/13, at an interest rate of 1.05%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2012

| CALENDAR YEAR | GENERAL | | TOTAL |
|------------------|------------------------|----------------------|------------------------|
| | PRINCIPAL | INTEREST | |
| 2013 | \$ 135,000.00 | \$ 63,744.00 | \$ 198,744.00 |
| 2014 | 150,000.00 | 61,044.00 | 211,044.00 |
| 2015 | 160,000.00 | 58,044.00 | 218,044.00 |
| 2016 | 175,000.00 | 54,044.00 | 229,044.00 |
| 2017 | 190,000.00 | 49,669.00 | 239,669.00 |
| 2018 | 210,000.00 | 44,919.00 | 254,919.00 |
| 2019 | 220,000.00 | 39,669.00 | 259,669.00 |
| 2020 | 220,000.00 | 33,619.00 | 253,619.00 |
| 2021 | 220,000.00 | 27,019.00 | 247,019.00 |
| 2022 | 220,000.00 | 20,419.00 | 240,419.00 |
| 2023 | 220,000.00 | 13,819.00 | 233,819.00 |
| 2024 | 217,000.00 | 6,944.00 | 223,944.00 |
| | <u>\$ 2,337,000.00</u> | <u>\$ 472,953.00</u> | <u>\$ 2,809,953.00</u> |

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 are as follows:

Current Fund \$485,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the county and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

| | BALANCE DECEMBER <u>31, 2012</u> | BALANCE DECEMBER <u>31, 2011</u> |
|---------------|--|--|
| Prepaid Taxes | <u>\$6,453.51</u> | <u>\$12,876.94</u> |

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and Defined Contribution Retirement Program (DCRP). The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the cost are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$371,774.00 for 2012, \$393,883.00 for 2011 and \$338,955.00 for 2010. The Borough had no employees in DCRP in 2012, 2011 or 2010.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers, which may be taken as time off, or paid at a later date, at an agreed upon rate. A reasonable estimate of such unpaid compensation is not readily available from the Borough but is probably material. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2012.

NOTE 8: LITIGATION, CLAIMS AND JUDGMENTS

There are several pending lawsuits in which the Borough is involved. The Borough attorney estimates that the potential claims against the Borough, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for 2012 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. At December 31, 2012, the Borough had a reserve of \$31,945.97.

NOTE 12: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plans are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Public Employees Benefit Service Corporation (PEBSCO) and Variable Life Insurance Company (VALIC).

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2009, the Borough of South Bound Brook adopted an ordinance establishing a Length of Service Awards Program for the members of the South Bound Brook Fire Department and the South Bound Brook First Aid/Rescue Squad pursuant to N.J.S.A. 40A:14-183 *et seq.* in accordance with Chapter 388 of the Laws of the 1997 Internal Revenue Code.

Under this program, each volunteer of the South Bound Brook Fire Department and First Aid/Rescue Squad that performs the minimum amount of service will have an annual minimum amount of \$350.00 to a maximum amount of \$1,000.00 deposited into a tax deferred income account that will earn interest for the volunteer. These amounts will be subject to periodic increases as permitted pursuant to subsection f section 3 of P.L. 1997, c.388. The Borough's costs amounted to \$18,000.00 in 2012, \$17,000.00 in 2011 and \$20,000.00 in 2010.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2012:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|----------------------|----------------------------------|-------------------------------|
| Current Fund | \$ 105,643.76 | \$ 382,384.41 |
| Grant Fund | 249,171.69 | |
| Animal Control Fund | | 10,546.39 |
| Trust Other Fund | | 95,397.37 |
| General Capital Fund | <u>133,212.72</u> | |
| | <u>\$ 488,028.17</u> | <u>\$ 488,328.17</u> |

All Interfund balances resulted from the time lag between the dates that payments between funds are made.

NOTE 15: GASB 45 – OTHER POST-RETIREMENT BENEFITS (UNAUDITED)

The Borough provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements. Commencing with the year ending December 31, 2008 the above noted post employment benefits require the Borough to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Government Accounting Standard Board (GASB) requires the Township to disclose in the notes of the financial statements the future cost of the other post employment benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Borough has contractually agreed to provide employees once they have retired.

The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material. Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets.

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown:

| | Balance December <u>31, 2012</u> | Raised in <u>2013 Budget</u> | Balance Deferred to Succeeding <u>Years</u> |
|-------------------------|--|---------------------------------|--|
| Current Fund: | | | |
| Emergency Appropriation | | | |
| - N.J.S.A. 40A:4-53 | \$40,000.00 | \$40,000.00 | |
| - N.J.S.A. 40A:4-48 | | | |
| - N.J.S.A. 40A:4-54 | 75,000.00 | 70,000.00 | \$ 5,000.00 |
| Animal Control Fund: | | | |
| Deficit in Expenditures | <u>3,625.00</u> | <u>3,620.40</u> | <u>4.60</u> |
| | <u>\$118,625.00</u> | <u>\$113,620.40</u> | <u>\$5,004.60</u> |

The appropriations in the 2013 Budget are not less than that required by statute.

NOTE 17: LEASE PURCHASES

During the 2007, the Borough entered into an agreement with the Somerset County Improvement Authority to lease purchase various capital projects for \$469,650.00. The projects to be funded include the purchase of a fire pumper and equipment. In accordance with the lease agreement, the Borough will be obligated to make the following remaining principal and interest payments:

| <u>PAYMENT DATE</u> | <u>PRINCIPAL COMPONENT</u> | <u>INTEREST COMPONENT</u> | <u>TOTAL PAYMENT</u> |
|-------------------------|--------------------------------|-------------------------------|--------------------------|
| 8/1/2013 | \$47,712.12 | \$11,490.26 | \$59,202.38 |
| 8/1/2014 | 49,816.22 | 9,386.16 | 59,202.38 |
| 8/1/2015 | 52,013.12 | 7,189.26 | 59,202.38 |
| 8/1/2016 | 54,306.90 | 4,895.48 | 59,202.38 |
| 8/1/2017 | <u>56,701.83</u> | <u>2,500.55</u> | <u>59,202.38</u> |
| | <u>\$260,550.19</u> | <u>\$35,461.71</u> | <u>\$296,011.90</u> |

During the 2008, the Borough entered into an agreement with the Somerset County Improvement Authority to lease purchase various capital projects for \$60,027.33. The projects to be funded include the purchase of a public worker dump truck. In accordance with the lease agreement, the Borough will be obligated to make the following remaining principal and interest payments:

| <u>PAYMENT NUMBER</u> | <u>PAYMENT DATE</u> | <u>PRINCIPAL COMPONENT</u> | <u>INTEREST COMPONENT</u> | <u>TOTAL PAYMENT</u> |
|---------------------------|-------------------------|--------------------------------|-------------------------------|--------------------------|
| 5 | 9/15/2013 | <u>\$25,009.72</u> | <u>\$1,055.24</u> | <u>\$26,064.96</u> |

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BOROUGH OF SOUTH BOUND BROOK
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2012

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF CURRENT CASH-COLLECTOR-TREASURER

| | REF. | CURRENT FUND | GRANT FUND |
|---|------|------------------------|-------------------|
| Balance, December 31, 2011 | A | \$ 730,147.61 | \$ |
| Increased by Receipts: | | | |
| State of New Jersey Senior Citizens' Deductions | A-7 | \$ 37,656.85 | \$ |
| 2012 Appropriation Refunds | A-3 | 8,420.54 | |
| Grants Receivable | A-11 | | 472,048.73 |
| Taxes Receivable | A-8 | 9,429,081.19 | |
| Tax Overpayments | A-15 | 9,895.10 | |
| Prepaid Taxes | A-16 | 6,453.51 | |
| PILOT Overpayments | A-30 | 3,705.01 | |
| Sewer Overpayments | A-31 | 754.10 | |
| PILOT Receivables | A-32 | 1,016,555.08 | |
| Sewer Rents Receivable | A-33 | 611,066.64 | |
| Reserve for Prepaid PILOT | A-34 | 4,224.23 | |
| Reserve for Prepaid Sewer Rents | A-35 | 1,668.67 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 283,871.44 | |
| Revenue Accounts Receivable | A-10 | 720,085.62 | |
| Petty Cash | A-6 | 300.00 | |
| Reserve for Sale of Municipal Assets | A-19 | 1,866.00 | |
| Interfunds | A-22 | 1,333,849.71 | |
| Due Current Fund | A-29 | | 260,000.00 |
| Due General Capital Fund | A-24 | | 73,000.00 |
| Reserve for Grants - Appropriated | A-25 | | 11,150.18 |
| | | <u>13,469,453.69</u> | <u>816,198.91</u> |
| | | \$ 14,199,601.30 | \$ 816,198.91 |
| Decreased by Disbursements: | | | |
| 2012 Appropriations | A-3 | \$ 5,102,272.42 | \$ |
| 2011 Appropriation Reserves | A-14 | 51,745.34 | |
| Local District School Tax | A-18 | 5,643,643.00 | |
| County Taxes | A-17 | 1,208,994.56 | |
| Petty Cash | A-6 | 300.00 | |
| Refund of PILOT Overpayments | A-30 | 5,716.61 | |
| Refund of Sewer Overpayments | A-31 | 123.96 | |
| Reserve for Tax Appeals | A-12 | 2,204.30 | |
| Accounts Payable | A-20 | 4,566.38 | |
| Tax Overpayments | A-15 | 3,070.27 | |
| Interfunds | A-22 | 1,032,166.44 | |
| Due Trust Other Fund | A-28 | | 260,000.00 |
| Due Current Fund | A-29 | | 509,689.52 |
| Reserve for Grants - Appropriated | A-25 | | 46,509.39 |
| | | <u>13,054,803.28</u> | <u>816,198.91</u> |
| Balance, December 31, 2012 | A | \$ <u>1,144,798.02</u> | \$ <u>-0-</u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2011
and December 31, 2012

A

\$ 450.00

ANALYSIS OF BALANCE

Tax Collector
Municipal Court
Administration

\$ 200.00
200.00
50.00

\$ 450.00

SCHEDULE OF PETTY CASH

DISBURSEMENTS

RECEIPTS

Finance Department

\$ 300.00

\$ 300.00

REF.

