

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Borough of Mountainside*

*in the*

*County of Union*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2012*

BOROUGH OF MOUNTAINSIDE

I N D E X

|                              | <u>PAGES</u> |
|------------------------------|--------------|
| <u>PART I</u>                |              |
| Independent Auditor's Report | 1-3          |

EXHIBITS

Financial Statements - Regulatory Basis

Current Fund:

|   |       |
|---|-------|
| Balance Sheets - Regulatory Basis   | "A"   |
| Statements of Operations and Change in Fund Balance - Regulatory Basis      | "A-1" |
| Statement of Revenues - Regulatory Basis - Year Ended December 31, 2012     | "A-2" |
| Statement of Expenditures - Regulatory Basis - Year Ended December 31, 2012 | "A-3" |

Trust Fund:

|   |       |
|---|-------|
| Balance Sheets - Regulatory Basis           | "B"   |
| Statement of Fund Balance - Assessment Fund | "B-1" |

General Capital Fund:

|  |       |
|--|-------|
| Balance Sheets - Regulatory Basis            | "C"   |
| Statement of Fund Balance - Regulatory Basis | "C-1" |

Swimming Pool Utility Fund:

|   |       |
|---|-------|
| Balance Sheets - Regulatory Basis   | "D"   |
| Statements of Operations and Changes in Operating Fund Balance - Regulatory Basis                                   | "D-1" |
| Statement of Fund Balance - Regulatory Basis - Swimming Pool Utility Capital Fund                                   | "D-2" |
| Statement of Revenues - Regulatory Basis - Swimming Pool Utility Operating Fund<br>Year Ended December 31, 2012     | "D-3" |
| Statement of Expenditures - Regulatory Basis - Swimming Pool Utility Operating Fund<br>Year Ended December 31, 2012 | "D-4" |

General Fixed Asset Account Group:

|                                   |     |
|-----------------------------------|-----|
| Balance Sheets - Regulatory Basis | "F" |
|-----------------------------------|-----|

PAGES

|                               |      |
|-------------------------------|------|
| Notes to Financial Statements | 4-19 |
|-------------------------------|------|

BOROUGH OF MOUNTAINSIDE

I N D E X (CONTINUED)

EXHIBITS

General Capital Fund:

|  |        |
|--|--------|
| Schedule of General Capital Cash                                   | "C-2"  |
| Analysis of General Capital Cash and Investments                   | "C-3"  |
| Schedule of Due Current Fund                                       | "C-4"  |
| Schedule of Deferred Charges to Future Taxation-Funded             | "C-5"  |
| Schedule of Deferred Charges to Future Taxation-Unfunded           | "C-6"  |
| Schedule of Capital Improvement Fund                               | "C-7"  |
| Schedule of Contracts Payable                                      | "C-8"  |
| Schedule of Improvement Authorizations                             | "C-9"  |
| Schedule of New Jersey Economic Development Authority Loan Payable | "C-10" |
| Schedule of General Serial Bonds                                   | "C-11" |
| Schedule of State Aid Receivable                                   | "C-12" |
| Schedule of Reserve for Recreation                                 | "C-13" |
| Schedule of Accounts Payable - Reserve for Recreation              | "C-14" |
| Schedule of Due Swimming Pool Utility Capital Fund                 | "C-15" |
| Schedule of Bond Anticipation Notes                                | "C-16" |
| Schedule of Reserve for Road Improvements                          | "C-17" |
| Schedule of Bonds and Notes Authorized But Not Issued              | "C-18" |

Swimming Pool Utility Fund:

|  |        |
|--|--------|
| Schedule of Swimming Pool Utility Cash   | "D-5"  |
| Schedule of Accounts Payable - Swimming Pool Utility Operating Fund                                    | "D-6"  |
| Schedule of 2011 Appropriation Reserves - Swimming Pool Utility Operating Fund                         | "D-7"  |
| Schedule of Due Swimming Pool Capital Fund - Swimming Pool Utility Operating Fund                      | "D-8"  |
| Schedule of Reserve for Amortization - Swimming Pool Utility Capital Fund                              | "D-9"  |
| Analysis of Swimming Pool Utility Capital Cash and Investments - Swimming Pool<br>Utility Capital Fund | "D-10" |
| Schedule of Fixed Capital - Swimming Pool Utility Capital Fund   | "D-11" |
| Schedule of Fixed Capital Authorized and Uncompleted - Swimming Pool Utility<br>Capital Fund           | "D-12" |
| Schedule of Due General Capital Fund - Swimming Pool Utility Capital Fund                              | "D-13" |
| Schedule of Change Fund - Swimming Pool Utility Operating Fund   | "D-14" |
| Schedule of Due Payroll - Swimming Pool Utility Operating Fund   | "D-15" |

BOROUGH OF MOUNTAINSIDE

PART I

INDEPENDENT AUDITOR'S REPORT ON  
AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2012 AND 2011

## 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, the regulatory financial statements are prepared by the Borough of Mountainside 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 Mountainside as of December 31, 2012 and 2011, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2012.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2012 and 2011, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

