

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, 2014

BOROUGH OF SOUTH BOUND BROOK

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BOROUGH OF SOUTH BOUND BROOK

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2014 AND 2013



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 of the Borough of South Bound Brook, as of December 31, 2014 and 2013, 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, 2014, 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.

SUPLEE, CLOONEY & COMPANY

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, 2014 and 2013, 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, 2014.

Basis for Qualified Opinion on Regulatory Basis of Accounting

A Statement of General Fixed Assets was omitted from the Borough's regulatory financial statements because the amounts to be reported in the statements are not presently known.

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 as of December 31, 2014 and 2013, 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, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of 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 June 17, 2015 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

June 17, 2015

CURRENT FUND

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
Cash	A-4	\$ 1,225,264.31	\$ 1,202,210.81
Change Funds	A-5	450.00	450.00
Due to State of New Jersey, Senior Citizens and Veterans Deductions	A-7	38,979.33	37,729.33
		<u>\$ 1,264,693.64</u>	<u>\$ 1,240,390.14</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 189,029.84	\$ 256,384.57
Tax Title Liens Receivable	A-9	125,200.10	96,341.44
PILOT Receivables	A-29	288,210.30	217,470.00
Sewer Rents Receivable	A-30	112,990.70	140,438.79
Property Acquired for Taxes Assessed Valuation	A-21	46,053.66	46,053.66
Revenue Accounts Receivable	A-10	11,961.57	10,107.83
Interfunds Receivable	A-22	380,867.14	23,786.62
	A	<u>\$ 1,154,313.31</u>	<u>\$ 790,582.91</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-33	\$ _____	\$ 1,712.26
		<u>\$ 2,419,006.95</u>	<u>\$ 2,032,685.31</u>
Grant Fund:			
Grants Receivable	A-11	\$ 320,600.29	\$ 155,742.71
Due General Capital Fund	A-24	580,000.00	80,000.00
Due Trust Other Fund	A-23	_____	140,000.00
Due Current Fund	A-28	_____	195,425.14
		<u>\$ 900,600.29</u>	<u>\$ 571,167.85</u>
		<u>\$ 3,319,607.24</u>	<u>\$ 2,603,853.16</u>

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

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
Liabilities:			
Appropriation Reserves	A-3:A-14	\$ 102,700.18	\$ 155,719.86
Prepaid Taxes	A-16	17,507.26	17,005.79
Tax Overpayments	A-15	209,169.90	169,840.11
Reserve for Due County - 5% PILOT	A-13	193,166.11	147,140.99
Accounts Payable	A-20	89,325.18	65,304.91
Reserve for Sale of Municipal Assets	A-19	11,182.00	10,784.21
Reserve for Tax Appeals	A-12	31,945.97	31,945.97
PILOT Overpayments	A-31	1,571.57	7,787.44
Sewer Overpayments	A-32	1,571.57	3,736.15
Interfunds Payable	A-22		195,425.14
Local School Taxes Payable	A-18	197,567.50	
		<u>\$ 854,135.67</u>	<u>\$ 804,690.57</u>
Reserve for Receivables and Other Assets	A	1,154,313.31	790,582.91
Fund Balance	A-1	410,557.97	437,411.83
		<u>\$ 2,419,006.95</u>	<u>\$ 2,032,685.31</u>
 Grant Fund:			
Reserve for Grants - Unappropriated	A-26	\$ 10,352.36	\$ 186,612.52
Reserve for Grants - Appropriated	A-25	667,739.70	382,263.71
Accounts Payable	A-27	8,050.28	2,291.62
Due Current Fund	A-28	214,457.95	
		<u>\$ 900,600.29</u>	<u>\$ 571,167.85</u>
		<u>\$ 3,319,607.24</u>	<u>\$ 2,603,853.16</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 2014</u>	<u>YEAR 2013</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 388,000.00	\$ 485,000.00
Miscellaneous Revenues Anticipated	A-2	2,762,233.21	2,278,256.33
Receipts From Delinquent Taxes	A-2	218,518.74	66,973.82
Receipts From Current Taxes	A-2	9,860,879.55	9,324,188.55
Non-Budget Revenue	A-2	178,520.82	273,071.42
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	106,607.70	9,927.69
Grant Fund Reserves Canceled			19,197.56
Accounts Payable Canceled	A-20	3,852.00	
Interfunds Returned			82,157.14
<u>TOTAL INCOME</u>		<u>\$ 13,518,612.02</u>	<u>\$ 12,538,772.51</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations Within "CAPS":			
Operations	A-3	\$ 3,813,862.46	\$ 3,736,424.00
Deferred Charges and Statutory Expenditures	A-3	527,317.96	524,908.66
Appropriations Excluded From "CAPS":			
Operations	A-3	902,331.40	590,426.31
Capital Improvements	A-3	500.00	500.00
Deferred Charges and Statutory Expenditures	A-3		101,428.23
Judgements	A-3	36,667.00	201,667.00
Municipal Debt Service	A-3	292,063.86	277,725.26
County Taxes	A-17	1,180,685.68	1,121,202.55
Local District School Tax	A-18	6,046,957.00	5,857,065.00
Grant Fund Receivable Canceled			9,597.56
Interfunds Advanced		357,080.52	
<u>TOTAL EXPENDITURES</u>		<u>\$ 13,157,465.88</u>	<u>\$ 12,420,944.57</u>
Excess in Revenue		\$ 361,146.14	\$ 117,827.94
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			165,000.00
Statutory Excess to Fund Balance		\$ 361,146.14	\$ 282,827.94
Fund Balance, January 1	A:A-1	437,411.83	639,583.89
		<u>\$ 798,557.97</u>	<u>\$ 922,411.83</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	388,000.00	485,000.00
Fund Balance, December 31	A:A-1	<u>\$ 410,557.97</u>	<u>\$ 437,411.83</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, 2014

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>N J.S.A. 40A: 4-87</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Appropriated	A-1	\$ 388,000.00		\$ 388,000.00	
Miscellaneous Revenues:					
Licenses - Alcoholic Beverage	A-10	\$ 8,000.00		\$ 8,000.00	
Other Licenses	A-2	7,600.00		7,448.50	(151.50)
Fees and Permits - Other	A-2	9,000.00		9,800.50	800.50
Municipal Court - Fines and Costs	A-10	120,000.00		135,414.28	15,414.28
Interest and Costs on Taxes	A-10	22,000.00		85,815.78	63,815.78
Consolidated Municipal Property Tax Relief Aid	A-10	44,108.00		44,108.00	
Energy Receipts Tax	A-10	375,186.00		375,186.00	
Construction Code Official	A-10	34,000.00		35,176.00	1,176.00
Police Services - Rocky Hill	A-10	50,000.00		41,349.22	(8,650.78)
Recycling Tonnage Grant	A-11	3,117.88		3,117.88	
Alcohol Education Rehabilitation	A-11	2,533.19	2,835.85	5,369.04	
Clean Communities Program	A-11	7,213.47	6,764.24	13,977.71	
Municipal Alliance on Alcoholism and Drug Abuse	A-11	13,081.00		13,081.00	
Body Armor Replacement Fund	A-11	1,869.98		1,869.98	
Somerset County Youth Services Program	A-11	5,000.00	5,000.00	10,000.00	
Click it or Ticket	A-11		2,200.00	2,200.00	
Somerset County - STAATS House	A-11	333,757.00		333,757.00	
Drive Sober or Get Pulled Over	A-11		3,600.00	3,600.00	
Uniform Fire Safety Act	A-10	1,800.00		3,443.05	1,643.05
Cable TV Franchise Fee	A-10	31,363.00		31,363.00	
Verizon Franchise Fee	A-10	22,594.38		22,594.38	
P.I.L.O.T.	A-29	935,000.00		1,002,264.77	67,264.77
Sale of Municipal Assets	A-19	10,000.00		10,000.00	
State of N.J. Division of Motor Vehicles	A-10	2,500.00		14,662.47	12,162.47
Sewer Charges	A-30	565,000.00		548,634.65	(16,365.35)
	A-1	<u>\$ 2,604,723.90</u>	<u>\$ 20,400.09</u>	<u>\$ 2,762,233.21</u>	<u>\$ 137,109.22</u>
Receipts From Delinquent Taxes	A-1	\$ 140,000.00		\$ 218,518.74	\$ 78,518.74
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-8:A-2	\$ 2,925,554.83		\$ 3,137,236.87	\$ 211,682.04
<u>Budget Totals</u>		\$ 6,058,278.73	\$ 20,400.09	\$ 6,505,988.82	\$ 427,310.00
Non-Budget Revenue	A-1:A-2			178,520.82	178,520.82
		<u>\$ 6,058,278.73</u>	<u>\$ 20,400.09</u>	<u>\$ 6,684,509.64</u>	<u>\$ 605,830.82</u>
	<u>REF.</u>	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, 2014

REF.