A-4

A-4

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20, P.L. 1971

| | <u>REF.</u> | | |
|--|-------------|----|-------------------------|
| Balance, December 31, 2011 (Due From) | A | \$ | 35,968.37 |
| Increased by: | | | |
| Senior Citizens and Veterans Deductions Allowed: | | | |
| Per Tax Billings | | \$ | 37,750.00 |
| Per Tax Collector | | | 1,000.00 |
| | A-7 | | <u>38,750.00</u> |
| | | \$ | <u>74,718.37</u> |
| Decreased by: | | | |
| Senior Citizens and Veterans Deductions | | | |
| Disallowed by Tax Collector: | | | |
| 2012 Taxes | A-7 | \$ | 1,739.01 |
| Received in Cash From State | A-4 | | <u>37,656.85</u> |
| | | | <u>39,395.86</u> |
| Balance, December 31, 2012 (Due From) | A | \$ | <u><u>35,322.51</u></u> |

CALCULATION OF "STATE'S-SHARE"-2012
SENIOR CITIZENS AND VETERANS DEDUCTION ALLOWED

| | | | |
|--|-----|----|-------------------------|
| Deductions per Tax Billings: | | | |
| Senior Citizens | | \$ | 8,250.00 |
| Veterans | | | 29,500.00 |
| Senior Citizen's Deductions Allowed by Collector | | | 250.00 |
| Veterans Deductions Allowed by Collector | | | <u>750.00</u> |
| | A-7 | \$ | 38,750.00 |
| Less: Disallowed by Collector | A-7 | | <u>1,739.01</u> |
| | A-8 | \$ | <u><u>37,010.99</u></u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE DECEMBER 31, 2011 | ADDED TAXES | 2012 LEVY | COLLECTION BY CASH | | CANCELED | OVERPAYMENTS APPLIED | TRANSFER TO TAX TITLE LIENS | BALANCE DECEMBER 31, 2012 |
|-------|---------------------------------|----------------|-----------------|--------------------|-----------------|--------------|-------------------------|--------------------------------|---------------------------------|
| | | | | 2011 | 2012 | | | | |
| Prior | \$ 152,210.92 | \$ 11,359.78 | \$ 9,707,452.57 | \$ 12,876.94 | \$ 145,109.39 | \$ 12,741.98 | \$ 5,719.33 | \$ 21,138.39 | \$ 278,503.99 |
| 2012 | \$ 152,210.92 | \$ 11,359.78 | \$ 9,707,452.57 | \$ 12,876.94 | \$ 9,466,092.18 | \$ 86,692.44 | \$ 5,719.33 | \$ 21,138.39 | \$ 278,503.99 |
| REF. | A | | | A-2,A-16 | A-2 | | A-2,A-15 | A-9 | A |

| | REF. | |
|---|------|------------------------|
| Collector-Treasurer | A-4 | \$ 9,429,081.19 |
| Due from State of New Jersey Per Chapter 20 P.L. 1971 | A-7 | 37,010.99 |
| | | <u>\$ 9,466,092.18</u> |

ANALYSIS OF 2012 PROPERTY TAX LEVY

TAX YIELD

| | |
|---------------------------------|---------------------|
| General Purpose Tax: | |
| Added Taxes (54:4-63.1 et.seq.) | \$ 2,274.48 |
| General Purpose Tax | <u>9,705,178.09</u> |

TOTAL

\$ 9,707,452.57

TAX LEVY

| | | |
|---|------|------------------------|
| Local District School Tax (Abstract) | A-18 | \$ 5,643,643.00 |
| County Taxes: | | |
| County Tax - Regular (Abstract) | | \$ 968,940.64 |
| County Tax - Library (Abstract) | | 140,801.72 |
| County Tax - Open Space (Abstract) | | 99,205.41 |
| County Tax Added | | <u>46.79</u> |
| | A-17 | 1,208,994.56 |
| Local Tax for Municipal Purposes (Abstract) | A-2 | \$ 2,850,427.05 |
| Add: Additional Tax Levied | | <u>4,387.96</u> |
| Local Tax for Municipal Purposes Levied | | <u>2,854,815.01</u> |
| | | <u>\$ 9,707,452.57</u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

| | <u>REF.</u> | | |
|--------------------------------|-------------|-----------------|---------------------|
| Balance, December 31, 2011 | A | | \$ 50,054.85 |
| Increased by: | | | |
| Taxes Receivable | A-8 | \$ 21,138.39 | |
| Interest and Costs on Tax Sale | | <u>4,259.33</u> | |
| | | | <u>25,397.72</u> |
| Balance, December 31, 2012 | A | | \$ <u>75,452.57</u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2011</u> | <u>ACCRUED IN 2012</u> | <u>COLLECTED BY COLLECTOR/ TREASURER</u> | <u>BALANCE DECEMBER 31, 2012</u> |
|--|-------------|--|----------------------------|--|--|
| Clerk: | | | | | |
| Alcoholic Beverage License | A-2 | \$ | \$ 8,000.00 | \$ 8,000.00 | \$ |
| Fees and Permits | A-2 | | 125.00 | 125.00 | |
| Bulk Disposal Fees | A-2 | | 6,095.00 | 6,095.00 | |
| Registrar: | | | | | |
| Fees and Permits | A-2 | | 370.00 | 370.00 | |
| Police: | | | | | |
| Fees and Permits | A-2 | | 1,519.40 | 1,519.40 | |
| Planning: | | | | | |
| Fees and Permits | A-2 | | 1,444.00 | 1,444.00 | |
| Construction Code: | | | | | |
| Fees and Permits | A-2 | | 1,080.00 | 1,080.00 | |
| Municipal Court - Fines and Costs | A-2 | 9,673.38 | 129,794.44 | 130,657.97 | 8,809.85 |
| Interest and Costs on Taxes | A-2 | | 35,309.22 | 35,309.22 | |
| Consolidated Municipal Property Tax Relief Aid | A-2 | | 54,962.00 | 54,962.00 | |
| Energy Receipt Taxes | A-2 | | 364,332.00 | 364,332.00 | |
| Uniform Construction Code Fees | A-2 | | 17,931.00 | 17,931.00 | |
| Police Services - Rocky Hill | A-2 | | 38,632.62 | 38,632.62 | |
| Uniform Fire Safety Act | A-2 | | 3,449.55 | 3,449.55 | |
| Cable T.V. Franchise Fee | A-2 | | 33,301.00 | 33,301.00 | |
| Verizon Franchise Fee | A-2 | | 17,726.86 | 17,726.86 | |
| State of NJ Division of Motor Vehicles | A-2 | | 5,150.00 | 5,150.00 | |
| | | <u>\$ 9,673.38</u> | <u>\$ 719,222.09</u> | <u>\$ 720,085.62</u> | <u>\$ 8,809.85</u> |
| <u>REF.</u> | | A | | A-4 | A |

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

| | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u> | <u>ACCRUED</u> | <u>RECEIPTS</u> | <u>UNAPPROPRIATED</u> <u>APPLIED</u> | <u>CANCELED</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u> |
|--|--|---------------------|----------------------|---|--------------------|--|
| Drunk Driving Enforcement Fund | \$ | \$ 12,884.22 | \$ 7,100.89 | \$ 5,783.33 | \$ | \$ |
| Clean Communities Program | | 12,387.90 | 6,143.93 | 6,243.97 | | |
| Body Armor Replacement Fund | | 3,073.28 | 1,550.79 | 1,522.49 | | |
| Municipal Alliance on Alcohol and Drug Abuse | 2,469.50 | 15,123.00 | 15,959.64 | | | 1,632.86 |
| Youth Services Program - 2012 | | 19,500.00 | 5,000.00 | 9,500.00 | 5,000.00 | |
| Economic Development Incentive Program | 18,921.66 | | | | | 18,921.66 |
| Alcohol Education Rehabilitation Fund | | 6,473.97 | 3,453.63 | 3,020.34 | | |
| Youth Athletic and Recreation Facility | 29,805.47 | | 28,069.68 | | 1,735.79 | |
| Hazardous Discharge - SBB Auto Body | 26,030.00 | | | | | 26,030.00 |
| Hazardous Discharge - GAF Corp. | 13,008.00 | | | | | 13,008.00 |
| Main Street Revitalization | 1,041.30 | | | | 1,041.30 | |
| N.J. Historic Trust Grant - Staats House Restoration | 339,898.00 | | 339,898.00 | | | |
| Historic Preservation Grant (Staats) | 42,780.54 | | 42,780.54 | | | |
| Country Smokehouse/ Corn Crib | 87,820.00 | | 18,590.00 | | | 69,230.00 |
| Recycling Tonnage | | 6,781.60 | 3,501.63 | 3,279.97 | | |
| Interlocal Service/ Master Plan | 18,250.00 | | | | | 18,250.00 |
| NJ EDA Allied/Stamile | 20,746.00 | | | | | 20,746.00 |
| | <u>\$ 600,770.47</u> | <u>\$ 76,223.97</u> | <u>\$ 472,048.73</u> | <u>\$ 29,350.10</u> | <u>\$ 7,777.09</u> | <u>\$ 167,818.52</u> |
| <u>REF.</u> | A | A-2 | A-4 | A-26 | A-1 | A |

"A-12"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2011 | A | \$ 34,150.27 |
| Decreased by: | | |
| Disbursements | A-4 | <u>2,204.30</u> |
| Balance, December 31, 2012 | A | <u>\$ 31,945.97</u> |

"A-13"