CURRENT FUND

BOROUGH OF MOUNTAINSIDECURRENT FUNDSTATEMENTS OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

| <u>REVENUE AND OTHER INCOME REALIZED</u>                | <u>REF.</u> | <u>YEAR ENDED<br/>DECEMBER<br/>31, 2012</u> | <u>YEAR ENDED<br/>DECEMBER<br/>31, 2011</u> |
|---|-------------|---|---|
| Fund Balance Utilized                                   | A-2         | \$ 1,335,000.00                             | \$ 1,335,000.00                             |
| Miscellaneous Revenue Anticipated                       | A-2         | 2,007,901.57                                | 1,858,783.67                                |
| Receipts From Delinquent Taxes                          | A-2         | 211,700.81                                  | 253,490.85                                  |
| Receipts From Current Taxes                             | A-2         | 29,675,471.07                               | 28,178,877.83                               |
| Non-Budget Revenue                                      | A-2         | 339,718.34                                  | 449,347.74                                  |
| Other Credits to Income:                                |             |   |   |
| Unexpended Balance of Appropriation Reserves            | A-14        | 184,220.96                                  | 321,501.83                                  |
| Interfunds Returned                                     |             | 817.22                                      | 6,845.37                                    |
| <u>Total Income</u>                                     |             | <u>\$ 33,754,829.97</u>                     | <u>\$ 32,403,847.29</u>                     |
| <br><u>EXPENDITURES</u><br>                             |             |   |   |
| Budget and Emergency Appropriations<br>(Within "CAPS"): |             |   |   |
| Operations (Including Contingent)                       | A-3         | \$ 6,750,331.00                             | \$ 6,632,508.00                             |
| Deferred Charges and Statutory Expenditures-Municipal   | A-3         | 894,258.00                                  | 922,930.00                                  |
| Budget (Excluded From "CAPS"):                          |             |   |   |
| Operations:   |             |   |   |
| Other Operations  | A-3         | 1,786,184.01                                | 1,771,360.04                                |
| Capital Improvements                                    | A-3         | 277,750.00                                  | 75,000.00                                   |
| Municipal Debt Service                                  | A-3         | 618,348.61                                  | 635,840.72                                  |
| Deferred Charges-Municipal                              | A-3         | 505,818.99                                  | 312,763.00                                  |
| County Taxes  | A-19        | 7,879,484.66                                | 7,331,186.02                                |
| Due County for Added and Omitted Taxes                  | A-20        | 22,203.36                                   | 17,232.29                                   |
| Local District School Tax                               | A-21        | 13,957,559.52                               | 13,303,684.50                               |
| Refund of Prior Year's Revenues                         | A-4         | 9,428.00                                    | 21,429.34                                   |
| <u>Total Expenditures</u>                               |             | <u>\$ 32,701,366.15</u>                     | <u>\$ 31,023,933.91</u>                     |
| Excess in Revenue                                       |             | \$ 1,053,463.82                             | \$ 1,379,913.38                             |
| Adjustments to Income Before Surplus:                   |             |   |   |
| Expenditures Included Above Which are by Statute        |             |   |   |
| Deferred Charges to Budget of Succeeding Year           | A-3         | <u>300,000.00</u>                           | <u>60,000.00</u>                            |
| Statutory Excess to Fund Balance                        |             | \$ 1,353,463.82                             | \$ 1,439,913.38                             |
| <br><u>FUND BALANCE</u>                                 |             |   |   |
| Balance, January 1                                      | A           | <u>1,875,859.77</u>                         | <u>1,770,946.39</u>                         |
|   |             | <u>\$ 3,229,323.59</u>                      | <u>\$ 3,210,859.77</u>                      |
| Decreased by:   |             |   |   |
| Utilized as Anticipated Revenue                         | A-1         | <u>1,335,000.00</u>                         | <u>1,335,000.00</u>                         |
| Balance, December 31                                    | A           | <u>\$ 1,894,323.59</u>                      | <u>\$ 1,875,859.77</u>                      |

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

REF.

ANALYSIS OF REALIZED REVENUE

|  |          |                        |
|--|----------|------------------------|
| Allocation of Current Tax Collections:             |          |                        |
| Revenue From Collections                           | A-1:A-10 | \$ 29,675,471.07       |
| Allocated to:                                      |          |                        |
| School and County Taxes                            |          | <u>21,859,247.54</u>   |
| Balance For Support of Municipal Budget            |          |                        |
| Appropriations                                     |          | \$ 7,816,223.53        |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3      | <u>960,000.00</u>      |
| Amount for Support of Municipal Budget             |          |                        |
| Appropriations                                     | A-2      | \$ <u>8,776,223.53</u> |
| Licenses - Other:                                  |          |                        |
| Clerk/Health                                       | A-12     | \$ <u>3,180.00</u>     |
|  | A-2      | \$ <u>3,180.00</u>     |
| Fees and Permits - Other:                          |          |                        |
| Clerk/Health                                       | A-12     | \$ 19,500.00           |
| Police   | A-12     | 11,713.25              |
| Health Officer                                     | A-12     | <u>2,400.00</u>        |
|  | A-2      | \$ <u>33,613.25</u>    |
| Uniform Construction Code Fees and Permits:        | A-12     | \$ 162,385.00          |
| Less: Refunds                                      | A-4      | <u>160.80</u>          |
|  | A-2      | \$ <u>162,224.20</u>   |
| Recreation - Fees and Permits:                     | A-12     | \$ 111,711.74          |
| Less: Refunds                                      | A-4      | <u>1,345.50</u>        |
|  | A-2      | \$ <u>110,366.24</u>   |