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:			
Collections on a Cash Basis	A-1:A-8		\$ 9,860,879.55
Allocated to:			
School and County Taxes			<u>7,227,642.68</u>
Balance for Support of Municipal Budget Appropriations			\$ 2,633,236.87
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>504,000.00</u>
Amount for Support of Municipal Budget	A-2		<u>\$ 3,137,236.87</u>
Other Licenses:			
Board of Health	A-10		\$ 7,307.50
Registrar	A-10		<u>141.00</u>
	A-2		<u>\$ 7,448.50</u>
Fees and Permits - Other:			
Clerk	A-10		\$ 200.00
Bulk Trash	A-10		4,550.00
Planning	A-10		2,416.00
Registrar	A-10		390.00
Building Department	A-10		1,550.00
Police	A-10		<u>694.50</u>
	A-2		<u>\$ 9,800.50</u>
P.I.L.O.T. Revenue:			
Receipts	A-4:A-29		\$ 1,061,737.19
Applied	A-29		<u>7,787.44</u>
Receipts and Applied	A-29		\$ 1,069,524.63
Less:			
Due County - 5% PILOT	A-13	\$ 46,025.12	
PILOT Administrative Costs	A-2	<u>21,234.74</u>	
	A-2		<u>\$ 1,002,264.77</u>
Sewer Revenue:			
Receipts	A-4:A-30		\$ 547,033.75
Applied	A-30		<u>1,600.90</u>
	A-2		<u>\$ 548,634.65</u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenues Not Anticipated:			
Interest on Investments and Deposits			\$ 7,144.01
Rent			20,860.60
SC and Veterans' Administrative Costs			655.00
Police Outside Overtime Administrative Costs			3,895.00
Rocky Hill Court Fees			6,845.86
Middlesex County Utilities Authority Refund			100,261.09
FEMA			13,571.02
Miscellaneous			420.99
Tax Collector			<u>3,632.51</u>
PILOT Administrative Costs	A-4		\$ 157,286.08
	A-2		<u>21,234.74</u>
	A-2:A-4		<u>\$ 178,520.82</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, 2014

	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	\$ 10,448.00	\$ 10,243.00	\$ 10,243.00	\$	\$
Other Expenses	4,500.00	4,500.00	3,750.17	749.83	
Clerk:					
Salaries and Wages	95,915.00	97,701.56	97,701.56		
Other Expenses	9,000.00	15,962.00	11,712.19	4,249.81	
Elections:					
Salaries and Wages	1,345.00	1,375.76	1,375.76		
Other Expenses	1,200.00	1,131.87	1,131.87		
Financial Administration:					
Salaries and Wages	50,000.00	50,000.00	36,936.95	13,063.05	
Miscellaneous	21,000.00	42,071.50	39,136.30	2,935.20	
Audit	23,050.00	22,600.00	22,600.00		
Assessment of Taxes:					
Salaries and Wages	12,903.00	12,962.64	12,962.64		
Other Expenses	3,000.00	1,165.01	1,165.01		
Collection of Taxes:					
Salaries and Wages	51,000.00	33,641.15	31,614.32	2,026.83	
Other Expenses	15,000.00	15,000.00	14,007.34	992.66	
Legal Services and Costs:					
Other Expenses	60,000.00	62,097.61	62,097.61		
Municipal Prosecutor:					
Salaries and Wages	15,300.00	15,300.00	14,375.00	925.00	
Engineering Services and Costs:					
Other Expenses	18,000.00	29,480.03	29,480.03		
Public Buildings and Grounds:					
Other Expenses	15,000.00	15,000.00	13,130.15	1,869.85	
Planning Board:					
Salaries and Wages	6,176.00	6,177.12	6,177.12		
Other Expenses	1,000.00	270.63	270.63		
Insurance:					
Group- Employees	475,000.00	488,805.99	488,805.99		
Other Insurance	175,000.00	171,550.00	171,549.92	0.08	
Unemployment Compensation Insurance	8,500.00	8,500.00	7,898.51	601.49	
Fire:					
Other Expenses:					
Miscellaneous	48,225.00	50,225.00	48,017.37	2,207.63	
Rent	25,000.00	25,000.00	25,000.00		
Bureau of Fire Safety:					
Salaries and Wages	4,750.00	4,644.00	4,644.00		
Other Expenses	1,500.00	1,261.29	1,261.29		
Police:					
Salaries and Wages	1,331,897.00	1,368,335.09	1,368,335.09		
Other Expenses	75,000.00	75,000.00	65,439.17	9,560.83	
Municipal Court:					
Salaries and Wages	137,500.00	137,997.20	137,997.20		
Other Expenses	13,500.00	13,002.00	10,281.07	2,720.93	
Environmental Commission:					
Other Expenses	50.00				
First Aid Organization - Other Expenses	21,000.00	21,000.00	16,152.47	4,847.53	
Emergency Management Services:					
Salaries and Wages	1,711.00	1,728.72	1,728.72		
Other Expenses	5,500.00	5,500.00	1,284.68	4,215.32	
Road Repair and Maintenance:					
Other Expenses	15,000.00	14,846.03	14,846.02	0.01	
Sewer System:					
Other Expenses	8,000.00	6,267.08	6,267.08		
Department of Public Works:					
Salaries and Wages	295,000.00	285,650.44	285,650.43	0.01	
Other Expenses	5,000.00	5,573.75	5,573.75		
Garbage and Trash:					
Other Expenses	190,000.00	184,100.00	184,021.06	78.94	
Solid Waste Recycling:					
Other Expenses	40,000.00	42,192.84	42,192.84		

BOROUGH OF SOUTH BOUND BROOK
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS" (CONTINUED)					
Board of Health:					
Salaries and Wages	\$ 4,800.00	\$ 3,743.52	\$ 3,743.52	\$	
Other Expenses	56,470.00	56,013.72	56,013.72		
Dog Regulations:					
Other Expenses	16,000.00	16,000.00	16,000.00		
Parks and Playgrounds:					
Other Expenses	8,000.00	7,792.41	7,792.41		
Board of Recreation Commissioners:					
Salaries and Wages	10,100.00	10,257.01	10,257.01		
Other Expenses-Sports	10,625.00	10,625.00	9,817.51	807.49	
Other Expenses-Social	6,335.00	3,412.66	3,412.66		
Celebration of Public Events	3,000.00	3,000.00	2,933.00	67.00	
Contribution to Senior Citizens Center	4,000.00	4,000.00	4,000.00		
Historical Society	8,500.00	8,500.00	7,565.80	934.20	
Inspection of Plumbing:					
Salaries and Wages	6,500.00	6,432.50	6,432.50		
Electrical Inspector:					
Salaries and Wages	6,500.00	8,060.00	8,060.00		
Inspection of Buildings:					
Salaries and Wages	84,500.00	78,763.41	78,763.41		
Other Expenses	2,500.00	2,500.00	1,229.95	1,270.05	
Fire Officials:					
Salaries and Wages	3,102.00	3,080.96	3,080.96		
Safety and Health Act:					
Other Expenses	4,600.00	4,600.00	2,758.00	1,842.00	
Unclassified:					
Street Lighting	90,000.00	73,440.00	58,137.61	15,302.39	
Fire Hydrant Service	60,000.00	44,644.00	34,938.00	9,706.00	
Telephone	30,000.00	30,000.00	29,551.46	448.54	
Fuel Oil	48,000.00	48,000.00	40,975.37	7,024.63	
Gas/Electricity	25,000.00	34,137.96	34,137.96		
Water	8,000.00	8,000.00	3,764.42	4,235.58	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 3,787,502.00	\$ 3,812,862.46	\$ 3,720,179.58	\$ 92,682.88	\$
CONTINGENT	1,000.00	1,000.00		1,000.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 3,788,502.00	\$ 3,813,862.46	\$ 3,720,179.58	\$ 93,682.88	\$
DEFERRED CHARGES & STATUTORY EXPENDITURES- MUNICIPAL WITHIN "CAPS"					
Deferred Charges:					
Overexpenditure of Appropriations	\$ 1,712.26	\$ 1,712.26	\$ 1,712.26	\$	\$
Deficit- Animal Control	479.70	479.70	479.70		
Statutory Expenditures:					
Police and Firemen's Retirement System of N.J.	279,014.00	262,180.00	262,180.00		
Public Employees Retirement System of N.J.	97,461.00	87,946.00	87,946.00		
Social Security System (O.A.S.I.)	175,000.00	175,000.00	167,982.70	7,017.30	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 553,666.96	\$ 527,317.96	\$ 520,300.66	\$ 7,017.30	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 4,342,168.96	\$ 4,341,180.42	\$ 4,240,480.24	\$ 100,700.18	\$
OPERATIONS-EXCLUDED FROM "CAPS"					
Sewerage Authority-Share of Costs	\$ 446,100.00	\$ 447,088.54	\$ 447,088.54	\$	\$
Length of Service Award Program (LOSAP)	15,000.00	15,000.00	13,000.00	2,000.00	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 461,100.00	\$ 462,088.54	\$ 460,088.54	\$ 2,000.00	\$
Interlocal Municipal Service Agreements					
Police Services- Rocky Hill					
Salaries and Wages	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENT	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$

BOROUGH OF SOUTH BOUND BROOK
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES					
Clean Communities Program (N.J.S.A. 40A: 4-87 +\$6,764.24)	\$ 7,213.47	\$ 13,977.71	\$ 13,977.71		\$
Body Armor Replacement Fund	1,869.98	1,869.98	1,869.98		
Click It Or Ticket (N.J.S.A. 40A: 4-87 +\$2,200.00)		2,200.00	2,200.00		
Recycling Tonnage Program	3,117.88	3,117.88	3,117.88		
Alcohol Education and Rehabilitation Fund (NJSA 40A: 4-87+\$2,835.85)	2,533.19	5,369.04	5,369.04		
Municipal Alliance - County	13,081.00	13,081.00	13,081.00		
Municipal Alliance - Local Match	3,270.25	3,270.25	3,270.25		
Somerset County - Staats House	333,757.00	333,757.00	333,757.00		
Somerset County - Youth Service (N.J.S.A. 40A: 4-87 +\$5,000.00)	5,000.00	10,000.00	10,000.00		
Drive Sober or Get Pulled Over (N.J.S.A. 40A: 4-87 +\$3,600.00)		3,600.00	3,600.00		
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE	\$ 369,842.77	\$ 390,242.86	\$ 390,242.86		\$
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 880,942.77	\$ 902,331.40	\$ 900,331.40	\$ 2,000.00	\$
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Capital Improvement Fund	500.00	500.00	500.00		
TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"	\$ 500.00	\$ 500.00	\$ 500.00		\$
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00		
Interest on Notes	22,000.00	22,000.00	21,817.48		182.52
Interest on Bonds	62,000.00	62,000.00	61,044.00		956.00
Somerset County Improvement Authority	60,000.00	60,000.00	59,202.38		797.62
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"	\$ 294,000.00	\$ 294,000.00	\$ 292,063.86		\$ 1,936.14
Judgements	\$ 36,667.00	\$ 36,667.00	\$ 36,667.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 1,212,109.77	\$ 1,233,498.40	\$ 1,229,562.26	\$ 2,000.00	\$ 1,936.14
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	\$ 5,554,278.73	\$ 5,574,678.82	\$ 5,470,042.50	\$ 102,700.18	\$ 1,936.14
	504,000.00	504,000.00	504,000.00		
TOTAL GENERAL APPROPRIATIONS	\$ 6,058,278.73	\$ 6,078,678.82	\$ 5,974,042.50	\$ 102,700.18	\$ 1,936.14
REF.	A-2 A-3		A-1	A:A-1	
Budget	A-3	\$ 6,058,278.73			
Appropriation by 40A:4-87	A-2	20,400.09			
		\$ 6,078,678.82			
Disbursements	A-4		\$ 4,991,185.29		
Deferred Charges	A-33		1,712.26		
Accounts Payable	A-20		89,325.18		
Reserve for Grants Appropriated	A-25		390,242.86		
Reserve for Uncollected Taxes	A-2		504,000.00		
			\$ 5,976,465.59		
Less: Refunds	A-4		2,423.09		
			\$ 5,974,042.50		