SCHEDULE OF RESERVE FOR 5% P.I.L.O.T. - DUE COUNTY

| | | |
|----------------------------|-----|---------------------|
| Balance, December 31, 2011 | A | \$ 48,331.16 |
| Increased by: | | |
| Collections Applied | A-2 | <u>49,811.20</u> |
| Balance, December 31, 2012 | A | <u>\$ 98,142.36</u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2011 | MODIFIED BALANCE | PAID OR CHARGED | BALANCE LAPSED |
|--|---------------------------------|---------------------|---------------------|--------------------|
| Salaries and Wages: | | | | |
| Emergency Management Services | \$ 2.16 | \$ 2.16 | \$ | \$ 2.16 |
| Fire Official | 0.01 | 0.01 | | 0.01 |
| Police | | 585.00 | 585.00 | |
| Other Expenses: | | | | |
| Clerk | | 1,360.00 | 1,210.26 | 149.74 |
| Financial Administration - Miscellaneous | 100.01 | 188.41 | 188.41 | |
| Collection of Taxes | | 100.00 | 100.00 | |
| Legal Services and Costs | 109.56 | 109.56 | 109.56 | |
| Engineering Services and Costs | 39.67 | 39.67 | 15.68 | 23.99 |
| Group Insurance for Employees | 87.21 | 87.21 | | 87.21 |
| Fire - Miscellaneous and Rent | 234.90 | 4,919.43 | 4,902.47 | 16.96 |
| Police | 168.05 | 2,810.63 | 2,235.14 | 575.49 |
| Municipal Court | 78.83 | 536.33 | 457.50 | 78.83 |
| First Aid Organization And Maintenance Costs | 74.61 | 4,074.61 | 3,448.54 | 626.07 |
| Emergency Management Services | | 1,235.08 | 1,169.08 | 66.00 |
| Road Repair and Maintenance | 9.68 | 1,626.24 | 482.17 | 1,144.07 |
| Sewer System | | 961.19 | 961.19 | |
| Department of Public Works | 435.94 | 435.94 | 200.00 | 235.94 |
| Garbage and Trash | 84.88 | 84.88 | | 84.88 |
| Solid Waste Recycling | 504.09 | 2,384.09 | 672.09 | 1,712.00 |
| Board of Health | 246.71 | 246.71 | | 246.71 |
| Parks and Playgrounds | 155.65 | 155.65 | | 155.65 |
| Contribution to Senior Citizens Center | 3,850.00 | 3,850.00 | 3,850.00 | |
| Board of Recreation Commissioners: Sports | 724.08 | 2,482.08 | 1,893.10 | 588.98 |
| Historical Society | | 3,547.28 | 3,525.00 | 22.28 |
| Building Inspector | | 473.60 | 473.60 | |
| Safety and Health Act | 190.00 | 190.00 | | 190.00 |
| Fire Hydrant Service | 791.18 | 791.18 | 791.18 | |
| Telephone | 855.72 | 855.72 | 855.72 | |
| Fuel Oil | 3,627.25 | 3,627.25 | 3,627.25 | |
| Water | 20.00 | 20.00 | | 20.00 |
| Contingent | 1,000.00 | 1,000.00 | | 1,000.00 |
| Sewerage Authority - Share of Costs | 63.95 | 63.95 | | 63.95 |
| Hurricane Irene - Flood Expenses | 306.90 | 23,878.90 | 23,878.90 | |
| Length of Service Program | 2,867.61 | 2,867.61 | | 2,867.61 |
| | <u>\$ 16,628.65</u> | <u>\$ 65,590.37</u> | <u>\$ 55,631.84</u> | <u>\$ 9,958.53</u> |
| REF. | A:A-14 | | | A-1 |
| 2011 Appropriation Reserves | A-14 | \$ 16,628.65 | | |
| Accounts Payable | A-20 | <u>48,961.72</u> | | |
| | | <u>\$ 65,590.37</u> | | |
| Disbursements | A-4 | | \$ 51,745.34 | |
| Accounts Payable | A-20 | | <u>3,886.50</u> | |
| | | | <u>\$ 55,631.84</u> | |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

| | <u>REF.</u> | | |
|----------------------------|-------------|-----------------|---------------------------|
| Balance, December 31, 2011 | A | | \$ 6,629.94 |
| Increased by: | | | |
| Overpayments in 2012 | A-4 | | <u>9,895.10</u> |
| | | | \$ <u>16,525.04</u> |
| Decreased by: | | | |
| Refund of Overpayments | A-4 | \$ 3,070.27 | |
| Applied to Taxes | A-8 | <u>5,719.33</u> | |
| | | | <u>8,789.60</u> |
| Balance, December 31, 2012 | A | | \$ <u><u>7,735.44</u></u> |

SCHEDULE OF PREPAID TAXES

| | | | |
|----------------------------------|-----|--|---------------------------|
| Balance, December 31, 2011 | A | | \$ 12,876.94 |
| Increased by: | | | |
| Receipts | A-4 | | <u>6,453.51</u> |
| | | | \$ <u>19,330.45</u> |
| Decreased by: | | | |
| Applied to 2012 Taxes Receivable | A-8 | | <u>12,876.94</u> |
| Balance, December 31, 2012 | A | | \$ <u><u>6,453.51</u></u> |

"A-17"

BOROUGH OF SOUTH BOUND BROOK
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

| | <u>REF.</u> | | |
|----------------|-------------|-----------------------------|------------------------|
| 2012 Tax Levy: | | | |
| County Taxes | | \$ 1,208,947.77 | |
| Added Taxes | | 46.79 | |
| | A-1:A-8 | <u> </u> | \$ 1,208,994.56 |
| Decreased by: | | | |
| Payments | A-4 | | <u>\$ 1,208,994.56</u> |

"A-18"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | | | |
|---------------|---------|--|------------------------|
| Increased by: | | | |
| Levy | A-1:A-8 | | \$ 5,643,643.00 |
| Decreased by: | | | |
| Payments | A-4 | | <u>\$ 5,643,643.00</u> |

"A-19"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

| | <u>REF.</u> | | |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2011 | A | \$ | 8,918.21 |
| Increased by: | | | |
| Receipts | A-4 | | <u>1,866.00</u> |
| Balance, December 31, 2012 | A | \$ | <u><u>10,784.21</u></u> |

"A-20"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

| | | | |
|---------------------------------------|------|----|-------------------------|
| Balance, December 31, 2011 | A | \$ | 53,528.10 |
| Increased by: | | | |
| 2012 Appropriations | A-3 | \$ | 27,335.93 |
| 2011 Appropriation Reserves | A-14 | | <u>3,886.50</u> |
| | | | <u>31,222.43</u> |
| | | \$ | <u>84,750.53</u> |
| Decreased by: | | | |
| Transferred to Appropriation Reserves | A-14 | \$ | 48,961.72 |
| Disbursements | A-4 | | <u>4,566.38</u> |
| | | | <u>53,528.10</u> |
| Balance, December 31, 2012 | A | \$ | <u><u>31,222.43</u></u> |

"A-21"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

| | | | |
|---|---|----|-------------------------|
| Balance, December 31, 2011 and December 31, 2012 | A | \$ | <u><u>46,053.66</u></u> |
|---|---|----|-------------------------|

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF INTERFUNDS

| | <u>REF.</u> | <u>TOTAL</u> | <u>GRANT FUND</u> | <u>ANIMAL CONTROL TRUST FUND</u> | <u>TRUST OTHER FUND</u> | <u>GENERAL CAPITAL FUND</u> |
|-----------------------------|-------------|-----------------------------|-----------------------------|--|---------------------------------|-------------------------------------|
| Balance, December 31, 2011: | | | | | | |
| Receivable | A | \$ 27,565.27 | \$ 2,786.57 | \$ 10,525.93 | \$ 14,252.77 | \$ |
| Payable | A | 103.91 | | | | 103.91 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Receipts | A-4 | \$ 1,333,849.71 | \$ 556,198.91 | \$ | \$ 571,541.99 | \$ 206,108.81 |
| Transfer | A-29 | 2,268.74 | 2,268.74 | | | |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Canceled | | | | | 50.00 | |
| Disbursements | A-4 | 1,032,166.44 | 306,509.39 | 20.46 | 652,636.59 | 73,000.00 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance, December 31, 2012: | | | | | | |
| Receivable | A | \$ 105,943.76 | \$ | \$ 10,546.39 | \$ 95,397.37 | \$ |
| Payable | A | 382,384.41 | 249,171.69 | | | 133,212.72 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF RESERVE FOR PREPAID REVENUE

| | <u>REF.</u> | | |
|--------------------------------|-------------|----|--------------|
| Balance, December 31, 2011 | A | \$ | 51.00 |
| Decreased by: | | | |
| Applied to Anticipated Revenue | A-2 | \$ | <u>51.00</u> |

GRANT FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

| | | | |
|----------------------------|-----|----|------------------|
| Balance, December 31, 2011 | A | \$ | 73,000.00 |
| Decreased by: | | | |
| Receipts | A-4 | \$ | <u>73,000.00</u> |

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

| | BALANCE DECEMBER 31, 2011 | TRANSFERRED FROM 2012 APPROPRIATION | PAID OR CHARGED | CANCELED | BALANCE DECEMBER 31, 2012 |
|--|---------------------------------|---|---------------------|--------------------|---------------------------------|
| Drunk Driving Enforcement Fund | \$ 52,877.53 | \$ 12,884.22 | \$ 2,865.49 | \$ | \$ 62,896.26 |
| Clean Communities Program | 4,975.03 | 12,387.90 | 8,122.29 | | 9,240.64 |
| Alcohol Education Rehabilitation | 5,919.14 | 6,473.97 | 2,075.00 | | 10,318.11 |
| Recycling Tonnage Grant | 7,170.77 | 6,781.60 | 347.25 | | 13,605.12 |
| Start Talking Before They Start Drinking | 500.00 | | | | 500.00 |
| Somerset County Ridewise | 10,000.00 | | | | 10,000.00 |
| Smart Growth Program | 4,200.00 | | | | 4,200.00 |
| Economic Development Incentive Program | 15,995.36 | | | | 15,995.36 |
| Youth Athletic and Recreation Facility | 4,289.10 | | | 4,289.10 | |
| County Smokehouse/ Corn Crib | 22,369.09 | | | | 22,369.09 |
| Click it or Ticket | 5,400.00 | | | | 5,400.00 |
| Municipal Stormwater Regulation Program | 6,590.50 | | | | 6,590.50 |
| Hazardous Discharges Site Remediation | 144,005.26 | | | | 144,005.26 |
| Hazardous Discharge - GAF Corp. | 33,228.00 | | | | 33,228.00 |
| NJ EDA - GAF Development | 9,924.00 | | | | 9,924.00 |
| NJ EDA - GAF Development | 10,322.00 | | | | 10,322.00 |
| N.J. Historic Trust Grant - Staats House Restoration | 32,304.11 | | 500.00 | | 31,804.11 |
| Municipal Alliance on Alcohol and Drug Abuse and Match | 3,412.82 | 18,903.75 | 15,941.86 | | 6,374.71 |
| Youth Services Program - 2011 | 50.95 | | 50.95 | | |
| Youth Services Program - 2012 | | 19,500.00 | 3,798.87 | 5,000.00 | 10,701.13 |
| Body Armor Replacement Fund -2007 | 205.11 | | 205.11 | | |
| Body Armor Replacement Fund -2008 | 1,272.65 | | 1,272.65 | | |
| Body Armor Replacement Fund -2011 | 990.94 | | 179.74 | | 811.20 |
| Body Armor Replacement Fund -2012 | | 3,073.28 | | | 3,073.28 |
| NJ EDA - Allied/Stamile | 5,352.44 | | | | 5,352.44 |
| | <u>\$ 381,354.80</u> | <u>\$ 80,004.72</u> | <u>\$ 35,359.21</u> | <u>\$ 9,289.10</u> | <u>\$ 416,711.21</u> |
| <u>REF.</u> | <u>A</u> | <u>A-3</u> | | <u>A-1</u> | <u>A</u> |
| Disbursements | A-4 | | \$ 46,509.39 | | |
| Accounts Payable | A-27 | | 279.00 | | |
| | | | <u>\$ 46,788.39</u> | | |
| Less: | | | | | |
| Refunds | A-4 | | 11,150.18 | | |
| Prior Year Accounts Payable | A-27 | | 279.00 | | |
| | | | <u>\$ 35,359.21</u> | | |