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

|                                       | APPROPRIATIONS |                              | EXPENDED           |             | UNEXPENDED<br>BALANCE<br>CANCELED |
|---------------------------------------|----------------|------------------------------|--------------------|-------------|-----------------------------------|
|                                       | BUDGET         | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED    |                                   |
| <u>GENERAL GOVERNMENT</u>             |                |                              |                    |             |                                   |
| Administrative and Executive:         |                |                              |                    |             |                                   |
| Salaries and Wages                    | \$ 72,000.00   | \$ 72,000.00                 | \$ 62,363.44       | \$ 9,636.56 | \$                                |
| Other Expenses                        | 104,120.00     | 104,120.00                   | 89,372.91          | 14,747.09   |                                   |
| Mayor and Council:                    |                |                              |                    |             |                                   |
| Salaries and Wages                    | 10,500.00      | 10,500.00                    | 10,329.51          | 170.49      |                                   |
| Other Expenses                        | 95.00          | 95.00                        |                    | 95.00       |                                   |
| Borough Clerk:                        |                |                              |                    |             |                                   |
| Salaries and Wages                    | 96,500.00      | 96,500.00                    | 96,485.92          | 14.08       |                                   |
| Other Expenses                        | 5,750.00       | 5,750.00                     | 5,750.00           |             |                                   |
| Financial Administration:             |                |                              |                    |             |                                   |
| Salaries and Wages                    | 121,000.00     | 121,000.00                   | 118,535.75         | 2,464.25    |                                   |
| Other Expenses                        | 1,140.00       | 1,140.00                     | 731.90             | 408.10      |                                   |
| Audit                                 | 50,000.00      | 50,000.00                    | 49,900.00          | 100.00      |                                   |
| Assessment of Taxes:                  |                |                              |                    |             |                                   |
| Salaries and Wages                    | 23,000.00      | 23,000.00                    | 21,541.65          | 1,458.35    |                                   |
| Other Expenses                        | 60,000.00      | 50,000.00                    | 35,274.92          | 14,725.08   |                                   |
| Legal Services and Costs:             |                |                              |                    |             |                                   |
| Salaries and Wages                    | 24,000.00      | 24,000.00                    | 23,468.88          | 531.12      |                                   |
| Other Expenses                        | 214,500.00     | 214,500.00                   | 177,251.03         | 37,248.97   |                                   |
| Municipal Court:                      |                |                              |                    |             |                                   |
| Salaries & Wages                      | 170,500.00     | 170,500.00                   | 169,474.25         | 1,025.75    |                                   |
| Other Expenses                        | 6,935.00       | 6,935.00                     | 6,690.86           | 244.14      |                                   |
| Public Defender:                      |                |                              |                    |             |                                   |
| Salaries and Wages                    | 4,000.00       | 4,000.00                     | 299.96             | 3,700.04    |                                   |
| Planning Board:                       |                |                              |                    |             |                                   |
| Salaries and Wages                    | 3,000.00       | 3,000.00                     | 2,581.09           | 418.91      |                                   |
| Other Expenses-Miscellaneous          | 40,000.00      | 40,000.00                    | 39,347.84          | 652.16      |                                   |
| Insurance:                            |                |                              |                    |             |                                   |
| Group Insurance Plan for Employees    | 683,255.00     | 683,255.00                   | 635,782.65         | 47,472.35   |                                   |
| Workers Compensation                  | 60,000.00      | 60,000.00                    | 60,000.00          |             |                                   |
| Other Insurance                       | 236,000.00     | 236,000.00                   | 234,175.45         | 1,824.55    |                                   |
| Group Insurance Health Benefit Waiver | 39,000.00      | 39,000.00                    | 32,913.10          | 6,086.90    |                                   |
| <u>PUBLIC SAFETY</u>                  |                |                              |                    |             |                                   |
| Fire:                                 |                |                              |                    |             |                                   |
| Other Expenses                        | 72,500.00      | 72,500.00                    | 72,107.11          | 392.89      |                                   |
| Police:                               |                |                              |                    |             |                                   |
| Salaries and Wages                    | 2,493,000.00   | 2,509,000.00                 | 2,507,643.62       | 1,356.38    |                                   |
| Other Expenses - Miscellaneous        | 180,250.00     | 165,250.00                   | 153,947.73         | 11,302.27   |                                   |
| Police Dispatchers:                   |                |                              |                    |             |                                   |
| Salaries and Wages                    | 188,000.00     | 188,000.00                   | 181,356.35         | 6,643.65    |                                   |
| Other Expenses                        | 7,315.00       | 7,315.00                     |                    | 7,315.00    |                                   |
| First Aid Organization-Contribution   | 35,000.00      | 35,000.00                    | 35,000.00          |             |                                   |
| Emergency Management Services:        |                |                              |                    |             |                                   |
| Other Expenses                        | 1,900.00       | 1,900.00                     | 520.00             | 1,380.00    |                                   |
| Fire Prevention:                      |                |                              |                    |             |                                   |
| Salaries and Wages                    | 25,000.00      | 25,000.00                    | 24,802.99          | 197.01      |                                   |
| Other Expenses                        | 3,591.00       | 3,591.00                     |                    | 3,591.00    |                                   |
| <u>PUBLIC WORKS</u>                   |                |                              |                    |             |                                   |
| Road Repairs and Maintenance:         |                |                              |                    |             |                                   |
| Salaries and Wages                    | 422,000.00     | 407,000.00                   | 388,142.66         | 18,857.34   |                                   |
| Other Expenses                        | 100,300.00     | 100,300.00                   | 95,998.40          | 4,301.60    |                                   |
| Snow Removal:                         |                |                              |                    |             |                                   |
| Other Expenses                        | 120,000.00     | 120,000.00                   | 61,052.50          | 58,947.50   |                                   |
| Public Buildings and Grounds:         |                |                              |                    |             |                                   |
| Other Expenses                        | 84,800.00      | 84,800.00                    | 80,733.04          | 4,066.96    |                                   |
| Shade Tree Commission:                |                |                              |                    |             |                                   |
| Other Expenses                        | 9,400.00       | 9,400.00                     | 8,675.14           | 724.86      |                                   |

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

|  | APPROPRIATIONS         |                              | EXPENDED               |                  | UNEXPENDED<br>BALANCE<br>CANCELED |
|--|------------------------|------------------------------|------------------------|------------------|-----------------------------------|
|  | BUDGET                 | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED     | RESERVED         |                                   |
| <u>OPERATIONS EXCLUDED FROM "CAPS"</u>                             |                        |                              |                        |                  |                                   |
| Maintenance of Free Public Library                                 | \$ 575,606.00          | \$ 575,606.00                | \$ 575,606.00          | \$               | \$                                |
| Rahway Valley Sewerage Authority:<br>Share of Costs                | 931,000.00             | 931,000.00                   | 930,414.00             | 586.00           |                                   |
| Tax Appeals Pending:<br>Other Expenses                             | 100,000.00             | 156,000.00                   | 156,000.00             |                  |                                   |
| Insurance:<br>Group Insurance Plan for Employees                   | 38,745.00              | 38,745.00                    | 38,745.00              |                  |                                   |
| <u>STATE AND FEDERAL PROGRAMS<br/>OFF-SET BY REVENUES</u>          |                        |                              |                        |                  |                                   |
| Highway Safety / Safe Corridors<br>(N.J.S.A. 40A:4-87 + 16,866.06) |                        | 16,866.06                    | 16,866.06              |                  |                                   |
| Municipal Alliance on Alcoholism & Drug Abuse:<br>State Aid        | 15,769.00              | 15,769.00                    | 15,769.00              |                  |                                   |
| Local Match  | 3,942.00               | 3,942.00                     | 3,942.00               |                  |                                   |
| Clean Communities (N.J.S.A. 40A:4-87 +\$11,577.94)                 |                        | 11,577.94                    | 11,577.94              |                  |                                   |
| Alcohol, Education and Rehabilitation State Aid                    | 593.28                 | 593.28                       | 593.28                 |                  |                                   |
| Body Armor Replacement Fund  | 2,374.56               | 2,374.56                     | 2,374.56               |                  |                                   |
| County of Union - Recreation Trust Grant                           | 21,600.00              | 21,600.00                    | 21,600.00              |                  |                                   |
| Recycling Tonnage Grant  | 6,714.17               | 6,714.17                     | 6,714.17               |                  |                                   |
| County of Union - Preservation Grant Hetfield                      | 5,396.00               | 5,396.00                     | 5,396.00               |                  |                                   |
| <u>TOTAL OPERATIONS - EXCLUDED<br/>FROM "CAPS"</u>                 | <u>\$ 1,701,740.01</u> | <u>\$ 1,786,184.01</u>       | <u>\$ 1,785,598.01</u> | <u>\$ 586.00</u> | <u>\$</u>                         |
| <u>CAPITAL IMPROVEMENTS -<br/>EXCLUDED FROM "CAPS"</u>             |                        |                              |                        |                  |                                   |
| Capital Improvement Fund   | \$ 259,000.00          | \$ 259,000.00                | \$ 259,000.00          | \$               | \$                                |
| Purchase of Police Center - Variable Message Sign                  | 18,750.00              | 18,750.00                    | 18,000.00              | 750.00           |                                   |
| <u>TOTAL CAPITAL IMPROVEMENTS -<br/>EXCLUDED FROM "CAPS"</u>       | <u>\$ 277,750.00</u>   | <u>\$ 277,750.00</u>         | <u>\$ 277,000.00</u>   | <u>\$ 750.00</u> | <u>\$</u>                         |
| <u>MUNICIPAL DEBT SERVICE -<br/>EXCLUDED FROM "CAPS"</u>           |                        |                              |                        |                  |                                   |
| Payment of Bond Principal  | \$ 355,000.00          | \$ 355,000.00                | \$ 355,000.00          | \$               | \$                                |
| Payment of Bond Anticipation Notes & Capital Notes                 | 77,000.00              | 77,000.00                    | 77,000.00              |                  |                                   |
| Interest on Bonds  | 95,675.00              | 95,675.00                    | 95,672.54              |                  | 2.46                              |
| Interest on Notes  | 42,500.00              | 42,500.00                    | 42,452.83              |                  | 47.17                             |
| State of New Jersey-E.D.A.:<br>Principal                           | 45,778.00              | 45,778.00                    | 45,777.93              |                  | 0.07                              |
| Interest   | 2,450.00               | 2,450.00                     | 2,445.31               |                  | 4.69                              |
| <u>TOTAL MUNICIPAL DEBT SERVICE<br/>EXCLUDED FROM "CAPS"</u>       | <u>\$ 618,403.00</u>   | <u>\$ 618,403.00</u>         | <u>\$ 618,348.61</u>   | <u>\$</u>        | <u>\$ 54.39</u>                   |