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TRUST FUND

BOROUGH OF SOUTH BOUND BROOKTRUST FUNDBALANCE SHEETS-REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
Assessment Fund:			
Cash	B-2:B-3	\$ 1,853.61	\$ 1,853.61
Prospective Assessments Funded	B-5	22,802.50	22,802.50
		<u>\$ 24,656.11</u>	<u>\$ 24,656.11</u>
Animal Control Trust Fund:			
Cash	B-2	\$ 14,904.36	\$ 13,444.63
Deficit in Animal Control Expenditures	B-8	4.40	484.10
		<u>\$ 14,908.76</u>	<u>\$ 13,928.73</u>
Other Funds:			
Cash	B-2	\$ 766,658.19	\$ 561,370.92
		<u>\$ 806,223.06</u>	<u>\$ 599,955.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Reserve for Assessments	B-6	\$ 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-10	\$ 13,951.01	\$ 13,914.93
Due State of New Jersey	B-9	4.20	13.80
Rserve for Animal Control Expenditures	B-8	953.55	
		<u>\$ 14,908.76</u>	<u>\$ 13,928.73</u>
Other Funds:			
Reserve for Various Deposits	B-11	\$ 382,360.61	\$ 150,944.61
Reserve for Escrow Deposits	B-13	223,375.15	237,178.33
Reserve for COAH Deposits	B-12	23,101.12	22,896.39
Reserve for Law Enforcement Trust Fund	B-4	4,116.90	4,106.48
Due Grant Fund	B-14		140,000.00
Due Current Fund	B-7	133,704.41	6,245.11
		<u>\$ 766,658.19</u>	<u>\$ 561,370.92</u>
		<u>\$ 806,223.06</u>	<u>\$ 599,955.76</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, 2013 and December 31, 2014	B	\$ <u>1,853.61</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 DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 146,531.45	\$ 952,736.99
Deferred Charges to Future Taxation-Unfunded	C-5	1,773,733.74	1,960,340.43
Deferred Charges to Future Taxation-Funded	C-4	2,052,000.00	2,202,000.00
Grants Receivable	C-13	<u>417,493.39</u>	<u>417,493.39</u>
		<u>\$ 4,389,758.58</u>	<u>\$ 5,532,570.81</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	C-7	\$ 71,094.73	\$ 83,094.73
Improvement Authorizations:			
Funded	C-8	258,678.18	353,446.90
Unfunded	C-8	411,426.86	981,747.73
Reserve for Debt Service	C-9	186,450.83	186,450.83
Contracts Payable	C-10	116,218.45	66,645.49
General Serial Bonds Payable	C-12	2,052,000.00	2,202,000.00
Bond Anticipation Notes Payable	C-14	679,100.00	1,573,800.00
Due Current Fund	C-6	18,753.77	3,626.58
Due Grant Fund	C-11	580,000.00	80,000.00
Fund Balance	C-1	<u>16,035.76</u>	<u>1,758.55</u>
		<u>\$ 4,389,758.58</u>	<u>\$ 5,532,570.81</u>

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, 2013	C	\$ 1,758.55
Increased by:		
Improvement Authorizations Canceled	C-8	168,977.21
		<u>\$ 170,735.76</u>
Decreased by:		
Improvement Authorizations Funded	C-8	<u>154,700.00</u>
Balance, December 31, 2014	C	<u><u>\$ 16,035.76</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, 2014 AND 2013

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 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. However, the system has not been updated in several years and the amounts of fixed assets are not reported in the financial statements.

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, 2014:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$450.00	\$1,586,033.77	\$216,695.47	\$577,464.93	\$1,225,264.31
Assessment Fund		1,853.61			1,853.61
Animal Control Fund		14,904.36			14,904.36
Trust Other Fund		773,284.34	15,664.65	22,290.80	766,658.19
General Capital Fund		299,144.75		152,613.30	146,531.45
	<u>\$450.00</u>	<u>\$2,675,220.83</u>	<u>\$232,360.12</u>	<u>\$752,369.03</u>	<u>\$2,155,211.92</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2014, 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 \$406,621.50 was covered by Federal Depository Insurance and \$2,268,599.33 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;
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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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 2014</u>	<u>YEAR 2013</u>	<u>YEAR 2012</u>
Issued:			
Bonds, Notes and Loans	\$2,894,121.85	\$3,988,638.07	\$3,252,727.70
Less:			
Reserve to Pay Debt	(186,450.83)	(186,450.83)	
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>1,094,633.74</u>	<u>386,540.43</u>	<u>1,244,507.43</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$3,802,304.75</u>	<u>\$4,188,727.67</u>	<u>\$4,497,235.13</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 1.257%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
General Debt	\$3,988,755.59	\$186,450.83	\$3,802,304.75
School District Debt	<u>2,115,000.00</u>	<u>2,115,000.00</u>	
TOTAL	<u>\$6,103,755.59</u>	<u>\$2,301,450.83</u>	<u>\$3,802,304.75</u>

NET DEBT \$3,802,304.76 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2 AS AMENDED \$302,589,614.67 EQUALS 1.257%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Equalized Valuation Basis - December 31, 2014	<u>\$302,589,614.67</u>
3-1/2% of Equalized Valuation Basis	\$10,590,636.51
Net Debt	<u>3,802,304.75</u>
Remaining Borrowing Power	<u>\$6,788,331.76</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	<u>\$2,052,000.00</u>
--	-----------------------

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2014

CALENDAR YEAR	GENERAL		TOTAL
	PRINCIPAL	INTEREST	
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>\$ 2,052,000.00</u>	<u>\$ 348,165.00</u>	<u>\$ 2,400,165.00</u>

NOTE 4: SHORT-TERM DEBT

The Borough had the following short-term debt:

Bond Anticipation Notes:

Outstanding Bond Anticipation Notes are summarized as follows:

	Interest Rate	Maturity Date	Amount
Bond Anticipation Note	1.00%	12/18/15	\$642,500.00
Refunding Bond Anticipation Note	1.00%	12/18/15	36,600.00
			<u>\$679,100.00</u>

NOTE 5: 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>
8/1/2015	\$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>\$163,021.85</u>	<u>\$14,585.29</u>	<u>\$177,607.14</u>

NOTE 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2015 are as follows:

Current Fund	\$408,000.00
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NOTE 7: 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:

	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
Prepaid Taxes	<u>\$17,507.26</u>	<u>\$17,005.79</u>

NOTE 8: 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 \$350,126.00 for 2014, \$353,288.26 for 2013 and \$371,774.00 for 2012. The Borough had no employees in DCRP in 2014, 2013 or 2012.

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 9: 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, 2014.

NOTE 10: 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, 2014, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: 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 12: 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 13: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for 2014 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, 2014, the Borough had a reserve of \$31,945.97.

NOTE 14: 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 15: 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 \$13,000.00 in 2014, \$15,000.00 in 2013 and \$18,000.00 in 2012.

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 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2014:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 380,867.14	\$
Grant Fund	580,000.00	214,457.95
Animal Control Fund		13,951.01
Trust Other Fund		133,704.41
General Capital Fund		598,753.77
	\$ 960,867.14	\$ 960,867.14

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

NOTE 17: GASB 45 – OTHER POST-RETIREMENT BENEFITS

Plan Description. The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the years ended December 31, 2014, 2013, and 2012 were \$488,805.99, \$390,392.62 and \$360,920.30, respectively, which equaled the required contributions for each year.

NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown:

	Balance December 31, 2014	Raised in 2015 Budget
Animal Control Fund:		
Deficit in Expenditures	<u>\$4.40</u>	<u>\$4.40</u>

The appropriations in the 2015 Budget are not less than that required by statute.

NOTE 19: SUBSEQUENT EVENTS

The Borough of South Bound Brook has evaluated subsequent events occurring after the financial statement date through June 17, 2015 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment other than the following:

The Borough issued taxable Bond Anticipation Notes on February 25, 2015 in the amount of \$858,000.00. These Notes come due on February 25, 2016 with an interest rate of 1.5%.