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

| | BALANCE DECEMBER <u>31, 2011</u> | APPLIED TO <u>RECEIVABLE</u> |
|----------------------------------|--|---------------------------------|
| Recycling Tonnage Grant | \$ 3,279.97 | \$ 3,279.97 |
| Alcohol Education Rehabilitation | 3,020.34 | 3,020.34 |
| Youth Services | 9,500.00 | 9,500.00 |
| Clean Communities Program | 6,243.97 | 6,243.97 |
| Drunk Driving Enforcement Fund | 5,783.33 | 5,783.33 |
| Body Armor Replacement | 1,522.49 | 1,522.49 |
| | <u>\$ 29,350.10</u> | <u>\$ 29,350.10</u> |
| <u>REF.</u> | A | A-11 |

"A-27"

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF ACCOUNTS PAYABLE

| | <u>REF.</u> | |
|---------------------------------|-------------|-------------------------|
| Balance, December 31, 2011 | A | \$ 279.00 |
| Increased by: | | |
| Reserve for Grants Appropriated | A-25 | <u>279.00</u> |
| | | \$ 558.00 |
| Decreased by: | | |
| Reserve for Grants Appropriated | A-25 | <u>279.00</u> |
| Balance, December 31, 2012 | A | <u><u>\$ 279.00</u></u> |

"A-28"

SCHEDULE OF DUE TRUST OTHER FUND

| | | |
|-------------------------------------|-----|-----------------------------|
| Balance, December 31, 2011 (Due To) | A | \$ 260,000.00 |
| Decreased by: | | |
| Disbursements | A-4 | <u><u>\$ 260,000.00</u></u> |

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

| | | | | |
|---------------------------------------|------|----|-----------------|--------------------------|
| Balance, December 31, 2011 (Due To) | A | | \$ | 2,786.57 |
| Increased by: | | | | |
| Receipts | A-4 | | | <u>260,000.00</u> |
| | | | \$ | <u>262,786.57</u> |
| Decreased by: | | | | |
| Disbursements | A-4 | \$ | 509,689.52 | |
| Transfer | A-22 | | <u>2,268.74</u> | |
| | | | | <u>511,958.26</u> |
| Balance, December 31, 2012 (Due From) | A | | \$ | <u><u>249,171.69</u></u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF PILOT OVERPAYMENTS

| | <u>REF.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2011 | A | \$ 2,802.25 |
| Increased by: | | |
| Receipts | A-4 | 3,705.01 |
| | | <u>\$ 6,507.26</u> |
| Decreased by: | | |
| Refunds | A-4 | <u>5,716.61</u> |
| Balance, December 31, 2012 | A | <u>\$ 790.65</u> |

SCHEDULE OF SEWER RENT OVERPAYMENTS

| | | |
|----------------------------|-----|--------------------|
| Balance, December 31, 2011 | A | \$ 1,056.14 |
| Increased by: | | |
| Receipts | A-4 | 754.10 |
| | | <u>\$ 1,810.24</u> |
| Decreased by: | | |
| Refunds | A-4 | <u>123.96</u> |
| Balance, December 31, 2012 | A | <u>\$ 1,686.28</u> |

"A-32"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF PILOT RECEIVABLES

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2011 | A | \$ 8,432.32 |
| Increased by: | | |
| 2012 Levy | | <u>1,020,419.02</u> |
| | | \$ <u>1,028,851.34</u> |
| Decreased by: | | |
| Receipts | A-2:A-4 | <u>1,016,555.08</u> |
| Balance, December 31, 2012 | A | \$ <u><u>12,296.26</u></u> |

"A-33"

SCHEDULE OF SEWER RENTS RECEIVABLE

| | | |
|----------------------------|---------|----------------------------|
| Balance, December 31, 2011 | A | \$ 137,784.88 |
| Increased by: | | |
| 2012 Levy | | <u>573,257.71</u> |
| | | \$ <u>711,042.59</u> |
| Decreased by: | | |
| Receipts | A-2:A-4 | <u>611,066.64</u> |
| Balance, December 31, 2012 | A | \$ <u><u>99,975.95</u></u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF RESERVE FOR PREPAID PILOT

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------------|
| Increased by: | | |
| Receipts | A-4 | \$ <u>4,224.23</u> |
| Balance, December 31, 2012 | A | \$ <u><u>4,224.23</u></u> |

SCHEDULE OF RESERVE FOR PREPAID SEWER RENTS

| | | |
|----------------------------|-----|---------------------------|
| Increased by: | | |
| Receipts | A-4 | \$ <u>1,668.67</u> |
| Balance, December 31, 2012 | A | \$ <u><u>1,668.67</u></u> |

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

| | BALANCE DECEMBER 31, 2011 | AMOUNT RESULTING FROM OPERATIONS | 2012 APPROPRIATIONS | BALANCE DECEMBER 31, 2012 |
|--|---------------------------------|--|------------------------|---------------------------------|
| Emergency Appropriation - NJSA 40A: 4-53 | \$ 50,000.00 | \$ | \$ 10,000.00 | \$ 40,000.00 |
| Emergency Appropriation - NJSA 40A: 4-46 | 34,530.31 | | 34,530.31 | |
| Emergency Appropriation - NJSA 40A: 4-54 | | 75,000.00 | | 75,000.00 |
| | <u>\$ 84,530.31</u> | <u>\$ 75,000.00</u> | <u>\$ 44,530.31</u> | <u>\$ 115,000.00</u> |
| <u>REF.</u> | A | A-3 | A-3 | A |

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF TRUST CASH - COLLECTOR-TREASURER

| | <u>REF.</u> | <u>ASSESSMENT</u> | <u>ANIMAL CONTROL</u> | <u>OTHER</u> |
|--|-------------|--------------------|-----------------------|------------------------|
| Balance, December 31, 2011 | B | \$ 1,853.61 | \$ 10,361.18 | \$ 70,479.42 |
| Increased by Receipts: | | | | |
| Reserve for Various Deposits | B-14 | \$ | \$ | 2,742,063.65 |
| Reserve for Escrow Deposits | B-16 | | | 21,482.41 |
| Reserve for Law Enforcement Trust Fund | B-5 | | | 8.51 |
| Reserve for Animal Control Trust Fund Expenditures | B-9 | | 12,896.75 | |
| Due State of New Jersey-Dog Fees | B-10 | | 421.20 | |
| Due Grant Fund | B-17 | | | 260,000.00 |
| Due Current Fund | B-11,B-8 | | 20.46 | 652,756.57 |
| | | <u>\$ 1,853.61</u> | <u>\$ 13,338.41</u> | <u>3,676,311.14</u> |
| | | | <u>23,699.59</u> | <u>\$ 3,746,790.56</u> |
| Decreased by Disbursements: | | | | |
| Reserve for Various Deposits | B-14 | \$ | \$ | 2,734,674.01 |
| Reserve for Escrow Deposits | B-16 | | | 28,277.01 |
| Reserve for Law Enforcement Trust Fund | B-5 | | | 3,276.60 |
| Due to State of New Jersey-Dog Fees | B-10 | | 424.80 | |
| Expenditures Under R.S.4:19-15.11 | B-9 | | 16,348.00 | |
| Due Current Fund | B-8 | | | 571,661.97 |
| | | | <u>16,772.80</u> | <u>3,337,889.59</u> |
| Balance, December 31, 2012 | B | <u>\$ 1,853.61</u> | <u>\$ 6,926.79</u> | <u>\$ 408,900.97</u> |

"B-3"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

BALANCE
DECEMBER
31, 2012

Fund Balance

\$ 1,853.61

REF.

B

"B-4"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF POLICE OUTSIDE OVERTIME RECEIVABLE

REF.

| | | |
|-------------------------------------|------|---------------------------|
| Increased by: | | |
| Reserve for Police Outside Overtime | B-14 | \$ <u>3,956.50</u> |
| Balance, December 31, 2012 | B | \$ <u><u>3,956.50</u></u> |

"B-5"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

| | | |
|----------------------------|-----|------------------------|
| Balance, December 31, 2011 | B | \$ 3,332.66 |
| Increased by: | | |
| Receipts - Interest Earned | B-2 | 8.51 |
| | | \$ <u>3,341.17</u> |
| Decreased by: | | |
| Disbursements | B-2 | <u>3,276.60</u> |
| Balance, December 31, 2012 | B | \$ <u><u>64.57</u></u> |

"B-6"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

| <u>ORDINANCE</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE DECEMBER 31, 2011 AND 2012</u> |
|------------------|--------------------------------|---|
| 6-94 | Improvements to Louis Avenue | \$ 7,802.50 |
| 6-95 | Various Road Improvements | <u>15,000.00</u> |
| | | <u>\$ 22,802.50</u> |
| | <u>REF.</u> | B |

"B-7"

SCHEDULE OF RESERVE FOR ASSESSMENTS

| | | |
|---|---|---------------------|
| Balance, December 31, 2011 and December 31, 2012 | B | \$ <u>22,802.50</u> |
|---|---|---------------------|

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

| | | | | |
|-------------------------------------|------|----|--------------|-------------------------|
| Balance, December 31, 2011 (Due To) | B | | \$ | 14,252.77 |
| Increased by: | | | | |
| Receipts | B-2 | \$ | 652,756.57 | |
| Reserves Canceled | B-14 | | <u>50.00</u> | |
| | | | | <u>652,806.57</u> |
| | | | \$ | <u>667,059.34</u> |
| Decreased by: | | | | |
| Disbursements | B-2 | | | <u>571,661.97</u> |
| Balance, December 31, 2012 (Due To) | B | | \$ | <u><u>95,397.37</u></u> |

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

| | <u>REF.</u> | | |
|--------------------------------------|-------------|----|--------------------------|
| Balance, December 31, 2011 (Deficit) | B | \$ | (173.75) |
| Increased by: | | | |
| Dog License Fees Collected | | \$ | 2,640.00 |
| Cat License Fees Collected | | | 92.00 |
| Prior Year Budget Deficit | | | 164.75 |
| Budget Appropriation | | | <u>10,000.00</u> |
| | B-2 | \$ | <u>12,896.75</u> |
| | | | 12,723.00 |
| Decreased by: | | | |
| Expenditures Under R.S. 4:19-15.11 | B-2 | | <u>16,348.00</u> |
| Balance, December 31, 2012 (Deficit) | B | \$ | <u><u>(3,625.00)</u></u> |