TRUST FUND

BOROUGH OF MOUNTAINSIDE

TRUST FUND

STATEMENT OF FUND BALANCE - ASSESSMENT FUND

|  | <u>REF.</u> |    |                 |
|--|-------------|----|-----------------|
| Balance, December 31, 2011                 | B           | \$ | 2,460.00        |
| Decreased by:                              |             |    |                 |
| Due to Current Fund as Anticipated Revenue | B-2         | \$ | <u>2,460.00</u> |

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

GENERAL CAPITAL FUND

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

|   | <u>REF.</u> |    |                         |
|---|-------------|----|-------------------------|
| Balance, December 31, 2011                | C           | \$ | 71,362.63               |
| Increased by:                             |             |    |                         |
| Premium on Bond Anticipation Notes Issued | C-2         |    | <u>15,541.00</u>        |
| Balance, December 31, 2012                | C           | \$ | <u><u>86,903.63</u></u> |

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

SWIMMING POOL UTILITY FUND

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES  
IN OPERATING FUND BALANCE-REGULATORY BASIS

|   | <u>REF.</u> | <u>YEAR ENDED</u><br><u>DECEMBER</u><br><u>31, 2012</u> | <u>YEAR ENDED</u><br><u>DECEMBER</u><br><u>31, 2011</u> |
|---|-------------|---|---|
| <u>REVENUE AND OTHER INCOME REALIZED</u>      |             |   |   |
| Fund Balance Utilized                         | D-3         | \$ 73,643.00  | \$ 34,192.00  |
| Membership Fees                               | D-3         | 301,760.50  | 309,573.00  |
| Miscellaneous                                 | D-3         | 37,590.34   | 34,567.62   |
| Other Credits to Income:                      |             |   |   |
| Unexpended Balance of Appropriation Reserves  | D-7         | <u>40,230.01</u>  | <u>40,024.49</u>  |
| <u>Total Income</u>                           |             | \$ <u>453,223.85</u>                                    | \$ <u>418,357.11</u>                                    |
| <u>EXPENDITURES</u>                           |             |   |   |
| Operating                                     | D-4         | \$ 264,574.56   | \$ 261,582.00   |
| Capital Improvements                          | D-4         | 101,572.44  | 28,110.00   |
| Deferred Charges and Statutory Expenditures   | D-4         | <u>19,496.00</u>  | <u>44,500.00</u>  |
| <u>Total Expenditures</u>                     |             | \$ <u>385,643.00</u>                                    | \$ <u>334,192.00</u>                                    |
| Excess in Revenue                             |             | \$ 67,580.85  | \$ 84,165.11  |
| <u>Fund Balance</u>                           |             |   |   |
| Balance, January 1                            | D           | <u>106,440.80</u>                                       | <u>56,467.69</u>  |
|   |             | \$ 174,021.65   | \$ 140,632.80   |
| Decreased by:                                 |             |   |   |
| Utilization by Swimming Pool Operating Budget | D-1:D-3     | \$ <u>73,643.00</u>                                     | \$ <u>34,192.00</u>                                     |
|   |             | \$ 73,643.00  | \$ 34,192.00  |
| Balance, December 31                          | D           | \$ <u><u>100,378.65</u></u>                             | \$ <u><u>106,440.80</u></u>                             |

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

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2012

|                       | <u>REF.</u> | <u>ANTICIPATED</u>   | <u>REALIZED</u>      | <u>EXCESS<br/>OR<br/>(DEFICIT)</u> |
|-----------------------|-------------|----------------------|----------------------|------------------------------------|
| Fund Balance Utilized | D-1         | \$ 73,643.00         | \$ 73,643.00         | \$                                 |
| Membership Fees       | D-1:D-5     | 290,000.00           | 301,760.50           | 11,760.50                          |
| Miscellaneous         | D-1:D-3     | <u>30,000.00</u>     | <u>37,590.34</u>     | <u>7,590.34</u>                    |
|                       |             | \$ <u>393,643.00</u> | \$ <u>412,993.84</u> | \$ <u>19,350.84</u>                |

REF. D-4

ANALYSIS OF REALIZED REVENUE

MISCELLANEOUS

|                         |     |                  |                     |
|-------------------------|-----|------------------|---------------------|
| Interest on Investments |     | \$ 660.84        |                     |
| Miscellaneous           |     | <u>36,929.50</u> |                     |
|                         | D-3 |                  | \$ <u>37,590.34</u> |

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

GENERAL FIXED ASSETS ACCOUNT GROUP

NOTES TO FINANCIAL STATEMENTS

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 and state grant funds.

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of 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.

Swimming Pool Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned swimming pool.