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BOROUGH OF SOUTH BOUND BROOK
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF CURRENT CASH-COLLECTOR-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2013	A	\$ 1,202,210.81	\$
Increased by Receipts:			
State of New Jersey Senior Citizens' Deductions	A-7	\$ 32,750.00	\$
2014 Appropriation Refunds	A-3	2,423.09	
Grants Receivable	A-11		35,502.51
Taxes Receivable	A-8	10,001,863.62	
Tax Title Liens	A-9	460.68	
Tax Overpayments	A-15	67,197.99	
Prepaid Taxes	A-16	17,507.26	
PILOT Receivables	A-29	1,061,737.19	
Sewer Rents Receivable	A-30	547,033.75	
Reserve for Sale of Municipal Assets	A-19	10,397.79	
Miscellaneous Revenue Not Anticipated	A-2	157,286.08	
Revenue Accounts Receivable	A-10	814,361.18	
Petty Cash	A-6	300.00	
Interfunds	A-22	1,067,294.11	
Due Current Fund	A-28		413,153.34
Due Trust Other Fund	A-23		140,000.00
Reserve for Grants - Unappropriated	A-26		10,352.36
		<u>13,780,612.74</u>	<u>599,008.21</u>
		\$ 14,982,823.55	\$ 599,008.21
Decreased by Disbursements:			
2014 Appropriations	A-3	\$ 4,991,185.29	\$
2013 Appropriation Reserves	A-14	110,295.07	
Local District School Tax	A-18	5,849,389.50	
County Taxes	A-17	1,180,685.68	
Petty Cash	A-6	300.00	
Refund of Sewer Overpayments	A-32	563.68	
Accounts Payable	A-20	270.00	
Tax Overpayments	A-15	1,800.00	
Interfunds	A-22	1,623,070.02	
Due General Capital Fund	A-24		500,000.00
Reserve for Grants - Appropriated	A-25		99,008.21
		<u>13,757,559.24</u>	<u>599,008.21</u>
Balance, December 31, 2014	A	\$ <u><u>1,225,264.31</u></u>	\$ <u><u>-0-</u></u>

"A-5"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2013
and December 31, 2014

A

\$ 450.00

ANALYSIS OF BALANCE

Tax Collector
Municipal Court
Administration

\$ 200.00
200.00
50.00

\$ 450.00

"A-6"

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, 2013 (Due From)	A	\$	37,729.33
Increased by:			
Senior Citizens and Veterans Deductions Allowed:			
Per Tax Collector		\$	750.00
Per Tax Billings			33,750.00
	A-7		<u>34,500.00</u>
		\$	<u>72,229.33</u>
Decreased by:			
Senior Citizens and Veterans Deductions			
Disallowed by Tax Collector:			
2014 Taxes	A-7	\$	500.00
Received in Cash From State	A-4		<u>32,750.00</u>
			<u>33,250.00</u>
Balance, December 31, 2014 (Due From)	A	\$	<u><u>38,979.33</u></u>

CALCULATION OF "STATE'S-SHARE"-2014
SENIOR CITIZENS AND VETERANS DEDUCTION ALLOWED

Deductions per tax Billings:			
Senior Citizens		\$	7,000.00
Veterans			26,750.00
Senior Citizen's Deductions Allowed by Collector			250.00
Veterans Deductions Allowed by Collector			<u>500.00</u>
	A-7	\$	34,500.00
Less: Disallowed by Collector			
	A-7		<u>500.00</u>
	A-8	\$	<u><u>34,000.00</u></u>

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2013	ADDED TAXES	2014 LEVY	COLLECTION BY CASH		CANCELED	OVERPAYMENTS APPLIED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2014
				2013	2014				
Prior 2014	\$ 256,384.57	\$ 9,455.64	\$ 10,176,273.27	\$ 17,005.79	\$ 9,817,805.56	\$ 101,408.11	\$ 26,068.20	\$ 24,955.77	\$ 189,029.84
	<u>\$ 256,384.57</u>	<u>\$ 9,455.64</u>	<u>\$ 10,176,273.27</u>	<u>\$ 17,005.79</u>	<u>\$ 10,035,863.62</u>	<u>\$ 147,694.98</u>	<u>\$ 26,068.20</u>	<u>\$ 26,451.05</u>	<u>\$ 189,029.84</u>
REF.	A			A-2:A-16	A-2		A-2:A-15	A-9	A

REF.

Collector-Treasurer	A-4	\$ 10,001,863.62
Due from State of New Jersey Per Chapter 20 P.L. 1971	A-7	34,000.00
		<u>\$ 10,035,863.62</u>

ANALYSIS OF 2014 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	
Added Taxes (54:4-63.1 et seq.)	\$ 24,143.14
General Purpose Tax	<u>10,152,130.13</u>

TOTAL

\$ 10,176,273.27

TAX LEVY

Local District School Tax (Abstract)	A-18	\$ 6,046,957.00
County Taxes:		
County Tax - Regular (Abstract)		\$ 950,980.39
County Tax - Library (Abstract)		137,547.24
County Tax - Open Space (Abstract)		90,233.84
County Tax Added		<u>1,924.21</u>
	A-17	1,180,685.68
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 2,925,554.83
Add: Additional Tax Levied		<u>23,075.76</u>
Local Tax for Municipal Purposes Levied		<u>2,948,630.59</u>
		<u>\$ 10,176,273.27</u>

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 96,341.44
Increased by:			
Taxes Receivable	A-8	\$ 26,451.05	
Interest and Costs on Tax Sale		<u>2,868.29</u>	
			<u>29,319.34</u>
			\$ 125,660.78
Decreased by:			
Receipts	A-4		<u>460.68</u>
Balance, December 31, 2014	A		<u>\$ 125,200.10</u>

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>ACCRUED IN 2014</u>	<u>COLLECTED BY COLLECTOR/ TREASURER</u>	<u>BALANCE DECEMBER 31, 2014</u>
Clerk:					
Alcoholic Beverage License	A-2	\$	\$ 8,000.00	\$ 8,000.00	\$
Fees and Permits	A-2		200.00	200.00	
Bulk Disposal Fees	A-2		4,550.00	4,550.00	
Board of Health:					
Other Licenses	A-2		7,307.50	7,307.50	
Registrar:					
Fees and Permits	A-2		390.00	390.00	
Other Licenses	A-2		141.00	141.00	
Police:					
Fees and Permits	A-2		694.50	694.50	
Planning:					
Fees and Permits	A-2		2,416.00	2,416.00	
Construction Code:					
Fees and Permits	A-2		1,550.00	1,550.00	
Municipal Court - Fines and Costs	A-2	10,107.83	137,268.02	135,414.28	11,961.57
Interest and Costs on Taxes	A-2		85,815.78	85,815.78	
Consolidated Municipal Property Tax Relief Aid	A-2		44,108.00	44,108.00	
Energy Receipt Taxes	A-2		375,186.00	375,186.00	
Uniform Construction Code Fees	A-2		35,176.00	35,176.00	
Police Services - Rocky Hill	A-2		41,349.22	41,349.22	
Uniform Fire Safety Act	A-2		3,443.05	3,443.05	
Cable T.V. Franchise Fee	A-2		31,363.00	31,363.00	
Verizon Franchise Fee	A-2		22,594.38	22,594.38	
State of NJ Division of Motor Vehicles	A-2		14,662.47	14,662.47	
		<u>\$ 10,107.83</u>	<u>\$ 816,214.92</u>	<u>\$ 814,361.18</u>	<u>\$ 11,961.57</u>
	<u>REF.</u>	A		A-4	A

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2013	ACCRUED	RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2014
Clean Communities Program	\$	\$ 13,977.71	\$ 6,764.24	\$ 7,213.47	\$
Drive Sober or Get Pulled Over		3,600.00	3,600.00		
Click it or Ticket		2,200.00	2,200.00		
Body Armor Replacement Fund		1,869.98		1,869.98	
Youth Services Program		10,000.00	5,000.00	5,000.00	
Somerset County Staats House		333,757.00		166,878.00	166,879.00
Recycling Tonnage		3,117.88		3,117.88	
Municipal Alliance on Alcohol and Drug Abuse	2,217.05	13,081.00	15,102.42		195.63
Economic Development Incentive Program	18,921.66				18,921.66
Alcohol Education Rehabilitation Fund		5,369.04	2,835.85	2,533.19	
Hazardous Discharge - SBB Auto Body	26,030.00				26,030.00
Hazardous Discharge - GAF Corp.	13,008.00				13,008.00
Country Smokehouse/ Corn Crib	56,570.00				56,570.00
Interlocal Service/ Master Plan	18,250.00				18,250.00
NJ EDA Allied/Stamile	20,746.00				20,746.00
	<u>\$ 155,742.71</u>	<u>\$ 386,972.61</u>	<u>\$ 35,502.51</u>	<u>\$ 186,612.52</u>	<u>\$ 320,600.29</u>
<u>REF.</u>	A	A-2	A-4	A-26	A

"A-12"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	A	\$ <u>31,945.97</u>

"A-13"

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

Balance, December 31, 2013	A	\$ 147,140.99
Increased by: Collections Applied	A-2	<u>46,025.12</u>
Balance, December 31, 2014	A	\$ <u>193,166.11</u>