ANIMAL LICENSE FEES COLLECTED

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------------------|
| 2011 | \$ 2,913.00 |
| 2010 | <u>3,835.40</u> |
| | \$ <u><u>6,748.40</u></u> |

"B-10"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND

| | <u>REF.</u> | |
|--|-------------|-----------------------|
| Balance, December 31, 2011 (Due State) | B | \$ 9.00 |
| Increased by: | | |
| Receipts | B-2 | <u>421.20</u> |
| | | \$ <u>430.20</u> |
| Decreased by: | | |
| Disbursements | B-2 | <u>424.80</u> |
| Balance, December 31, 2012 (Due State) | B | \$ <u><u>5.40</u></u> |

"B-11"

SCHEDULE OF DUE CURRENT FUND
ANIMAL CONTROL TRUST FUND

| | | |
|-------------------------------------|-----|----------------------------|
| Balance, December 31, 2011 (Due To) | B | \$ 10,525.93 |
| Increased by: | | |
| Receipts | B-2 | <u>20.46</u> |
| Balance, December 31, 2012 (Due To) | B | \$ <u><u>10,546.39</u></u> |

"B-12"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

| <u>PROGRAM TITLE</u> | <u>PROJECT GRANT NUMBER</u> | <u>BALANCE DECEMBER 31, 2011</u> | <u>CANCELED</u> | <u>BALANCE DECEMBER 31, 2012</u> |
|--|---------------------------------|--|---------------------|--|
| South Bound Brook Playground Equipment | 10-U1901-19 | \$ <u>44,755.00</u> | \$ <u>14,508.67</u> | \$ <u>30,246.33</u> |
| | | \$ <u>44,755.00</u> | \$ <u>14,508.67</u> | \$ <u>30,246.33</u> |
| | <u>REF.</u> | B | B-13 | B |

"B-13"

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

| <u>PROGRAM TITLE</u> | <u>PROJECT GRANT NUMBER</u> | <u>BALANCE DECEMBER 31, 2011</u> | <u>CANCELED</u> | <u>BALANCE DECEMBER 31, 2012</u> |
|--|---------------------------------|--|---------------------|--|
| South Bound Brook Playground Equipment | 10-U1901-19 | \$ <u>44,755.00</u> | \$ <u>14,508.67</u> | \$ <u>30,246.33</u> |
| | | \$ <u>44,755.00</u> | \$ <u>14,508.67</u> | \$ <u>30,246.33</u> |
| | <u>REF.</u> | B | B-12 | B |

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

| <u>RESERVE TITLE</u> | <u>BALANCE DECEMBER 31, 2011</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>BALANCE DECEMBER 31, 2012</u> |
|---|--|------------------------|------------------------|--|
| Parking Offense Adjudication Act | \$ 1,017.29 | \$ 16.00 | \$ | \$ 1,033.29 |
| Public Defender | 18,126.47 | 3,974.50 | 9,970.50 | 12,130.47 |
| Police Outside Overtime | | 46,104.50 | 46,104.50 | |
| Due State of New Jersey - D.C.A. | 477.00 | 1,143.00 | 1,463.00 | 157.00 |
| Due State of New Jersey - Marriage Licenses | 300.00 | 850.00 | 975.00 | 175.00 |
| Historic Preservation | 1,060.00 | | | 1,060.00 |
| Community Day Donations | | 675.00 | 50.00 | 625.00 |
| Road Opening Deposits | 1,947.50 | | | 1,947.50 |
| Fire Fines and Penalties | 2,695.08 | 260.00 | | 2,955.08 |
| Police Equipment | 2,947.55 | | | 2,947.55 |
| Salt Dome | 5,300.00 | | | 5,300.00 |
| Disaster Relief Donations | 1,264.00 | | | 1,264.00 |
| Allied Builders Escrow Deposit | 3,500.00 | | | 3,500.00 |
| Miscellaneous | | 185.00 | | 185.00 |
| Recreation | 554.00 | 120.00 | | 674.00 |
| Tax Premiums | 4,800.00 | 55,300.00 | 19,600.00 | 40,500.00 |
| Public Assistance | 115.04 | | | 115.04 |
| Outside Lien Redemption | 36,691.92 | 60,901.73 | 97,493.05 | 100.60 |
| Payroll Deductions Payable | 38,942.11 | 2,576,490.42 | 2,559,067.96 | 56,364.57 |
| | <u>\$ 119,737.96</u> | <u>\$ 2,746,020.15</u> | <u>\$ 2,734,724.01</u> | <u>\$ 131,034.10</u> |
| <u>REF.</u> | <u>B</u> | | | <u>B</u> |
| Receipts | B-2 | \$ 2,742,063.65 | | |
| Accounts Receivable | B-4 | <u>3,956.50</u> | | |
| | | <u>\$ 2,746,020.15</u> | | |
| Disbursements | B-2 | | \$ 2,734,674.01 | |
| Canceled | B-8 | | <u>50.00</u> | |
| | | | <u>\$ 2,734,724.01</u> | |

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR COAH DEPOSITS

REF.

| | | |
|---|---|---------------------|
| Balance, December 31, 2011 and December 31, 2012 | B | \$ <u>22,704.68</u> |
|---|---|---------------------|

SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
TRUST OTHER FUND

| | | |
|----------------------------|-----|----------------------|
| Balance, December 31, 2011 | B | \$ 170,451.35 |
| Increased by: | | |
| Receipts | B-2 | <u>21,482.41</u> |
| | | \$ <u>191,933.76</u> |
| Decreased by: | | |
| Disbursements | B-2 | <u>28,277.01</u> |
| Balance, December 31, 2012 | B | \$ <u>163,656.75</u> |

ANALYSIS OF BALANCE ON FILE IN FINANCE OFFICE

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF DUE GRANT FUND

| | <u>REF.</u> | |
|---------------------------------------|-------------|----------------------|
| Balance, December 31, 2011 (Due From) | B | \$ 260,000.00 |
| Decreased by: Receipts | B-2 | \$ <u>260,000.00</u> |

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | | |
|------------------------------------|-------------|----|--------------------------|
| Balance, December 31, 2011 | C | \$ | (52.47) |
| Increased by Receipts: | | | |
| Budget Appropriation: | | | |
| Capital Improvement Fund | C-7 | \$ | 500.00 |
| Improvement Authorization - Refund | C-8 | | 5,300.00 |
| Due Current Fund | C-6 | | 73,000.00 |
| Grants Receivable | C-13 | | 126,272.87 |
| Bond Anticipation Note Payable | C-14 | | 642,500.00 |
| | | | <u>847,572.87</u> |
| | | \$ | <u>847,520.40</u> |
| Decreased by Disbursements: | | | |
| Contracts Payable | C-10 | \$ | 312,239.32 |
| Due Current Fund | C-6 | | 206,108.81 |
| Due Grant Fund | C-11 | | 73,000.00 |
| | | | <u>591,348.13</u> |
| Balance, December 31, 2012 | C | \$ | <u><u>256,172.27</u></u> |

"C-3"

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

ANALYSIS OF CASH

| | BALANCE DECEMBER 31, 2012 |
|---|---------------------------------|
| Fund Balance | \$ 31,106.55 |
| Capital Improvement Fund | 82,594.73 |
| Grants Receivable | (533,518.62) |
| Contracts Payable | 387,680.06 |
| Improvement Authorizations Funded Set Forth on Schedule "C-8" | 553,960.94 |
| Unfunded Improvements Expended Listed on "C-5" | (774,938.67) |
| Unexpended Proceeds of Bond Anticipation Notes on Schedule "C-5" | 642,500.00 |
| Due Current Fund | <u>(133,212.72)</u> |
| | <u>\$ 256,172.27</u> |
| <u>REF.</u> | C |

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | | |
|--|------|------------------------|
| Balance, December 31, 2011 | C | \$ 2,462,000.00 |
| Decreased by: | | |
| 2012 Budget Appropriation to Pay Bonds | C-12 | <u>125,000.00</u> |
| Balance, December 31, 2012 | C | <u>\$ 2,337,000.00</u> |

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| ORDINANCE # | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2011 | 2012 AUTHORIZATIONS | BALANCE DECEMBER 31, 2012 | ANALYSIS OF BALANCE DECEMBER 31, 2012 | | |
|---|---|---------------------------------|------------------------|---------------------------------|--|----------------------|---|
| | | | | | FINANCED BY BOND ANTICIPATION NOTES | EXPENDITURES | UNEXPENDED IMPROVEMENT AUTHORIZATIONS |
| 01-08 | Various Public Improvements | \$ 13,007.43 | \$ | \$ 13,007.43 | \$ | \$ 10,070.50 | \$ 2,936.93 |
| 03-03 | Acquisition of Real Property | 30,000.00 | | 30,000.00 | | 28,997.24 | 1,002.76 |
| 04-04 | Acquisition of Real Property | 150,500.00 | | 150,500.00 | | | 150,500.00 |
| 05-16 | Reconstruction of Maple Avenue and Baldwin Avenue | 42,200.00 | | 42,200.00 | | | 42,200.00 |
| 06-07 | Improvements to Latourette Avenue | 100,800.00 | | 100,800.00 | | | 100,800.00 |
| 08-07 | Reconstruction of Clinton Street | 90,000.00 | | 90,000.00 | | | 90,000.00 |
| 10-01 | Acquisition of Real Property | 190,000.00 | | 190,000.00 | | 186,450.83 | 3,549.17 |
| 10-06 | Reconstruction of Jerome and Howard Avenue | 47,600.00 | | 47,600.00 | | | 47,600.00 |
| 10-07 | Acquisition of Turnout Gear - Fire Department | 100,000.00 | | 100,000.00 | | 82,667.37 | 17,332.63 |
| 11-03 | Various Public Improvements | 176,400.00 | | 176,400.00 | | 171,864.38 | 4,535.62 |
| 12-03 | Purchase of Communication Equipment | | 304,000.00 | 304,000.00 | | 294,888.35 | 9,111.65 |
| 12-08 | Various Public Improvements | | 642,500.00 | 642,500.00 | 642,500.00 | | |
| | | <u>\$ 940,507.43</u> | <u>\$ 946,500.00</u> | <u>\$ 1,887,007.43</u> | <u>\$ 642,500.00</u> | <u>\$ 774,938.67</u> | <u>\$ 469,568.76</u> |
| | | REF. C | C-8 | C | C-14 | C-3 | |
| Improvement Authorizations Unfunded | | | | | | | \$ 1,112,068.76 |
| Less: Unexpended Proceeds of Bond Anticipation Notes Issued | | | | | | | <u>642,500.00</u> |
| | | | | | | | <u>\$ 469,568.76</u> |