Public Assistance Fund - receipts and disbursements of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have 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. Federal and state 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)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from 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 nonexpendable 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. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Borough's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

Fixed Capital - Swimming Pool Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Swimming Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction cost or current value. The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Borough of Mountainside had the following cash and cash equivalents at December 31, 2012:

| <u>Fund Type</u>          | <u>Bank</u>           | <u>Reconciling Items</u> |                       | <u>Reconciled</u>     |
|---------------------------|-----------------------|--------------------------|-----------------------|-----------------------|
|                           | <u>Balance</u>        | <u>Additions</u>         | <u>Deletions</u>      | <u>Balance</u>        |
| Current Fund              | \$4,309,537.79        |                          | \$1,215,352.84        | \$3,094,184.95        |
| Animal Control Trust Fund | 803.66                |                          |                       | 803.66                |
| Other Trust Fund          | 402,288.71            | \$1,033.50               | 11,890.96             | 391,431.25            |
| General Capital Fund      | 1,701,958.28          |                          | 2,235.22              | 1,699,723.06          |
| Swim Pool Utility         |                       |                          |                       |                       |
| Operating Fund            | 204,904.72            |                          | 168.13                | 204,736.59            |
|                           | <u>\$6,619,493.16</u> | <u>\$1,033.50</u>        | <u>\$1,229,647.15</u> | <u>\$5,390,879.51</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, 2012, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$6,619,493.16, \$250,000.00 was covered by Federal Depository Insurance, \$5,966,394.45 was covered under the provisions of NJGUDPA.

B. Investments

The purchases 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.

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 regulatory 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.

SUMMARY OF MUNICIPAL DEBT

|   | <u>YEAR 2012</u>                   | <u>YEAR 2011</u>                   | <u>YEAR 2010</u>                   |
|---|------------------------------------|------------------------------------|------------------------------------|
| Issued:   |                                    |                                    |                                    |
| General:  |                                    |                                    |                                    |
| Bonds, Loans and Notes  | \$ <u>5,156,333.79</u>             | \$ <u>5,159,111.72</u>             | \$ <u>5,636,889.65</u>             |
| <u>Total Issued</u>   | \$ <u>5,156,333.79</u>             | \$ <u>5,159,111.72</u>             | \$ <u>5,636,889.65</u>             |
| Authorized But Not Issued:  |                                    |                                    |                                    |
| General:  |                                    |                                    |                                    |
| Bonds and Notes   | <u>391,400.00</u>                  | <u>145,818.99</u>                  | <u>458,581.99</u>                  |
| Swimming Pool Utility   |                                    |                                    |                                    |
| Bonds and Notes   | <u>90,000.00</u>                   | <u>97,496.00</u>                   | <u>129,996.00</u>                  |
| Total Authorized But Not Issued                                   | <u>481,400.00</u>                  | <u>243,314.99</u>                  | <u>588,577.99</u>                  |
| <br>  |                                    |                                    |                                    |
| BONDS AND NOTES<br>ISSUED AND AUTHORIZED<br><u>BUT NOT ISSUED</u> | <br><br><br>\$ <u>5,637,733.79</u> | <br><br><br>\$ <u>5,402,426.71</u> | <br><br><br>\$ <u>6,225,467.64</u> |

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 regulatory net debt of .32%.

|                            | <u>GROSS DEBT</u>          | <u>DEDUCTIONS</u>          | <u>NET DEBT</u>            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| Local School District Debt | \$ 2,630,323.80            | \$ 2,630,323.80            | \$                         |
| Swimming Pool Utility Debt | 90,000.00                  | 90,000.00                  |                            |
| General Debt               | <u>5,547,733.79</u>        |                            | <u>5,547,733.79</u>        |
|                            | <br><u>\$ 8,268,057.59</u> | <br><u>\$ 2,720,323.80</u> | <br><u>\$ 5,547,733.79</u> |

NET DEBT \$5,547,733.79 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$1,704,072,991.67 EQUALS .32%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

| <u>YEAR</u> | <u>GENERAL</u>         |                      | <u>TOTAL</u>           |
|-------------|------------------------|----------------------|------------------------|
|             | <u>PRINCIPAL</u>       | <u>INTEREST</u>      |                        |
| 2013        | \$ 355,000.00          | \$ 80,141.25         | \$ 435,141.25          |
| 2014        | 355,000.00             | 64,610.00            | 419,610.00             |
| 2015        | 355,000.00             | 49,078.75            | 404,078.75             |
| 2016        | 355,000.00             | 33,103.75            | 388,103.75             |
| 2017        | <u>355,000.00</u>      | <u>16,685.00</u>     | <u>371,685.00</u>      |
|             | <u>\$ 1,775,000.00</u> | <u>\$ 243,618.75</u> | <u>\$ 2,018,618.75</u> |

OUTSTANDING  
BALANCE DECEMBER  
31, 2012

\$5,000,000.00 in General Improvement Bonds dated August 1, 2001, due in remaining annual installments of \$355,000.00 beginning August 1, 2013 and ending August 1, 2017 with interest rate from 4.375% to 4.70%

\$1,775,000.00

NOTE 5: PROPERTY TAXES

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

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

|               | BALANCE<br>DECEMBER<br><u>31, 2012</u> | BALANCE<br>DECEMBER<br><u>31, 2011</u> |
|---------------|--|--|
| Prepaid Taxes | \$ <u>160,216.56</u>                   | \$ <u>118,757.95</u>                   |

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and the Consolidated Police and Firemen's Pension Fund of New Jersey. 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 \$741,258.00 for 2012, \$762,930.00 for 2011, and \$623,469.00 for 2010.

Certain Borough employees are also covered by the 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 10: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for 2012 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51, if not paid through normal operations.

NOTE 11: 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 participates in a self-insurance program through the North Jersey Intergovernmental Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

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

| <u>Year</u> | <u>Interest</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|-----------------|-------------------------------|--------------------------|-----------------------|
| 2012        | \$ 36.41        | \$ 5,421.63                   | \$ 11,724.39             | \$ 9,932.24           |
| 2011        | \$ 53.78        | \$ 5,358.60                   | \$ 5,521.70              | \$ 16,198.59          |
| 2010        | \$ 83.25        | \$ 5,409.02                   | \$ 5,321.70              | \$ 16,307.91          |

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION - GASB 45

The Borough is required to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Governmental Accounting Standard Board (GASB) requires the Borough to disclose in the notes of the financial statements the future cost of the Other Post-Employment Benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Borough has contractually agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription or dental insurance coverage. The impact on the Borough's financial position or results of operation, if any, cannot be readily determined at this time; however, under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets.