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	MODIFIED BALANCE	PAID OR CHARGED	BALANCE LAPSED
Salaries and Wages:				
Clerk	\$ 79.55	\$ 79.55	\$	79.55
Elections	16.48	16.48		16.48
Financial Administration	61.73	61.73		61.73
Assessment of Taxes	0.52	0.52		0.52
Collection of Taxes		10,000.00	10,000.00	
Planning Board	10.56	10.56		10.56
Fire Safety Bureau	16.72	16.72		16.72
Municipal Court	1,737.73	1,737.73		1,737.73
Emergency Management Services	1.36	1.36		1.36
Department of Public Works	822.57	822.57		822.57
Board of Health	133.85	133.85		133.85
Board of Recreation Commissioners	1,211.25	1,211.25		1,211.25
Inspection of Plumbing	275.00	275.00		275.00
Electrical Inspector	415.00	415.00		415.00
Building Inspector	216.13	216.13		216.13
Fire Official	29.13	29.13		29.13
Other Expenses:				
Mayor and Council	100.00	100.00	18.59	81.41
Clerk	94.78	1,525.78	1,484.98	40.80
Elections	0.01	0.01		0.01
Financial Administration - Miscellaneous	3,148.32	3,148.32	3,083.27	65.05
Assessment of Taxes	1.87	1,160.45	1,159.66	0.79
Collection of Taxes	1,807.57	3,672.29	2,506.72	1,165.57
Legal Services and Costs	15,692.96	15,010.96	6,090.12	8,920.84
Engineering Services & Costs	2,834.01	2,834.01	13.68	2,820.33
Public Buildings and Grounds	677.64	3,087.64	912.64	2,175.00
Planning Board	619.84	619.84	278.00	341.84
Group Insurance for Employees	68.17	568.17		568.17
Other Insurance	256.79	256.79		256.79
Unemployment Compensation Insurance	1,591.06	1,591.06		1,591.06
Medical and Employee Contracts	500.00	500.00		500.00
Fire - Miscellaneous and Rent	1,597.86	11,625.83	11,185.17	440.66
Fire Safety Bureau	12.11	250.00	237.89	12.11
Police	15,049.01	26,491.08	21,235.40	5,255.68
Municipal Court	652.29	1,037.29	590.80	446.49
First Aid Organization And Maintenance Costs	2,622.83	3,397.83		3,397.83
Emergency Management Services	646.10	5,500.00	4,607.12	892.88
Road Repair and Maintenance	2,533.50	3,896.58	1,326.43	2,570.15
Sewer System	1,504.63	4,652.13	4,309.10	343.03
Department of Public Works	500.63	1,212.32	711.69	500.63
Garbage and Trash	15,511.39	15,511.39	1,267.72	14,243.67
Solid Waste Recycling	5,108.16	5,618.16	5,618.16	
Board of Health	186.36	1,985.36	1,803.14	182.22
Parks and Playgrounds	87.70	965.57	964.72	0.85
Board of Recreation Commissioners: Sports	7,753.80	7,753.80	500.00	7,253.80
Board of Recreation Commissioners: Social	725.91	2,906.05	2,180.14	725.91
Celebration of Public Events	50.00	700.00	650.00	50.00
Historical Society	8.01	4,508.01	2,500.00	2,008.01
Building Inspector	390.85	1,290.35	995.27	295.08
Safety and Health Act		140.00	140.00	
Fire Hydrant Service	16,327.50	16,327.50	8,734.50	7,593.00
Street Lighting	13,711.46	13,711.46	7,891.70	5,819.76
Telephone	978.03	978.03	977.58	0.45
Fuel Oil	6,142.89	6,142.89	348.97	5,793.92
Gas / Electricity	7,609.90	7,609.90	5,337.05	2,272.85
Water	887.10	887.10	107.86	779.24
Contingent	1,000.00	1,000.00		1,000.00
Sewerage Authority - Share of Costs	14,056.40	14,056.40	527.00	13,529.40
Social Security System (O.A.S.I.)	4,784.04	4,784.04		4,784.04
Judgements	2,860.80	2,860.80		2,860.80
	<u>\$ 155,719.86</u>	<u>\$ 216,902.77</u>	<u>\$ 110,295.07</u>	<u>\$ 106,607.70</u>

REF. A-A-14 A-4 A-1

2013 Appropriation Reserves	A-14	\$ 155,719.86
Accounts Payable	A-20	61,182.91
		<u>\$ 216,902.77</u>

"A-15"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 169,840.11
Increased by:			
Overpayments in 2014	A-4		67,197.99
			<u>\$ 237,038.10</u>
Decreased by:			
Refund of Overpayments	A-4	\$ 1,800.00	
Applied to Taxes	A-8	<u>26,068.20</u>	
			<u>27,868.20</u>
Balance, December 31, 2014	A		<u><u>\$ 209,169.90</u></u>

"A-16"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2013	A		\$ 17,005.79
Increased by:			
Receipts	A-4		17,507.26
			<u>\$ 34,513.05</u>
Decreased by:			
Applied to 2014 Taxes Receivable	A-8		<u>17,005.79</u>
Balance, December 31, 2014	A		<u><u>\$ 17,507.26</u></u>

"A-17"

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

REF.

Increased by:			
2014 Tax Levy:			
County Taxes		\$ 1,178,761.47	
Added Taxes		1,924.21	
	A-1:A-8	<u> </u>	\$ 1,180,685.68
Decreased by:			
Payments	A-4		\$ <u>1,180,685.68</u>

"A-18"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Increased by:			
Levy	A-1:A-8		\$ 6,046,957.00
Decreased by:			
Payments	A-4		<u>5,849,389.50</u>
Balance, December 31, 2014	A		\$ <u><u>197,567.50</u></u>

"A-19"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	10,784.21
Increased by:			
Receipts	A-4		10,397.79
		\$	<u>21,182.00</u>
Decreased by:			
Applied to Revenue	A-2		10,000.00
Balance, December 31, 2014	A	\$	<u><u>11,182.00</u></u>

"A-20"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Balance, December 31, 2013	A	\$	65,304.91
Increased by:			
2014 Appropriations	A-3		89,325.18
		\$	<u>154,630.09</u>
Decreased by:			
Transferred to Appropriation Reserves	A-14	\$	61,182.91
Disbursements	A-4		270.00
Canceled	A-1		<u>3,852.00</u>
			<u>65,304.91</u>
Balance, December 31, 2014	A	\$	<u><u>89,325.18</u></u>

"A-21"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2013 and December 31, 2014	A	\$	<u><u>46,053.66</u></u>
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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, 2013:						
Receivable	A	\$ 23,786.62	\$	\$ 13,914.93	\$ 6,245.11	\$ 3,626.58
Payable	A	<u>195,425.14</u>	<u>195,425.14</u>	<u></u>	<u></u>	<u></u>
Receipts	A-4	\$ 1,067,294.11	\$	\$	\$ 380,627.11	\$ 686,667.00
Transfer	A-28	3,270.25	3,270.25			
Disbursements	A-4	<u>1,623,070.02</u>	<u>413,153.34</u>	<u>36.08</u>	<u>508,086.41</u>	<u>701,794.19</u>
Balance, December 31, 2014:						
Receivable	A	<u>\$ 380,867.14</u>	<u>\$ 214,457.95</u>	<u>\$ 13,951.01</u>	<u>\$ 133,704.41</u>	<u>\$ 18,753.77</u>

"A-23"

BOROUGH OF SOUTH BOUND BROOK
GRANT FUND
SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2013 (Due From)	A	\$ 140,000.00
Decreased by:		
Receipts	A-4	\$ <u>140,000.00</u>

"A-24"

GRANT FUND
SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2013 (Due From)	A	\$ 80,000.00
Increased by:		
Disbursements	A-4	<u>500,000.00</u>
Balance, December 31, 2014 (Due From)	A	\$ <u><u>580,000.00</u></u>

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>TRANSFERRED</u> <u>FROM 2014</u> <u>APPROPRIATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
Drunk Driving Enforcement Fund	\$ 61,146.26	\$	\$ 20,225.00	\$ 40,921.26
Clean Communities Program	6,995.63	13,977.71	2,990.59	17,982.75
Alcohol Education Rehabilitation	5,573.65	5,369.04	1,500.00	9,442.69
Recycling Tonnage Grant	13,605.12	3,117.88	11,275.18	5,447.82
Start Talking Before They Start Drinking	500.00			500.00
Somerset County Ridewise	10,000.00			10,000.00
Drive Sober or Get Pulled Over		3,600.00		3,600.00
Economic Development Incentive Program	15,995.36			15,995.36
County Smokehouse/ Corn Crib	22,369.09			22,369.09
Click it or Ticket		2,200.00		2,200.00
Youth Services Program		10,000.00	10,000.00	
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	31,804.11			31,804.11
Municipal Alliance on Alcohol and Drug Abuse & Match	967.81	16,351.25	13,361.04	3,958.02
Somerset County - Staats House		333,757.00	45,415.06	288,341.94
Body Armor Replacement Fund -2011	811.20			811.20
Body Armor Replacement Fund -2012	3,073.28			3,073.28
Body Armor Replacement Fund -2014		1,869.98		1,869.98
NJ EDA - Allied/Stamile	5,352.44			5,352.44
	<u>\$ 382,263.71</u>	<u>\$ 390,242.86</u>	<u>\$ 104,766.87</u>	<u>\$ 667,739.70</u>
<u>REF.</u>	<u>A</u>	<u>A-3</u>		<u>A</u>
Disbursements	A-4		\$ 99,008.21	
Accounts Payable	A-27		8,050.28	
			<u>\$ 107,058.49</u>	
Less:				
Prior Year Accounts Payable	A-27		<u>2,291.62</u>	
			<u>\$ 104,766.87</u>	

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER 31, 2013	RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2014
Recycling Tonnage Grant	\$ 3,117.88	\$ 2,240.14	\$ 3,117.88	\$ 2,240.14
Alcohol Education Rehabilitation	2,533.19		2,533.19	
Youth Services Program - 2013	5,000.00		5,000.00	
Clean Communities Program	7,213.47		7,213.47	
Somerset County - Staats House	166,878.00		166,878.00	
Body Armor Replacement Fund	1,869.98	1,512.22	1,869.98	1,512.22
Drive Sober or Get Pulled Over		2,800.00		2,800.00
Distracted Driver		3,800.00		3,800.00
	<u>\$ 186,612.52</u>	<u>\$ 10,352.36</u>	<u>\$ 186,612.52</u>	<u>\$ 10,352.36</u>
<u>REF.</u>	A	A-4	A-11	A

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 2,291.62
Increased by:		
Reserve for Grants Appropriated	A-25	<u>8,050.28</u>
		\$ <u>10,341.90</u>
Decreased by:		
Reserve for Grants Appropriated	A-25	<u>2,291.62</u>
Balance, December 31, 2014	A	\$ <u><u>8,050.28</u></u>