"C-6"

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | |
|---------------------------------------|-------------|-----------------------------|
| Balance, December 31, 2011 (Due From) | C | \$ 103.91 |
| Increased by: | | |
| Disbursements | C-2 | 206,108.81 |
| | | <u>\$ 206,212.72</u> |
| Decreased by: | | |
| Receipts | C-2 | 73,000.00 |
| | | <u>73,000.00</u> |
| Balance, December 31, 2012 (Due From) | C | <u><u>\$ 133,212.72</u></u> |

"C-7"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | | |
|----------------------------|-----|----------------------------|
| Balance, December 31, 2011 | C | \$ 130,594.73 |
| Increased by: | | |
| 2012 Budget Appropriation | C-2 | 500.00 |
| | | <u>\$ 131,094.73</u> |
| Decreased by: | | |
| Improvement Authorizations | C-8 | 48,500.00 |
| | | <u>48,500.00</u> |
| Balance, December 31, 2012 | C | <u><u>\$ 82,594.73</u></u> |

BOROUGH OF SOUTH BOUND BROOK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORD. # | IMPROVEMENT DESCRIPTION | ORDINANCE | | BALANCE DECEMBER 31, 2011 | | 2012 AUTHORIZATIONS | CANCELED PAYABLES | CANCELED | CONTRACTS PAYABLE/ REFUNDS | BALANCE DECEMBER 31, 2012 | |
|--|---|-----------|---------------|------------------------------|---------------|------------------------|----------------------|-------------|----------------------------------|------------------------------|-----------------|
| | | DATE | AMOUNT | FUNDED | UNFUNDED | | | | | FUNDED | UNFUNDED |
| 11-94 | Refunding Bond Ordinance | 12/28/94 | \$ 260,000.00 | \$ 3,748.47 | \$ | \$ | \$ | \$ 3,748.47 | \$ | \$ | \$ |
| 7-98 | Improvement to Sanitary Sewer - Prospect | 06/09/98 | 75,000.00 | 4,074.64 | | | | | | | 4,074.64 |
| 9-98 | Improvement to Washington Street | 06/09/98 | 70,000.00 | 15,375.74 | | | | | | | 15,375.74 |
| 12-98 | Improvement to Municipal Buildings | 07/18/98 | 16,000.00 | 333.07 | | | | | | | 333.07 |
| 14-98 | Various Capital Improvements | 09/08/98 | 175,000.00 | 24,511.45 | | | | | 1,900.00 | | 22,611.45 |
| 8-99 | Various Capital Improvements | 08/10/99 | 20,000.00 | 457.73 | | | | | | | 457.73 |
| 9-99 | Various Public Improvements | 10/12/99 | 220,000.00 | 33,472.72 | | | | | | | 33,472.72 |
| 00-08 | Purchase of Various Equipment and Repairs | 11/20/00 | 119,250.00 | 16,400.88 | | | | | | | 16,400.88 |
| 01-08 | Various Public Improvements | 10/09/01 | 425,000.00 | | 2,936.93 | | | | | | |
| 01-10 | Purchase of Land | 11/08/01 | 20,100.00 | 100.00 | | | | | | | 100.00 |
| 02-03 | Various Capital Improvements | 05/14/02 | 52,000.00 | 175.55 | | | | | | | 175.55 |
| 03-03 | Acquisition of Real Property | 07/29/03 | 730,000.00 | | 1,002.76 | | | | | | |
| 04-03 | Acquisition of Real Property | 04/13/04 | 1,500,000.00 | 18,159.76 | 150,500.00 | | | | | | |
| 04-07 | Reconstruction of Van Sickle and Armstrong | 07/13/04 | 540,000.00 | 17,710.06 | | | | | | | 17,710.06 |
| 04-08 | Construction of Zimmerman and Cedar | 11/09/04 | 40,000.00 | 3,249.95 | | | | | | | 3,249.95 |
| 05-14 | Acquisition of Real Property | 09/06/05 | 170,000.00 | 13,045.40 | | | | | | | 13,045.40 |
| 05-16 | Reconstruction of Maple and Baldwin | 11/08/05 | 475,000.00 | 20,380.81 | 42,200.00 | | | | | | |
| 05-17 | Public Building Repairs and Police Equipment | 12/13/05 | 26,000.00 | 377.50 | | | | | | | 377.50 |
| 06-03 | First Aid Squad Equipment | 05/09/06 | 5,000.00 | 1,020.00 | | | | | | | 1,020.00 |
| 06-07 | Improvements to Latourette Avenue | 09/12/06 | 300,000.00 | 8,104.91 | 100,800.00 | | | | | | |
| 06-08 | Police Car Light Bars | 10/10/06 | 6,000.00 | 495.00 | | | | | | | 495.00 |
| 07-05 | Computer Upgrade | 07/10/07 | 25,000.00 | 1,432.34 | | | | | 1,432.34 | | |
| 08-02 | Purchase of Equipment | 04/08/08 | 20,000.00 | 19.61 | | | | | | | 19.61 |
| 08-05 | Fire Department Repairs | 09/02/08 | 15,000.00 | 919.30 | | | | | | | 919.30 |
| 08-07 | Reconstruction of Clinton Street | 11/11/08 | 460,000.00 | 6,094.13 | 90,000.00 | | | | 1,200.00 | | |
| 09-05 | Purchase of Equipment | 04/14/09 | 30,000.00 | 7,970.16 | | | | | | | 7,970.16 |
| 10-01 | Acquisition of Real Property | 02/09/10 | 190,000.00 | | 3,549.17 | | | | | | |
| 10-06 | Reconstruction of Jerome and Howard Avenue | 06/08/10 | 600,000.00 | 86,368.42 | 47,600.00 | | 46,071.62 | | | | |
| 10-07 | Acquisition of Turnout Gear - Fire Department | 10/12/10 | 105,000.00 | 22,404.63 | | | | | 5,072.00 | | |
| 11-03 | Various Public Improvements | 08/09/11 | 360,000.00 | 158,710.84 | 176,400.00 | | | | 330,575.22 | | |
| 11-04 | Purchase of Equipment | 08/09/11 | 6,800.00 | 4,300.00 | | | | | 2,587.00 | | |
| 12-02 | Purchase of Equipment | 03/13/12 | 25,300.00 | | | 25,300.00 | | | 19,331.56 | | |
| 12-03 | Purchase of Communication Equipment | 04/10/12 | 320,000.00 | | | 320,000.00 | | | 310,888.35 | | |
| 12-05 | Purchase and Repair of Sirens | 05/24/12 | 13,000.00 | | | 13,000.00 | | | | | 13,000.00 |
| 12-08 | Various Public Improvements | 09/11/12 | 875,000.00 | | | 875,000.00 | | | 21,008.91 | | |
| | | | | \$ 447,008.44 | \$ 637,393.49 | \$ 1,233,300.00 | \$ 46,071.62 | \$ 3,748.47 | \$ 693,995.38 | \$ 553,960.94 | \$ 1,112,068.76 |
| REF | | | | C | C | | C-10 | C-1 | | C-C-3 | C-C-5 |
| Contracts Payable | | | | C-10 | | | | | \$ 699,295.38 | | |
| Less. Refunds | | | | C-2 | | | | | 5,300.00 | | |
| | | | | | | | | | \$ 693,995.38 | | |
| Capital Improvement Fund | | | | C-7 | | \$ 48,500.00 | | | | | |
| Deferred Charges to Future Taxation-Unfunded | | | | C-5 | | 946,500.00 | | | | | |
| Fund Balance | | | | C-1 | | 38,300.00 | | | | | |
| Grants Receivable | | | | C-13 | | 200,000.00 | | | | | |
| | | | | | | \$ 1,233,300.00 | | | | | |

BOROUGH OF SOUTH BOUND BROOK
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR REDEVELOPMENT

| | <u>REF.</u> | | |
|----------------------------|-------------|----|---------------|
| Balance, December 31, 2011 | C | \$ | 726.31 |
| Decreased by: | | | |
| Canceled | C-1 | \$ | <u>726.31</u> |

"C-10"

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2011 | C | \$ | 46,695.62 |
| Increased by: | | | |
| Improvement Authorizations | C-8 | | <u>699,295.38</u> |
| | | \$ | <u>745,991.00</u> |
| Decreased by: | | | |
| Contracts Payable Canceled | C-8 | \$ | 46,071.62 |
| Disbursements | C-2 | | <u>312,239.32</u> |
| | | | <u>358,310.94</u> |
| Balance, December 31, 2012 | C | \$ | <u><u>387,680.06</u></u> |

"C-11"

SCHEDULE OF DUE GRANT FUND

| | | | |
|-------------------------------------|-----|----|-------------------------|
| Balance, December 31, 2011 (Due To) | C | \$ | 73,000.00 |
| Decreased by: | | | |
| Disbursements | C-2 | \$ | <u><u>73,000.00</u></u> |

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

| | <u>REF.</u> | |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2011 | C | \$ 459,791.49 |
| Increased by: | | |
| Improvement Authorizations | C-8 | 200,000.00 |
| | | <u>\$ 659,791.49</u> |
| Decreased by: | | |
| Receipts | C-2 | <u>126,272.87</u> |
| Balance, December 31, 2012 | C | <u><u>\$ 533,518.62</u></u> |

ANALYSIS OF BALANCE

| | |
|---|-----------------------------|
| Washington Street - Ord. 9-98 | \$ 6,376.79 |
| Bell Street - Ord. 00-08 | 5,004.21 |
| Jerome and Howard Avenues - Ord. 10-06 | 218,636.67 |
| Sanders Avenue - Ord. 11-03 | 103,500.95 |
| Warren and Jefferson Streets - Ord. 12-08 | <u>200,000.00</u> |
| | <u><u>\$ 533,518.62</u></u> |

BOROUGH OF SOUTH BOUND BROOK
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

| <u>ORD. #</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>DATE OF ISSUE</u> | <u>DATE OF MATURITY</u> | <u>INTEREST RATE</u> | <u>INCREASED</u> | <u>BALANCE DECEMBER 31, 2012</u> |
|---------------|--------------------------------|-------------------------------|----------------------|-------------------------|----------------------|----------------------|----------------------------------|
| 12-08 | Various Public Improvements | 12/19/12 | 12/19/12 | 12/19/13 | 1.05% | \$ <u>642,500.00</u> | \$ <u>642,500.00</u> |
| | | | | | | \$ <u>642,500.00</u> | \$ <u>642,500.00</u> |
| | | | | | | <u>REF.</u> | C-2 C:C-5 |