BOROUGH OF MOUNTAINSIDE  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2012

"A-5"

BOROUGH OF MOUNTAINSIDE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

|                               | <u>REF.</u> |    |                   |                                |
|-------------------------------|-------------|----|-------------------|--------------------------------|
| Received:                     |             |    |                   |                                |
| Taxes Receivable              | A-10        | \$ | 29,691,338.59     |                                |
| Revenue Accounts Receivable   | A-12        |    | 64,843.11         |                                |
| 2013 Taxes Prepaid            | A-17        |    | 160,216.56        |                                |
| Tax Overpayments              | A-18        |    | 32,345.85         |                                |
| Sewer Flow Charges Receivable | A-13        |    | <u>224,765.35</u> |                                |
|                               |             |    |                   | \$ 30,173,509.46               |
| Decreased by Disbursements:   |             |    |                   |                                |
| Payments to Treasurer         | A-4         |    |                   | \$ <u><u>30,173,509.46</u></u> |

"A-6"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES-ASSESSED VALUATION

|   |   |    |                        |
|---|---|----|------------------------|
| Balance, December 31, 2011 and<br>December 31, 2012 | A | \$ | <u><u>3,875.00</u></u> |
|---|---|----|------------------------|

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY  
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

|  | <u>REF.</u> |                 |                           |
|--|-------------|-----------------|---------------------------|
| Balance, December 31, 2011 (Due To)                              | A           |                 | \$ 7,697.36               |
| Increased by:  |             |                 |                           |
| Received From State of New Jersey                                | A-4         | \$ 76,906.86    |                           |
| 2012 Deductions Disallowed by Tax Collector                      |             | <u>1,674.66</u> |                           |
|  |             |                 | <u>78,581.52</u>          |
|  |             |                 | 86,278.88                 |
| Decreased by:  |             |                 |                           |
| Senior Citizens Deductions Per Tax Billing                       |             | \$ 5,750.00     |                           |
| Veterans Deductions Per Tax Billing                              |             | 72,500.00       |                           |
| Senior Citizens and Veterans Deductions Allowed by Tax Collector |             | <u>500.00</u>   |                           |
|  |             |                 | <u>78,750.00</u>          |
| Balance, December 31, 2012 (Due To)                              | A           |                 | \$ <u><u>7,528.88</u></u> |

ANALYSIS OF STATE SHARE OF 2012 SENIOR  
CITIZENS AND VETERANS DEDUCTIONS

|  |      |                            |
|--|------|----------------------------|
| Senior Citizens Deductions Per Tax Billing                                 |      | \$ 5,750.00                |
| Veterans Deductions Per Tax Billing  |      | 72,500.00                  |
| Senior Citizens and Veterans Deductions Allowed by<br>Tax Collector- Taxes |      | <u>500.00</u>              |
|  |      | \$ <u>78,750.00</u>        |
| Less: Deductions Disallowed by Tax Collector:                              |      |                            |
| Senior Citizens  |      | <u>1,674.66</u>            |
|  | A-10 | \$ <u><u>77,075.34</u></u> |

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

|  | <u>REF.</u> |                     |
|--|-------------|---------------------|
| Balance, December 31, 2011 and<br>Balance, December 31, 2012 | A           | \$ <u>27,090.75</u> |

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF SEWER FLOW CHARGES RECEIVABLE

|                            | <u>REF.</u> |    |                         |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2011 | A           | \$ | 960.34                  |
| Increased by:              |             |    |                         |
| Levy                       |             |    | <u>236,668.90</u>       |
|                            |             | \$ | 237,629.24              |
| Decreased by:              |             |    |                         |
| Collections:               |             |    |                         |
| Collector                  | A-5         | \$ | 224,765.35              |
| Prepaid Applied            | A-29        |    | <u>49.84</u>            |
|                            | A-2         |    | <u>224,815.19</u>       |
| Balance, December 31, 2012 | A           | \$ | <u><u>12,814.05</u></u> |

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

|                                       | <u>REF.</u> |    |                          |
|---------------------------------------|-------------|----|--------------------------|
| Balance, December 31, 2011            | A           | \$ | 199,088.72               |
| Increased by:                         |             |    |                          |
| Charges to 2012 Appropriations        | A-3         |    | <u>458,085.43</u>        |
|                                       |             | \$ | 657,174.15               |
| Decreased by:                         |             |    |                          |
| Disbursed                             | A-4         | \$ | 3,320.03                 |
| Transferred to Appropriation Reserves | A-14        |    | <u>195,768.69</u>        |
|                                       |             |    | <u>199,088.72</u>        |
| Balance, December 31, 2012            | A           | \$ | <u><u>458,085.43</u></u> |

"A-17"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF PREPAID TAXES

|                                  | <u>REF.</u> |                             |
|----------------------------------|-------------|-----------------------------|
| Balance, December 31, 2011       | A           | \$ 118,757.95               |
| Increased by:                    |             |                             |
| Collection - 2013 Taxes          | A-5         | 160,216.56                  |
|                                  |             | \$ <u>278,974.51</u>        |
| Decreased by:                    |             |                             |
| Applied to 2012 Taxes Receivable | A-10        | <u>118,757.95</u>           |
| Balance, December 31, 2012       | A           | \$ <u><u>160,216.56</u></u> |

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

|                       |     |                            |
|-----------------------|-----|----------------------------|
| Increased by:         |     |                            |
| Overpayments in 2012: |     |                            |
| Collector             | A-5 | \$ 32,345.85               |
| Decreased by:         |     |                            |
| Refunds               | A-4 | \$ <u><u>32,345.85</u></u> |

"A-21"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

|                    | <u>REF.</u> |    |                      |
|--------------------|-------------|----|----------------------|
| Increased by:      |             |    |                      |
| Levy Calendar Year | A-1:A-10    | \$ | 13,957,559.52        |
| Decreased by:      |             |    |                      |
| Disbursements      | A-4         | \$ | <u>13,957,559.52</u> |

"A-22"

SCHEDULE OF OUTSIDE LIEN REDEMPTIONS

|                            |     |    |                   |
|----------------------------|-----|----|-------------------|
| Balance, December 31, 2011 | A   | \$ | 154.92            |
| Increased by:              |     |    |                   |
| Receipts                   | A-4 |    | <u>204,643.81</u> |
|                            |     |    | 204,798.73        |
| Decreased by:              |     |    |                   |
| Disbursements              | A-4 | \$ | <u>204,798.73</u> |