BOROUGH OF SOUTH BOUND BROOK

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2013 (Due From)	A	\$ 195,425.14
Increased by:		
Transfer	A-22	3,270.25
		<u>\$ 198,695.39</u>
Decreased by:		
Receipts	A-4	<u>413,153.34</u>
Balance, December 31, 2014 (Due To)	A	<u><u>\$ 214,457.95</u></u>

"A-29"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF PILOT RECEIVABLES

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 217,470.00
Increased by:			
2014 Levy			<u>1,140,264.93</u>
			\$ 1,357,734.93
Decreased by:			
Receipts	A-4	\$ 1,061,737.19	
Overpayments Applied	A-31	<u>7,787.44</u>	
	A-2		<u>1,069,524.63</u>
Balance, December 31, 2014	A		<u>\$ 288,210.30</u>

"A-30"

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance, December 31, 2013	A		\$ 140,438.79
Increased by:			
2014 Levy			<u>521,186.56</u>
			\$ 661,625.35
Decreased by:			
Receipts	A-4	\$ 547,033.75	
Overpayments Applied	A-32	<u>1,600.90</u>	
	A-2		<u>548,634.65</u>
Balance, December 31, 2014	A		<u>\$ 112,990.70</u>

"A-31"

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF PILOT OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2013	A	\$	7,787.44
Decreased by:			
Applied to Receivable	A-29	\$	<u>7,787.44</u>

"A-32"

SCHEDULE OF SEWER RENT OVERPAYMENTS

Balance, December 31, 2013	A	\$	3,736.15
Decreased by:			
Refunds	A-4		563.68
Applied to Receivable	A-30		<u>1,600.90</u>
			<u>2,164.58</u>
Balance, December 31, 2014	A	\$	<u><u>1,571.57</u></u>

BOROUGH OF SOUTH BOUND BROOK

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER <u>31, 2013</u>	DECREASED BY
Overexpenditure of 2013 Appropriations	\$ <u>1,712.26</u>	\$ <u>1,712.26</u>
	\$ <u><u>1,712.26</u></u>	\$ <u><u>1,712.26</u></u>
<u>REF.</u>	A	A-3

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, 2013	B	\$ 1,853.61	\$ 13,444.63	\$ 561,370.92
Increased by Receipts:				
Reserve for Various Deposits	B-11	\$	\$	3,403,075.13
Reserve for Escrow Deposits	B-13			36,478.15
Reserve for COAH Deposits	B-12			204.73
Reserve for Law Enforcement Trust Fund	B-4			10.42
Reserve for Animal Control Trust Fund Expenditures	B-8		19,636.10	
Due State of New Jersey-Dog Fees	B-9		411.60	
Due Current Fund	B-10,B-7		36.08	508,086.41
		<u>\$ 1,853.61</u>	<u>\$ 20,083.78</u>	<u>3,947,854.84</u>
			<u>\$ 33,528.41</u>	<u>\$ 4,509,225.76</u>
Decreased by Disbursements:				
Reserve for Various Deposits	B-11	\$	\$	3,171,659.13
Reserve for Escrow Deposits	B-13			50,281.33
Due to State of New Jersey-Dog Fees	B-9		421.20	
Expenditures Under R.S.4:19-15.11	B-8		18,202.85	
Due Grant Fund	B-14			140,000.00
Due Current Fund	B-7			380,627.11
			<u>18,624.05</u>	<u>3,742,567.57</u>
Balance, December 31, 2014	B	<u>\$ 1,853.61</u>	<u>\$ 14,904.36</u>	<u>\$ 766,658.19</u>

"B-3"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

BALANCE
DECEMBER
31, 2014

Fund Balance

\$ 1,853.61

REF.

B

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

Balance, December 31, 2013	B	\$	4,106.48
Increased by:			
Receipts - Interest Earned	B-2		<u>10.42</u>
Balance, December 31, 2014	B	\$	<u><u>4,116.90</u></u>

"B-5"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2013 AND 2014</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-6"

SCHEDULE OF RESERVE FOR ASSESSMENTS

Balance, December 31, 2013 and December 31, 2014	B	\$ <u>22,802.50</u>
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"B-7"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2013 (Due To)	B	\$ 6,245.11
Increased by:		
Receipts	B-2	<u>508,086.41</u>
		\$ <u>514,331.52</u>
Decreased by:		
Disbursements	B-2	<u>380,627.11</u>
Balance, December 31, 2014 (Due To)	B	\$ <u><u>133,704.41</u></u>

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2013 (Deficit)	B	\$	(484.10)
Increased by:			
Dog License Fees Collected		\$	2,926.40
Cat License Fees Collected			102.00
Late Fees			128.00
Prior Year Budget Deficit			479.70
Late Fees			16,000.00
	B-2		\$ <u>19,636.10</u>
			19,152.00
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-2		<u>18,202.85</u>
Balance, December 31, 2014 (Deficit)		\$	<u><u>949.15</u></u>
ANALYSIS OF BALANCE			
Deficit in Animal Control Expenditures - 2013	B	\$	(4.40)
Reserve for Expenditures	B		<u>953.55</u>
		\$	<u><u>949.15</u></u>

ANIMAL LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$ 2,807.60
2012	<u>3,061.20</u>
	\$ <u><u>5,868.80</u></u>

"B-9"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2013 (Due State)	B	\$ 13.80
Increased by:		
Receipts	B-2	411.60
		<u>\$ 425.40</u>
Decreased by:		
Disbursements	B-2	421.20
		<u>421.20</u>
Balance, December 31, 2014 (Due State)	B	<u><u>\$ 4.20</u></u>

"B-10"

SCHEDULE OF DUE CURRENT FUND
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2013 (Due To)	B	\$ 13,914.93
Increased by:		
Receipts	B-2	36.08
		<u>36.08</u>
Balance, December 31, 2014 (Due To)	B	<u><u>\$ 13,951.01</u></u>

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

<u>RESERVE TITLE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE DECEMBER 31, 2014</u>
Parking Offense Adjudication Act	\$ 1,041.29	\$ 20.00	\$	\$ 1,061.29
Public Defender	14,014.47	4,310.00	5,300.00	13,024.47
Police Outside Overtime	343.66	80,127.60	75,843.02	4,628.24
Due State of New Jersey - D.C.A.	534.00	2,482.00	1,542.00	1,474.00
Due State of New Jersey - Marriage Licenses	125.00	1,175.00	900.00	400.00
Historic Preservation	1,060.00			1,060.00
Community Day Donations	625.00			625.00
Road Opening Deposits	1,947.50			1,947.50
Fire Fines and Penalties	3,165.08	226.00	66.94	3,324.14
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	674.00	760.00		1,434.00
Tax Premiums	34,700.00	351,500.00	119,800.00	266,400.00
Public Assistance	115.04			115.04
Outside Lien Redemption		195,683.60	175,728.19	19,955.41
Payroll Deductions Payable	79,403.02	2,766,790.93	2,792,478.98	53,714.97
	<u>\$ 150,944.61</u>	<u>\$ 3,403,075.13</u>	<u>\$ 3,171,659.13</u>	<u>\$ 382,360.61</u>
<u>REF.</u>	B	B-2	B-2	B

"B-12"

BOROUGH OF SOUTH BOUND BROOK

TRUST FUND

SCHEDULE OF RESERVE FOR COAH DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 22,896.39
Increased by:		
Receipts	B-2	<u>204.73</u>
Balance, December 31, 2014	B	<u>\$ 23,101.12</u>

"B-13"

SCHEDULE OF RESERVE FOR ESCROW DEPOSITS
TRUST OTHER FUND

Balance, December 31, 2013	B	\$ 237,178.33
Increased by:		
Receipts	B-2	<u>36,478.15</u>
		\$ <u>273,656.48</u>
Decreased by:		
Disbursements	B-2	<u>50,281.33</u>
Balance, December 31, 2014	B	<u>\$ 223,375.15</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, 2013 (Due To)	B	\$ 140,000.00
Decreased by:		
Disbursements	B-2	\$ <u>140,000.00</u>

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2013	C		\$ 952,736.99
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-7	\$ 500.00	
Due Current Fund	C-6	701,794.19	
Due Grant Fund	C-11	500,000.00	
Bond Anticipation Note Payable	C-14	<u>679,100.00</u>	
			<u>1,881,394.19</u>
			\$ <u>2,834,131.18</u>
Decreased by Disbursements:			
Contracts Payable	C-10	\$ 463,799.73	
Due Current Fund	C-6	686,667.00	
Bond Anticipation Note Payable	C-14	<u>1,537,133.00</u>	
			<u>2,687,599.73</u>
Balance, December 31, 2014	C		\$ <u><u>146,531.45</u></u>

"C-3"

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
Fund Balance	\$ 16,035.76
Capital Improvement Fund	71,094.73
Grants Receivable	(417,493.39)
Contracts Payable	116,218.45
Improvement Authorizations Funded Set Forth on Schedule "C-8"	258,678.18
Unfunded Improvements Expended Listed on "C-5"	(986,628.84)
Unexpended Proceeds of Bond Anticipation Notes on Schedule "C-5"	303,421.96
Due Current Fund	168,753.77
Due Grant Fund	580,000.00
Reserve for Debt Service	186,450.83
	<u>\$ 296,531.45</u>

REF.