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE #</u> | <u>PURPOSE</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u> |
|--------------------|---|--|
| 01-08 | Various Public Improvements | \$ 13,007.43 |
| 03-03 | Acquisition of Real Property | 30,000.00 |
| 04-04 | Acquisition of Real Property | 150,500.00 |
| 05-16 | Reconstruction of Maple Avenue and Baldwin Avenue | 42,200.00 |
| 06-07 | Improvements to Latourette Avenue | 100,800.00 |
| 08-07 | Reconstruction of Clinton Street | 90,000.00 |
| 10-01 | Acquisition of Real Property | 190,000.00 |
| 10-06 | Reconstruction of Jerome and Howard Avenue | 47,600.00 |
| 10-07 | Acquisition of Turnout Gear - Fire Department | 100,000.00 |
| 11-03 | Various Public Improvements | 176,400.00 |
| 12-03 | Purchase of Communication Equipment | <u>304,000.00</u> |
| | | <u>\$ 1,244,507.43</u> |

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BOROUGH OF SOUTH BOUND BROOK

PART II

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

SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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

The Honorable Mayor and Members
of the Borough Council
Borough of South Bound Brook
12 Main Street
South Bound Brook, New Jersey 08880

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of South Bound Brook, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 1, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of South Bound Brook prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of the audit report.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 1, 2013

BOROUGH OF SOUTH BOUND BROOK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS THROUGH GRANTOR'S NUMBER | GRANT PERIOD | | GRANT AWARD AMOUNT | 2012 RECEIPTS | 2012 EXPENDITURES | CUMULATIVE EXPENDITURES DECEMBER 31, 2012 |
|---|---------------------------|-------------------------------------|--------------|----------|--------------------------|------------------|----------------------|--|
| | | | FROM | TO | | | | |
| <u>Department of Housing and Urban Development</u> | | | | | | | | |
| Pass Through County of Somerset | | | | | | | | |
| Community Development Block Grants: Playground Equipment | 14.218 | 10-U1901-19 | 09/01/10 | 08/31/11 | \$ 30,246.33 | \$ _____ | \$ _____ | \$ _____ |
| <u>U.S. Department of Homeland Security</u> | | | | | | | | |
| Disaster Assistance (Hurricane Irene) | 97.036 | | 01/01/12 | 12/31/12 | \$ 96,262.74 | \$ 96,262.74 | \$ 96,262.74 | \$ 96,262.74 |
| Hazardous Waste Discharge Site Remediation | 97.039 | 3200-850-0002 | 01/01/05 | 12/31/05 | 640,438.00 | | | 496,432.74 |
| GAF Development | 97.039 | | 01/01/04 | 12/31/04 | 10,322.00 | | | |
| GAF Development | 97.039 | | 01/01/06 | 12/31/06 | 9,924.00 | | | |
| Allied/Stamile | 97.039 | | 01/01/05 | 12/31/05 | 20,746.00 | | | 15,393.56 |
| Hazardous Discharge Mitigation - SBB Auto Body | 97.039 | | 01/01/05 | 12/31/05 | 26,030.00 | | | 26,030.00 |
| Hazardous Discharge Mitigation - GAF Corp. | 97.039 | P16866 | 01/01/05 | 12/31/05 | 33,228.00 | | | |
| | | | | | | \$ 96,262.74 | \$ 96,262.74 | \$ 634,119.04 |
| <u>TOTAL FEDERAL FINANCIAL ASSISTANCE</u> | | | | | | \$ 96,262.74 | \$ 96,262.74 | \$ 634,119.04 |

BOROUGH OF SOUTH BOUND BROOK

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

| STATE GRANTOR/PROGRAM TITLE | STATE ACCOUNT NUMBER | GRANT PERIOD | | GRANT AWARD AMOUNT | 2012 RECEIPTS | 2012 EXPENDITURES | CUMULATIVE EXPENDITURES DECEMBER 31, 2012 |
|---|---------------------------------|--------------|----------|--------------------|----------------------|----------------------|---|
| | | FROM | TO | | | | |
| <u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u> | | | | | | | |
| Alcohol Education Rehabilitation Fund - 2010 | 9735-760-098-Y900-001-X100-6020 | Various | | \$ 4,316.09 | | \$ 2,075.00 | \$ 2,533.15 |
| Alcohol Education Rehabilitation Fund - 2011 | 9735-760-098-Y900-001-X100-6020 | Various | | 2,061.20 | | | |
| Alcohol Education Rehabilitation Fund - 2012 | 9735-760-098-Y900-001-X100-6020 | Various | | 6,473.97 | 3,453.63 | | |
| Drunk Driving Enforcement Fund - 2004 | 6040-100-078-6400-YYYY | Various | | 20,290.38 | | 2,821.01 | 20,290.38 |
| Drunk Driving Enforcement Fund - 2005 | 6040-100-078-6400-YYYY | Various | | 12,719.31 | | 44.48 | 44.48 |
| Drunk Driving Enforcement Fund - 2007 | 6040-100-078-6400-YYYY | Various | | 17,250.52 | | | |
| Drunk Driving Enforcement Fund - 2008 | 6040-100-078-6400-YYYY | Various | | 7,160.84 | | | |
| Drunk Driving Enforcement Fund - 2009 | 6040-100-078-6400-YYYY | Various | | 353.06 | | | |
| Drunk Driving Enforcement Fund - 2010 | 6040-100-078-6400-YYYY | Various | | 12,572.79 | | | |
| Drunk Driving Enforcement Fund - 2012 | 6040-100-078-6400-YYYY | Various | | 12,884.22 | 7,100.89 | | |
| Click-It or Ticket - 2010 | 1160-100-066-1160-113-YHTS-6020 | Various | | 1,800.00 | | | |
| Click-It or Ticket - 2011 | 1160-100-066-1160-113-YHTS-6020 | Various | | 3,600.00 | | | |
| Body Armor Replacement Fund - 2007 | 1160-100-066-1160-116-YHTS-6120 | Various | | 2,643.11 | | 205.11 | 2,643.11 |
| Body Armor Replacement Fund - 2008 | 1160-100-066-1160-116-YHTS-6120 | Various | | 1,272.65 | | 1,272.65 | 1,272.65 |
| Body Armor Replacement Fund - 2011 | 1160-100-066-1160-116-YHTS-6120 | Various | | 990.94 | | 179.74 | 179.74 |
| Body Armor Replacement Fund - 2012 | 1160-100-066-1160-116-YHTS-6120 | Various | | 3,073.28 | 1,550.79 | | |
| | | | | | <u>\$ 12,105.31</u> | <u>\$ 6,597.99</u> | <u>\$ 26,963.51</u> |
| <u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u> | | | | | | | |
| Recycling Tonnage Grant - 2010 | 4900-752-178810-60 | Various | | 3,969.93 | | \$ 347.25 | \$ 1,599.99 |
| Recycling Tonnage Grant - 2011 | 4900-752-178810-60 | Various | | 4,453.58 | | | |
| Recycling Tonnage Grant - 2012 | 4900-752-178810-60 | Various | | 6,781.60 | 3,501.63 | | |
| Municipal Stormwater Regulation Program - 2008 | | Various | | 5,117.00 | | | 1,936.50 |
| Municipal Stormwater Regulation Program - 2009 | | Various | | 3,410.00 | | | |
| Clean Communities Program - 2011 | 4900-765-042-4900-004-VCMC-6020 | Various | | 6,169.93 | | 4,975.03 | 6,169.93 |
| Clean Communities Program - 2012 | 4900-765-042-4900-004-VCMC-6020 | Various | | 12,387.90 | 6,143.93 | 3,147.26 | 3,147.26 |
| | | | | | <u>\$ 9,645.56</u> | <u>\$ 8,469.54</u> | <u>\$ 12,853.68</u> |
| <u>DEPARTMENT OF COMMUNITY AFFAIRS</u> | | | | | | | |
| Historic Preservation Trust | | Various | | 150,000.00 | \$ 42,780.54 | | \$ 150,000.00 |
| Historic Preservation Trust | | Various | | 339,898.00 | 339,898.00 | 500.00 | 308,093.89 |
| | | | | | <u>\$ 382,678.54</u> | <u>\$ 500.00</u> | <u>\$ 458,093.89</u> |
| <u>DEPARTMENT OF TRANSPORTATION</u> | | | | | | | |
| New Jersey Transportation Trust Fund | | | | | | | |
| Jerome Avenue Improvements | 09-480-078-6320-AKE-6010 | Various | | 325,000.00 | | | \$ 101,919.73 |
| Howard Avenue Improvements | 10-480-078-6320-AKN-6010 | Various | | 225,000.00 | 54,994.82 | | 225,000.00 |
| Sanders Avenue Improvements | 11-480-078-6320-AK3-6010 | Various | | 174,779.00 | 71,278.05 | 174,779.00 | 174,779.00 |
| Warren and Jefferson Street | | Various | | 200,000.00 | | | |
| | | | | | <u>\$ 126,272.87</u> | <u>\$ 174,779.00</u> | <u>\$ 501,698.73</u> |
| <u>NEW JERSEY GOVERNOR'S COUNCIL ON ALCOHOLISM AND DRUG ABUSE</u> | | | | | | | |
| Pass Through from County of Somerset | | | | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse | SC - ALL - 07-03 | 01/01/11 | 12/31/11 | 18,903.75 | | \$ 3,412.82 | \$ 18,903.75 |
| Municipal Alliance on Alcoholism and Drug Abuse | SC - ALL - 07-03 | 01/01/12 | 12/31/12 | 18,903.75 | 15,959.64 | 12,529.04 | 12,529.04 |
| | | | | | <u>\$ 15,959.64</u> | <u>\$ 15,941.86</u> | <u>\$ 31,432.79</u> |
| <u>TOTAL STATE FINANCIAL ASSISTANCE</u> | | | | | <u>\$ 546,661.92</u> | <u>\$ 206,288.39</u> | <u>\$ 1,031,042.60</u> |

BOROUGH OF SOUTH BOUND BROOK

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

YEAR ENDED DECEMBER 31, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal and state financial assistance programs of the Borough of South Bound Brook, County of Somerset, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial report.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. All of these amounts are reported in the Current, Grant, Trust and General Capital Funds in 2012.