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

|                             | <u>REF.</u> |    |                         |
|-----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2011  | A           | \$ | 61,456.00               |
| Increased by:               |             |    |                         |
| 2012 Anticipated Revenues   | A-2         | \$ | <u>80,891.01</u>        |
|                             |             |    | 142,347.01              |
| Decreased by:               |             |    |                         |
| Cash Receipts               | A-4         | \$ | 82,135.03               |
| Unappropriated Reserves     | A-25        |    | 9,682.01                |
| Grants Receivables Canceled | A-26        |    | <u>1,429.38</u>         |
|                             |             |    | <u>93,246.42</u>        |
| Balance, December 31, 2012  | A           | \$ | <u><u>49,100.59</u></u> |

ANALYSIS OF BALANCE

|  |    |                         |
|--|----|-------------------------|
| Municipal Alliance                           | \$ | 4,002.56                |
| Union County Preservation                    |    | 556.99                  |
| County of Union - Recreation Trust Grant '11 |    | 22,941.04               |
| County of Union - Recreation Trust Grant '12 |    | <u>21,600.00</u>        |
|  | \$ | <u><u>49,100.59</u></u> |

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF GRANTS - APPROPRIATED

| <u>DESCRIPTION</u>                            | <u>BALANCE<br/>DECEMBER<br/>31, 2011</u> | <u>TRANSFERRED<br/>FROM<br/>2012<br/>BUDGET</u> | <u>DECREASED</u>     | <u>CANCELED</u>    | <u>BALANCE<br/>DECEMBER<br/>31, 2012</u> |
|---|--|---|----------------------|--------------------|--|
| Clean Communities                             | \$ 1,673.47                              | \$ 11,577.94                                    | \$ 11,617.58         | \$                 | \$ 1,633.83                              |
| County of Union - Recreation Trust Grant '11  | 18,814.71                                |   | 2,587.86             |                    | 16,226.85                                |
| County of Union - Recreation Trust Grant '12  |  | 21,600.00                                       | 420.00               |                    | 21,180.00                                |
| County of Union - Recreation Trust Grant      | 14,330.02                                |   | 14,092.24            | 237.78             |  |
| Municipal Alliance Grant '12                  |  | 15,769.00                                       | 10,860.80            | 1,191.60           | 3,716.60                                 |
| Municipal Alliance Grant - Match '12          |  | 3,942.00  | 2,711.18             |                    | 1,230.82                                 |
| Highway Safety/Safe Corridor                  |  | 16,866.06                                       | 16,866.06            |                    |  |
| Municipal Alliance Grant - Match              | 345.31                                   |   | 345.31               |                    |  |
| Municipal Alliance Grant '11                  | 5,714.19                                 |   | 5,714.19             |                    |  |
| Municipal Alliance Grant - Match '11          | 3,942.00                                 |   | 3,942.00             |                    |  |
| Union County Preservation Hetfield            |  | 5,396.00  | 5,396.00             |                    |  |
| Body Armor Replacement Fund                   | 8,029.80                                 | 2,374.56  | 2,048.12             |                    | 8,356.24                                 |
| Recycling Enhancement Grant                   | 2,504.76                                 |   | 737.42               |                    | 1,767.34                                 |
| Watts Mountainside Community Foundation Grant | 6,959.88                                 |   | 5,428.11             |                    | 1,531.77                                 |
| Watts Mountainside Community Foundation Grant | 1,500.00                                 |   | 1,500.00             |                    |  |
| Watts Mountainside Community Foundation Grant | 8,000.00                                 |   | 8,000.00             |                    |  |
| Drunk Driving Enforcement Fund                | 3,108.62                                 |   | 514.92               |                    | 2,593.70                                 |
| Alcohol, Education and Rehabilitation         | 7,585.67                                 | 593.28  | 1,628.40             |                    | 6,550.55                                 |
| Recycling Tonnage Grant                       |  | 6,714.17  | 6,714.17             |                    |  |
| Union County Preservation                     | 1,432.49                                 |   | 875.50               |                    | 556.99                                   |
|   | <u>\$ 83,940.92</u>                      | <u>\$ 84,833.01</u>                             | <u>\$ 101,999.86</u> | <u>\$ 1,429.38</u> | <u>\$ 65,344.69</u>                      |

REF.

A

A-3

A-4

A-24

A

"A-28"

BOROUGH OF MOUNTAINSIDE  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES

|  | <u>REF.</u> |                      |
|--|-------------|----------------------|
| Balance, December 31, 2011               | A           | \$ 60,000.00         |
| Increased by:                            |             |                      |
| Special Emergency Authorization 40A:4-53 | A-3         | <u>300,000.00</u>    |
|  |             | 360,000.00           |
| Decreased by:                            |             |                      |
| Raised in 2012 Budget                    | A-3         | <u>60,000.00</u>     |
| Balance, December 31, 2012               | A           | <u>\$ 300,000.00</u> |

"A-29"

SCHEDULE OF PREPAID SEWER CHARGES

|                            |      |                 |
|----------------------------|------|-----------------|
| Balance, December 31, 2011 | A    | \$ 49.84        |
| Decreased by:              |      |                 |
| Applied                    | A-13 | <u>\$ 49.84</u> |

"A-30"

SCHEDULE OF EMERGENCY NOTE PAYABLE

|                            |     |                      |
|----------------------------|-----|----------------------|
| Increased by:              |     |                      |
| Receipts                   | A-4 | \$ 300,000.00        |
| Balance, December 31, 2012 | A   | <u>\$ 300,000.00</u> |

"B-3"

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF DUE TO CURRENT FUND-ASSESSMENT FUND

|                                       | <u>REF.</u> |    |               |
|---------------------------------------|-------------|----|---------------|
| Balance, December 31, 2011 - (Due To) | B           | \$ | 820.00        |
| Decreased by:                         |             |    |               |
| Cash Disbursements                    | B-2         | \$ | <u>820.00</u> |

"B-4"

SCHEDULE OF DUE CURRENT FUND-TRUST OTHER FUNDS

|   |     |    |                  |
|---|-----|----|------------------|
| Balance, December 31, 2011 - (Due from) | B   | \$ | 29,084.43        |
| Increased by:                           |     |    |                  |
| Cash Disbursements                      | B-2 | \$ | <u>18,684.43</u> |
|   |     | \$ | <u>47,768.86</u> |
| Decreased by:                           |     |    |                  |
| Cash Receipts                           | B-2 |    | <u>46,951.14</u> |
| Balance, December 31, 2012 - (Due from) | B   | \$ | <u>817.72</u>    |

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF STATE REGISTRATION FEES  
ANIMAL CONTROL FUND

|                            | <u>REF.</u> |    |                    |
|----------------------------|-------------|----|--------------------|
| Balance, December 31, 2011 | B           | \$ | 0.80               |
| Increased by:              |             |    |                    |
| Registration Fees          | B-2         |    | <u>580.20</u>      |
|                            |             |    | 581.00             |
| Decreased by:              |             |    |                    |
| Cash Disbursements         | B-2         |    | <u>575.40</u>      |
| Balance, December 31, 2012 | B           | \$ | <u><u>5.60</u></u> |