C

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	C	\$ 2,202,000.00
Decreased by:		
2014 Budget Appropriation to Pay Bonds	C-12	<u>150,000.00</u>
Balance, December 31, 2014	C	<u>\$ 2,052,000.00</u>

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORDINANCE #	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2013	2014 AUTHORIZATIONS	BAN PAID BY BUDGET	CANCELED	BALANCE DECEMBER 31, 2014	ANALYSIS OF BALANCE DECEMBER 31, 2014		
							FINANCED BY BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
01-08	Various Public Improvements	\$ 13,007.43	\$	\$	\$ 2,936.93	\$ 10,070.50	\$	\$ 10,070.50	\$
03-03	Acquisition of Real Property	30,000.00			1,002.76	28,997.24		28,997.24	
04-04	Acquisition of Real Property	150,500.00			150,500.00				
05-16	Reconstruction of Maple Avenue and Baldwin Avenue	42,200.00			42,200.00				
06-07	Improvements to Latourette Avenue	100,800.00			100,800.00				
08-07	Reconstruction of Clinton Street	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			94,176.85	5,823.15
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			301,384.35	2,615.65
12-08	Various Public Improvements	642,500.00			642,500.00		642,500.00		
13-05	Refunding Ordinance - Verry Settlement	73,333.00		36,667.00		36,666.00	36,600.00	66.00	
14-04	Acquisition of Self Contained Breathing Apparatus		237,500.00			237,500.00		193,618.69	43,881.31
		<u>\$ 1,960,340.43</u>	<u>\$ 237,500.00</u>	<u>\$ 36,667.00</u>	<u>\$ 387,439.69</u>	<u>\$ 1,773,733.74</u>	<u>\$ 679,100.00</u>	<u>\$ 986,628.84</u>	<u>\$ 108,004.90</u>
REF.		C	C-8	C-14	C-8	C	C-14	C-3	
Improvement Authorizations Unfunded									\$ 411,426.86
Less: Unexpended Proceeds of Bond Anticipation Notes issued									<u>303,421.96</u>
									<u>\$ 108,004.90</u>

"C-6"

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2013 (Due To)	C	\$ 3,626.58
Increased by:		
Receipts	C-2	701,794.19
		<u>\$ 705,420.77</u>
Decreased by:		
Disbursements	C-2	686,667.00
		<u>686,667.00</u>
Balance, December 31, 2014 (Due To)	C	<u><u>\$ 18,753.77</u></u>

"C-7"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013	C	\$ 83,094.73
Increased by:		
2014 Budget Appropriation	C-2	500.00
		<u>\$ 83,594.73</u>
Decreased by:		
Improvement Authorizations	C-8	12,500.00
		<u>12,500.00</u>
Balance, December 31, 2014	C	<u><u>\$ 71,094.73</u></u>

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD.#	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2013		2014 AUTHORIZATIONS	CANCELLED	CONTRACTS PAYABLE	BALANCE DECEMBER 31, 2014	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
7-98	Improvement to Sanitary Sewer - Prospect	06/09/98	\$ 75,000.00	\$ 4,074.64	\$	\$	\$ 4,074.64	\$	\$	\$
9-98	Improvement to Washington St	06/09/98	70,000.00	15,375.74			8,998.95			6,376.79
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	22,611.45			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			11,396.67			5,004.21
01-08	Various Public Improvements	10/09/01	425,000.00		2,936.93		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		1,002.76			
04-03	Acquisition of Real Property	04/13/04	1,500,000.00	18,159.76	150,500.00		168,659.76			
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		62,580.81			
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		108,904.91			
06-08	Police Car Light Bars	10/10/06	6,000.00	495.00			495.00			
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	4,894.13	90,000.00		94,894.13			
09-05	Purchase of Equipment	04/14/09	30,000.00	7,970.16				4,492.00	3,478.16	
10-01	Acquisition of Real Property	02/09/10	190,000.00		3,549.17					3,549.17
10-06	Reconstruction of Jerome and Howard Avenue	06/08/10	600,000.00	132,440.04	47,600.00				132,440.04	47,600.00
10-07	Acquisition of Turnout Gear - Fire Department	10/12/10	105,000.00		17,332.63			11,509.48		5,823.15
11-03	Various Public Improvements	08/09/11	360,000.00		4,535.62					4,535.62
11-04	Purchase of Equipment	08/09/11	6,800.00	1,713.00					1,713.00	
12-02	Purchase of Equipment	03/13/12	25,300.00	1,721.49				1,200.00	521.49	
12-03	Purchase of Communication Equipment	04/10/12	320,000.00		2,661.65			46.00		2,615.65
12-05	Purchase and Repair of Sirens	05/24/12	13,000.00	13,000.00				2,000.00	11,000.00	
12-08	Various Public Improvements	09/11/12	875,000.00		518,628.97			215,207.01		303,421.96
13-02	Purchase of Equipment	09/11/12	30,800.00	15,224.00				569.09	14,654.91	
14-03	Purchase of Equipment	06/25/14	154,700.00			154,700.00		71,210.42	83,489.58	
14-04	Acquisition of Self Contained Breathing App.	07/25/14	250,000.00			250,000.00		206,118.69		43,881.31
				\$ 353,446.90	\$ 981,747.73	\$ 404,700.00	\$ 556,416.90	\$ 513,372.69	\$ 258,678.18	\$ 411,426.86
REF.				C	C			C-10	C-C-3	C-C-5
Deferred Charges to Future Taxation-Unfunded				C-5		\$ 237,500.00				
Fund Balance				C-1		154,700.00				
Capital Improvement Fund				C-7		12,500.00				
						\$ 404,700.00				
Fund Balance				C-1			\$ 168,977.21			
Deferred Charges to Future Taxation-Unfunded				C-5			387,439.69			
							\$ 556,416.90			

BOROUGH OF SOUTH BOUND BROOK
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	C	\$ <u>186,450.83</u>

"C-10"

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 66,645.49
Increased by:		
Improvement Authorizations	C-8	<u>513,372.69</u>
		\$ <u>580,018.18</u>
Decreased by:		
Disbursements	C-2	<u>463,799.73</u>
Balance, December 31, 2014	C	\$ <u><u>116,218.45</u></u>

"C-11"

SCHEDULE OF DUE GRANT FUND

Balance, December 31, 2013 (Due To)	C	\$ 80,000.00
Increased by:		
Receipts	C-2	<u>500,000.00</u>
Balance, December 31, 2014 (Due To)	C	\$ <u><u>580,000.00</u></u>

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2014</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2014</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds	08/15/10	\$ 2,572,000.00	08/15/15	\$ 160,000.00	2.500%	\$ 2,202,000.00	\$ 150,000.00	\$ 2,052,000.00
			08/15/16	175,000.00	2.500%			
			08/15/17	190,000.00	2.500%			
			08/15/18	210,000.00	2.500%			
			08/15/19	220,000.00	2.750%			
			08/15/20	220,000.00	3.000%			
			08/15/21	220,000.00	3.000%			
			08/15/22	220,000.00	3.000%			
			08/15/23	220,000.00	3.125%			
			08/15/24	217,000.00	3.200%			
					\$ 2,202,000.00	\$ 150,000.00	\$ 2,052,000.00	
				<u>REF.</u>	C	C-4	C	

BOROUGH OF SOUTH BOUND BROOK

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	C	\$ <u>417,493.39</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>83,974.77</u>
		\$ <u>417,493.39</u>

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

ORD. #	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2013	INCREASED	DECREASED	BALANCE DECEMBER 31, 2014
12-08	Various Public Improvements	12/19/12	12/19/13	12/19/14	1.25%	\$ 642,500.00	\$	\$ 642,500.00	\$
13-05	Refunding Ordinance - Verry Settlement	12/19/13	12/19/13	12/19/14	1.25%	73,300.00		73,300.00	
01-08	Various Public Improvements	12/19/13	12/19/13	12/19/14	1.50%	13,000.00		13,000.00	
03-03	Acquisition of Real Property	12/19/13	12/19/13	12/19/14	1.50%	30,000.00		30,000.00	
10-01	Acquisition of Real Property	12/19/13	12/19/13	12/19/14	1.50%	190,000.00		190,000.00	
10-06	Reconstruction of Jerome and Howard Avenue	12/19/13	12/19/13	12/19/14	1.50%	47,600.00		47,600.00	
10-07	Acquisition of Turnout Gear - Fire Department	12/19/13	12/19/13	12/19/14	1.50%	100,000.00		100,000.00	
11-03	Various Public Improvements	12/19/13	12/19/13	12/19/14	1.50%	176,400.00		176,400.00	
12-03	Purchase of Communication Equipment	12/19/13	12/19/13	12/19/14	1.50%	301,000.00		301,000.00	
12-08	Various Public Improvements	12/19/12	12/19/14	12/18/15	1.00%		642,500.00		642,500.00
13-05	Refunding Ordinance - Verry Settlement	12/19/13	12/19/14	12/18/15	1.00%		36,600.00		36,600.00
						<u>\$ 1,573,800.00</u>	<u>\$ 679,100.00</u>	<u>\$ 1,573,800.00</u>	<u>\$ 679,100.00</u>
						REF. C	C-2		C:C-5
	Disbursements					C-2		\$ 1,537,133.00	
	Paid by Budget					C-5		<u>36,667.00</u>	
								<u>\$ 1,573,800.00</u>	

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, 2014</u>
01-08	Various Public Improvements	\$ 10,070.50
03-03	Acquisition of Real Property	28,997.24
10-01	Acquisition of Real Property	190,000.00
10-06	Reconstruction of Jerome Avenue 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	304,000.00
13-05	Refunding Ordinance - Verry Settlement	66.00
14-04	Acquisition of Self Contained Breathing Apparatus	<u>237,500.00</u>
		<u>\$ 1,094,633.74</u>

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BOROUGH OF SOUTH BOUND BROOK

PART II

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

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

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E-mail info@scnco.com

**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, 2014, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 17, 2015. 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

June 17, 2015

BOROUGH OF SOUTH BOUND BROOK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
			FROM	TO				
<u>Pass Through From State of New Jersey</u>								
FEMA Disaster Assistance (Hurricane Sandy)	97.036	066-1200-100-A92	10/01/12	10/31/12	\$ 13,571.02	\$ 13,571.02		\$ 13,571.02
<u>U.S. Department of Homeland Security</u>								
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			
						\$	\$	\$ 537,856.30
<u>National Highway Traffic Safety Administration</u>								
Drive Sober or Get Pulled Over	20.616	066-1160-100-157-2014	12/06/13	01/02/14	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00
Drive Sober or Get Pulled Over	20.616	066-1160-100-157-2014	08/05/14	09/01/14	2,800.00	2,800.00	2,800.00	2,800.00
Click it or Ticket	20.616	1160-100-066-1160-113-YHTS-6020	01/01/14	12/31/14	2,200.00	2,200.00		
						\$ 8,600.00	\$ 6,400.00	\$ 6,400.00
<u>TOTAL FEDERAL FINANCIAL ASSISTANCE</u>						\$ 22,171.02	\$ 6,400.00	\$ 557,827.32