Receipts:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|----------------------|---------------------|----------------------|---------------------|----------------------|
| Current Fund | \$ 96,262.74 | \$ | \$ | \$ 96,262.74 |
| Grant Fund | | 420,389.05 | 51,659.68 | 472,048.73 |
| General Capital Fund | | 126,272.87 | | 126,272.87 |
| | <u>\$ 96,262.74</u> | <u>\$ 546,661.92</u> | <u>\$ 51,659.68</u> | <u>\$ 694,584.34</u> |

Expenditures:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|----------------------|---------------------|----------------------|--------------------|----------------------|
| Current Fund | \$ 96,262.74 | \$ | \$ | \$ 96,262.74 |
| Grant Fund | | 31,509.39 | 3,849.82 | 35,359.21 |
| General Capital Fund | | 174,779.00 | | 174,779.00 |
| | <u>\$ 96,262.74</u> | <u>\$ 206,288.39</u> | <u>\$ 3,849.82</u> | <u>\$ 306,400.95</u> |

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules.

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PART III

BOROUGH OF SOUTH BOUND BROOK

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

| | YEAR 2012 | | YEAR 2011 | |
|---|-------------------------|----------------|-------------------------|----------------|
| | AMOUNT | % | AMOUNT | % |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 455,000.00 | 3.61% | \$ 550,000.00 | 4.41% |
| Miscellaneous - From Other Than Local Property Tax Levies | 2,677,340.18 | 21.22% | 2,434,642.70 | 19.50% |
| Collection of Delinquent Taxes and Tax Title Liens | 150,828.72 | 1.20% | 158,117.96 | 1.27% |
| Collections of Current Tax Levy | 9,333,859.73 | 73.97% | 9,341,304.25 | 74.82% |
| <u>Total Revenue</u> | <u>\$ 12,617,028.63</u> | <u>100.00%</u> | <u>\$ 12,484,064.91</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | \$ 5,324,672.02 | 43.42% | \$ 5,261,052.52 | 43.38% |
| County Taxes | 1,208,994.56 | 9.86% | 1,219,296.88 | 10.05% |
| Local School Taxes | 5,643,643.00 | 46.02% | 5,630,996.00 | 46.43% |
| Other Expenditures | 86,155.58 | 0.70% | 17,301.00 | 0.14% |
| <u>Total Expenditures</u> | <u>\$ 12,263,465.16</u> | <u>100.00%</u> | <u>\$ 12,128,646.40</u> | <u>100.00%</u> |
| Excess in Revenue | \$ 353,563.47 | | \$ 355,418.51 | |
| Adjustments to Income Before Fund Balance: | | | | |
| Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year | 75,000.00 | | 84,530.51 | |
| Statutory Excess to Fund Balance | \$ 428,563.47 | | \$ 439,949.02 | |
| Fund Balance - January 1 | 666,019.72 | | 776,070.70 | |
| | <u>\$ 1,094,583.19</u> | | <u>\$ 1,216,019.72</u> | |
| Less: Utilization as Anticipated Revenue | 455,000.00 | | 550,000.00 | |
| Fund Balance, December 31 | <u>\$ 639,583.19</u> | | <u>\$ 666,019.72</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------------------|-------------------------|-------------------------|-------------------------|
| Tax Rate | <u>\$2.867</u> | <u>\$2.824</u> | <u>\$2.799</u> |
| Apportionment of Tax Rate: | | | |
| Municipal | \$0.842 | \$0.799 | \$0.801 |
| County | 0.358 | 0.360 | 0.341 |
| Local School *revaluation | <u>1.667</u> | <u>1.665</u> | <u>1.657</u> |
| Assessed Valuation: | | | |
| 2012 | <u>\$338,513,362.00</u> | | |
| 2011 | | <u>\$338,320,886.00</u> | |
| 2010 | | | <u>\$340,573,963.00</u> |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| <u>YEAR</u> | <u>TAX LEVY</u> | <u>CURRENTLY</u> | |
|-------------|-----------------|-------------------------|---------------------------------|
| | | <u>CASH COLLECTIONS</u> | <u>PERCENTAGE OF COLLECTION</u> |
| 2012 | \$9,707,452.57 | \$9,333,859.73 | 96.15% |
| 2011 | \$9,559,648.51 | \$9,341,304.25 | 97.71% |
| 2010 | \$9,540,995.91 | \$9,287,980.34 | 97.34% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>DEC. 31ST 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> |
|-------------------------------|--|---|-----------------------------|---------------------------------------|
| 2012 | \$75,452.57 | \$278,503.99 | \$353,956.56 | 3.65% |
| 2011 | \$50,054.85 | \$152,210.92 | \$202,265.77 | 2.12% |
| 2010 | \$28,808.39 | \$188,911.24 | \$217,719.63 | 2.28% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|
| 2012 | \$46,053.66 |
| 2011 | \$46,053.66 |
| 2010 | \$46,053.66 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>YEAR</u> | <u>BALANCE DECEMBER 31</u> | <u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u> |
|---------------------|-------------|--------------------------------|--|
| <u>Current Fund</u> | 2012 | \$639,583.19 | \$485,000.00 |
| | 2011 | \$666,019.92 | \$455,000.00 |
| | 2010 | \$776,070.70 | \$550,000.00 |
| | 2009 | \$1,037,685.78 | \$600,000.00 |
| | 2008 | \$1,373,815.37 | \$825,000.00 |

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

| <u>NAME</u> | <u>TITLE</u> | <u>SURETY BOND</u> |
|--------------------|---|--------------------|
| Tamas Omorsi | Mayor | * |
| Dennis Quinlan | Council President | * |
| Bruce Blumenthal | Councilperson | * |
| Kathleen Conner | Councilperson | * |
| Michelle Duh | Councilperson | * |
| Peter Dykes | Councilperson | * |
| Caryl Shoffner | Councilperson | * |
| Donald E. Kazar | Borough Clerk, Assessment Search Officer, Registrar of Vital Statistics, Administrator | * |
| Randy Bahr | Chief Financial Officer, Tax Collector | * |
| Maria E. Caemmerer | Deputy Tax Collector and Tax Search Officer | * |
| Rachel Inzano | Assistant to Finance Officer & Building Department | * |
| Barbara Flaherty | Tax Assessor | * |
| Frank Linnus | Borough Attorney | * |
| John Richardson | Magistrate | * |
| Genoveva Castaneda | Court Administrator | * |
| Marianne E. Manley | Deputy Court Administrator | * |
| Arleen Lih | Secretary Board of Health, Deputy Registrar | * |
| William D. Boyle | Construction Official, Building & Fire Sub-Code | * |
| William King | Chief of Police | * |
| Carol Rice | Planning Board Secretary | * |

All of the bonds were examined and were properly executed.

- * Public Employee Faithful Performance Blanket Position Bond - \$1,000,000.00
- Middlesex County Municipal Joint Insurance Fund

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c. 198 (C. 40A:11-3), except by contract or agreement."

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

In 2012, the minutes indicate that contracts were awarded through bids for the following items:

- Solid Waste Collection
- Salt Storage Structure
- Reconstruction of Warren and Jefferson Streets

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution and been previously adopted under the provisions of N.J.S.A. 40A:11-6."

Resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2012 for the following professional services:

- Borough Engineer
- Auditing Services
- Borough Attorney
- Borough Labor Attorney
- Borough Architect- Staats House

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, R.S. 54-67, as amended, allows a fixed rate of interest and stated time on prepayment of taxes and assessments, the Borough of South Bound Brook will not allow any discount for the prepayment of taxes or assessments, and

WHEREAS, R.S. 54-67, as amended, provides for interest charge rates and the days of grace in payment of the delinquent taxes, the Borough of South Bound Brook shall charge interest not to exceed 8% per annum on the first \$1,500.00 of the total delinquency, and 18% per annum on any amount in excess of \$1,500.00 to be calculated from the date the tax was payable until the date of actual payment on taxes and added assessments. Plus 6% flat penalty at close of year on delinquency over \$10,000.00 with interest included provided, however, that no interest will be charged on any payments if made available within a period of ten (10) calendar days from the due date of said delinquent taxes or added assessments.

WHEREAS, the surcharge on redemption of municipal tax sale certificates be as follows:

- 2% - \$200.00 to \$5,000.00
- 4% - \$5,000.01 to \$10,000.00
- 6% - Over \$10,000.00

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

DELINQUENT TAXES AND TAX TITLE LIENS

The Borough held a tax sale on July 13, 2012.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

| <u>YEAR</u> | <u>NUMBER OF LIENS</u> |
|-------------|------------------------|
| 2012 | 2 |
| 2011 | 2 |
| 2010 | 2 |

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

| <u>TYPE</u> | |
|---------------------------------------|----|
| Information Tax Positive Confirmation | 50 |
| Delinquent Tax Positive Confirmation | 25 |

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

OTHER COMMENTS (CONTINUED)

Purchasing

We noted that a Certification of Availability of Funds was not obtained from the Chief Financial Officer prior to the awarding of contracts.

We noted that not all professional service contracts over the bid threshold were awarded with a not to exceed amount by resolution of the governing body.

We noted that business registration certificates were not obtained for all professional service contracts awarded by the governing body.

General Ledger

A Current Fund General Ledger was not completely maintained in accordance with the N.J.S.A. 5:30-5.7.

Departments

The audit of the condition of records maintained by the various departments of the Borough was designed to determine whether minimum levels of internal control and accountability were maintained and that cash receipts were deposited or turned over to the Treasurer within 48 hours per N.J.S.A. 40A:5-15. Receipts collected by all departments were not always deposited within 48 hours. In addition the Borough Clerk's receipts ledger was not complete for 2012.

Finance/Tax

Receipts collected in the finance and tax departments were not always deposited within 48 hours.

Fixed Assets

The Borough's fixed asset ledger was not updated since 2005.

Payroll

The remittance of pension reports was not always performed on a timely basis resulting in penalties and interest being assessed.

RECOMMENDATIONS

*That all professional service contracts over the bid threshold be awarded with a not to exceed amount by resolution of the governing body.

*That a Current Fund General Ledger be completely maintained in accordance with N.J.S.A. 5:30-5.7.

*That all funds received by all departments be deposited within 48 hours of receipt as per N.J.S.A. 40A:5-15.

That all receipts collected in the finance and tax departments be deposited within 48 hours of receipt as per N.J.S.A. 40A:5-15.

*That the Borough's fixed asset ledger be maintained on a current basis.

*That the remittance of quarterly pension reports be performed in a timely manner.

*Prior Year Recommendations