BOROUGH OF SOUTH BOUND BROOK

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
		FROM	TO				
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>							
Alcohol Education Rehabilitation Fund - 2012	9735-760-098-Y900-001-X100-6020	Various		\$ 6,473.97	\$	\$ 1,500.00	\$ 2,400.32
Alcohol Education Rehabilitation Fund - 2013	9735-760-098-Y900-001-X100-6020	Various		2,533.19			
Alcohol Education Rehabilitation Fund - 2014	098-9735-760-001-2014	Various		2,835.85	2,835.85		
Drunk Driving Enforcement Fund - 2005	6040-100-078-6400-YYYY	Various		12,719.31		10,924.83	12,719.31
Drunk Driving Enforcement Fund - 2007	6040-100-078-6400-YYYY	Various		17,250.52		9,300.17	9,300.17
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			
Body Armor Replacement Fund - 2011	1160-100-066-1160-116-YHTS-6120	Various		990.94			179.74
Body Armor Replacement Fund - 2012	1160-100-066-1160-116-YHTS-6120	Various		3,073.28			
Body Armor Replacement Fund - 2013	1160-100-066-1160-116-YHTS-6120	Various		1,869.98			
Body Armor Replacement Fund - Unappropriated	066-1020-718-001-2014	Various		1,512.22	1,512.22		
					<u>\$ 4,348.07</u>	<u>\$ 21,725.00</u>	<u>\$ 24,599.54</u>
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>							
Recycling Tonnage Grant - 2010	4900-752-178810-60	Various		\$ 3,969.93	\$	\$ 2,369.94	\$ 3,969.93
Recycling Tonnage Grant - 2011	4900-752-178810-60	Various		4,453.58		4,453.58	4,453.58
Recycling Tonnage Grant - 2012	4900-752-178810-60	Various		6,781.60		4,451.66	4,451.66
Recycling Tonnage Grant - 2013	4900-752-178810-60	Various		3,117.88			
Recycling Tonnage Grant - Unappropriated	042-4910-100-224-2014	Various		2,240.14	2,240.14		
Municipal Stormwater Regulation Program - 2008		Various		5,117.00			1,936.50
Municipal Stormwater Regulation Program - 2009		Various		3,410.00			
Clean Communities Program - 2012	4900-765-042-4900-004-VCMC-6020	Various		12,387.90		2,990.59	8,382.86
Clean Communities Program - 2013	4900-765-042-4900-004-VCMC-6020	Various		7,213.47			
Clean Communities Program - Unappropriated	042-4900-765-004-2014	Various		6,764.24	6,764.24		
					<u>\$ 9,004.38</u>	<u>\$ 14,265.77</u>	<u>\$ 23,194.53</u>
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>							
Historic Preservation Trust - Unappropriated		Various		\$ 333,757.00	\$	\$	\$
Historic Preservation Trust		Various		339,898.00			308,093.89
							<u>\$ 308,093.89</u>
<u>DEPARTMENT OF TRANSPORTATION</u>							
New Jersey Transportation Trust Fund							
Jerome Avenue Improvements	09-480-078-6320-AKE-6010	Various		\$ 325,000.00	\$	\$	\$ 106,363.63
Sanders Avenue Improvements	11-480-078-6320-AK3-6010	Various		174,779.00			174,779.00
Warren and Jefferson Street		Various		200,000.00			200,000.00
							<u>\$ 481,142.63</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	01/01/13	12/31/13	\$ 14,263.00	\$ 2,021.42	\$	\$ 14,263.00
Municipal Alliance on Alcoholism and Drug Abuse	SC - ALL - 07-03	01/01/14	12/31/14	13,081.00	13,081.00	10,090.79	10,090.79
					<u>\$ 15,102.42</u>	<u>\$ 10,090.79</u>	<u>\$ 24,353.79</u>
<u>TOTAL STATE FINANCIAL ASSISTANCE</u>					<u>\$ 28,454.87</u>	<u>\$ 46,081.56</u>	<u>\$ 861,384.38</u>

BOROUGH OF SOUTH BOUND BROOK

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

YEAR ENDED DECEMBER 31, 2014

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 Schedules 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 and Grant Funds in 2014.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 13,571.02	\$	\$	\$ 13,571.02
Grant Fund	<u>8,600.00</u>	<u>28,454.87</u>	<u>8,800.00</u>	<u>45,854.87</u>
	<u>\$ 22,171.02</u>	<u>\$ 28,454.87</u>	<u>\$ 8,800.00</u>	<u>\$ 59,425.89</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	<u>\$ 6,400.00</u>	<u>\$ 46,081.56</u>	<u>\$ 52,285.31</u>	<u>\$ 104,766.87</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, 2014

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

	YEAR 2014		YEAR 2013	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 388,000.00	2.87%	\$ 485,000.00	3.87%
Miscellaneous - From Other Than Local Property Tax Levies	3,051,213.73	22.57%	2,662,610.14	21.24%
Collection of Delinquent Taxes and Tax Title Liens	218,518.74	1.62%	66,973.82	0.53%
Collections of Current Tax Levy	<u>9,860,879.55</u>	<u>72.94%</u>	<u>9,324,188.55</u>	<u>74.36%</u>
<u>Total Revenue</u>	<u>\$ 13,518,612.02</u>	<u>100.00%</u>	<u>\$ 12,538,772.51</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 5,572,742.68	42.36%	\$ 5,433,079.46	43.75%
County Taxes	1,180,685.68	8.97%	1,121,202.55	9.03%
Local School Taxes	6,046,957.00	45.96%	5,857,065.00	47.15%
Other Expenditures	<u>357,080.52</u>	<u>2.71%</u>	<u>9,597.56</u>	<u>0.07%</u>
<u>Total Expenditures</u>	<u>\$ 13,157,465.88</u>	<u>100.00%</u>	<u>\$ 12,420,944.57</u>	<u>100.00%</u>
Excess in Revenue	\$ 361,146.14		\$ 117,827.94	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year			<u>165,000.00</u>	
Statutory Excess to Fund Balance	\$ 361,146.14		\$ 282,827.94	
Fund Balance - January 1	<u>437,411.83</u>		<u>639,583.89</u>	
	\$ 798,557.97		\$ 922,411.83	
Less: Utilization as Anticipated Revenue	<u>388,000.00</u>		<u>485,000.00</u>	
Fund Balance, December 31	<u>\$ 410,557.97</u>		<u>\$ 437,411.83</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$3.132</u>	<u>\$2.988</u>	<u>\$2.867</u>
Apportionment of Tax Rate:			
Municipal	\$0.902	\$0.863	\$0.842
County	0.365	0.343	0.358
Local School	<u>1.865</u>	<u>1.782</u>	<u>1.667</u>

Assessed Valuation:

2014	<u>\$324,142,086.00</u>		
2013		<u>\$328,519,000.00</u>	
2012			<u>\$338,513,362.00</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>
2014	\$10,176,273.27	\$9,860,879.55	96.90%
2013	\$9,816,264.28	\$9,324,188.55	94.98%
2012	\$9,707,452.57	\$9,333,859.73	96.15%

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>DECEMBER 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>
2014	\$125,200.10	\$189,029.84	\$314,229.94	3.09%
2013	\$96,341.44	\$256,384.57	\$352,726.01	3.59%
2012	\$75,452.57	\$278,503.99	\$353,956.56	3.65%

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>
2014	\$46,053.66
2013	\$46,053.66
2012	\$46,053.66

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2014	\$456,583.09	\$408,000.00
2013	\$437,411.83	\$388,000.00
<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

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	*
August Carlton	Councilperson	*
James Holmes	Councilperson	*
Caryl Shoffner	Councilperson	*
Anthony Timpano	Councilperson	*
Donald E. Kazar	Borough Clerk, Assessment Search Officer, Registrar of Vital Statistics, Administrator	*
Randy Bahr	Chief Financial Officer, Tax Collector	*
Linda Fasenella	Deputy Tax Collector and Tax Search Officer from May 6, 2014	*
Barbara Flaherty	Tax Assessor	*
Frank Taddeo	Borough Attorney	*
Maureen E. Villa	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 and Fire Sub-Code	*
William King	Chief of Police	*
Kenneth Pine	Public Works Supervisor	*
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 2014, the minutes indicate that contracts were awarded through bids for the following items:

The Borough had no bids in 2014.

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 2014 for the following professional services:

Borough Engineer
Auditing Services
Borough Attorney
Labor Attorney
Bond Attorney
Borough Prosecutor
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, 2014 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 last tax sale was held on August 19, 2014 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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>
2014	3
2013	2
2012	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.

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 contracts over the bid threshold were awarded in the minutes and not all professional contracts were awarded with a not to exceed amount by resolution of the governing body.

Bank Reconciliations

The payroll bank account was not reconciled to the books of original entry on a monthly basis.

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.

OTHER COMMENTS (CONTINUED)

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. In addition pension was not being transmitted on a monthly basis.

Health Benefit deductions from employees' salaries are not being calculated on the correct basis.

RECOMMENDATIONS

- *That all contracts over the bid threshold be awarded with a definite amount or a not to exceed amount by resolution of the governing body and that a certification of funds be included.
- *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 payroll bank account be reconciled to the books of original entry on a monthly basis.
- *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.
- *That pension funds be transmitted to the state on a monthly basis.
- *That health benefits deducted from employee salaries be calculated using the correct method.

*Prior Year Recommendations