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR  
UNEMPLOYMENT COMPENSATION INSURANCE

|                            | <u>REF.</u> |    |                        |
|----------------------------|-------------|----|------------------------|
| Balance, December 31, 2011 | B           | \$ | 16,198.59              |
| Increased by:              |             |    |                        |
| Employee Contributions     |             | \$ | 5,421.63               |
| Interest on Investments    |             |    | 36.41                  |
|                            | B-2         |    | <u>5,458.04</u>        |
|                            |             |    | 21,656.63              |
| Decreased by:              |             |    |                        |
| Cash Disbursements         | B-2         |    | <u>11,724.39</u>       |
| Balance, December 31, 2012 | B           | \$ | <u><u>9,932.24</u></u> |

BOROUGH OF MOUNTAINSIDETRUST FUNDSCHEDULE OF VARIOUS RESERVES AND DEPOSITS

|  | BALANCE<br>DECEMBER<br>31, 2011 | CASH<br>RECEIPTS     | CASH<br>DISBURSEMENTS | BALANCE<br>DECEMBER<br>31, 2012 |
|--|---------------------------------|----------------------|-----------------------|---------------------------------|
| Street Opening Deposits                | \$ 39,173.00                    | \$                   | 1,500.00              | \$ 37,673.00                    |
| Construction Code State Training Fees  |                                 | 11,343.00            | 11,343.00             |                                 |
| Forfeited Property                     | 28,921.34                       | 72.62                |                       | 28,993.96                       |
| Parking Offense Adjudication Act       | 908.60                          | 146.00               |                       | 1,054.60                        |
| Swim Team                              | 12,212.05                       | 7,804.75             | 9,200.17              | 10,816.63                       |
| Recycling                              | 22,154.15                       |                      |                       | 22,154.15                       |
| Municipal Alliance-Donations           | 1,004.43                        |                      |                       | 1,004.43                        |
| Security Deposits                      | 6,078.88                        |                      |                       | 6,078.88                        |
| Escrow/Performance Deposits            | 45,540.75                       | 13,692.50            | 5,692.50              | 53,540.75                       |
| Builders Escrow                        | 88,902.56                       | 111,959.64           | 119,277.17            | 81,585.03                       |
| Premium on Tax Sale                    | 28,900.00                       | 145,000.00           | 152,200.00            | 21,700.00                       |
| Public Defender                        | 2,707.10                        | 2,370.50             | 3,300.00              | 1,777.60                        |
| Fire Fines and Penalties               | 22,542.64                       |                      | 1,519.27              | 21,023.37                       |
| Police Donations                       | 4,946.01                        | 750.00               | 250.00                | 5,446.01                        |
| Mountainside Beautification - Donation | 50.00                           | 650.00               | 653.39                | 46.61                           |
| Police Outside Overtime                | 376.12                          |                      | 376.10                | 0.02                            |
| Police Miscellaneous                   | 2,271.20                        |                      |                       | 2,271.20                        |
| Police Vests                           | 2,770.00                        |                      |                       | 2,770.00                        |
| Board of Health Settlement             | 8,960.80                        |                      | 8,812.75              | 148.05                          |
| Outside Liens                          | 3,437.55                        |                      | 3,437.55              |                                 |
| Federal Confiscated Funds              | 18,830.46                       | 40.69                | 6,020.77              | 12,850.38                       |
| Flu Immunization                       | 966.97                          | 2,090.00             | 570.00                | 2,486.97                        |
| Sewer - TV Inspection                  | 2,000.00                        |                      | 2,000.00              |                                 |
| Snow Removal                           | 52,526.99                       | 25,000.00            | 3,300.00              | 74,226.99                       |
|  | \$ <u>396,181.60</u>            | \$ <u>320,919.70</u> | \$ <u>329,452.67</u>  | \$ <u>387,648.63</u>            |
| <u>REF.</u>                            | B                               | B-2                  | B-2                   | B                               |

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

|                            | <u>REF.</u> |                           |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2011 | B           | \$ 1,235.19               |
| Increased by:              |             |                           |
| Cash Receipts              | B-2         | \$ <u>4,429,368.84</u>    |
|                            |             | \$ 4,430,604.03           |
| Decreased by:              |             |                           |
| Cash Disbursements         | B-2         | <u>4,428,886.92</u>       |
| Balance, December 31, 2012 | B           | \$ <u><u>1,717.11</u></u> |

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

|   | <u>BALANCE</u><br><u>DECEMBER</u><br><u>31, 2012</u> |
|---|--|
| Fund Balance  | \$ 86,903.63   |
| Capital Improvement Fund  | 274,025.56   |
| Improvement Authorizations Funded as Set Forth on "C-9"         | 93,904.64  |
| Unfunded Improvements Expended - Listed on "C-6"                | (391,400.00)   |
| Due Current Fund  | 2.78   |
| Due Swimming Pool Utility Capital Fund                          | (90,000.00)  |
| Contracts Payable   | 1,484,395.51   |
| Reserve for Recreation  | 11,352.88  |
| Reserve for Road Improvements                                   | 81,738.50  |
| State Aid Receivable  | (201,353.06)   |
| Unexpended Proceeds of Bond Anticipation Note - Listed on "C-6" | <u>350,152.62</u>                                    |
|   | <u>\$ 1,699,723.06</u>                               |
| <u>REF.</u>   | C  |





BOROUGH OF MOUNTAINSIDE

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, 2012</u> |               | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2011</u> | <u>BALANCE DECEMBER 31, 2012</u> |
|---------------------|----------------------|-----------------------|--|---------------|----------------------|----------------------------------|----------------------------------|
|                     |                      |                       | <u>DATE</u>  | <u>AMOUNT</u> |                      |                                  |                                  |
| General Improvement | 8/01/01              | \$ 5,000,000.00       | 8/01/13-8/01/14  | \$ 355,000.00 | 4.375%               | \$                               | \$                               |
|                     |                      |                       | 8/01/15  | 355,000.00    | 4.500%               |                                  |                                  |
|                     |                      |                       | 8/01/16  | 355,000.00    | 4.625%               |                                  |                                  |
|                     |                      |                       | 8/01/17  | 355,000.00    | 4.700%               | 2,130,000.00                     | 1,775,000.00                     |
|                     |                      |                       |  |               |                      | \$ 2,130,000.00                  | \$ 1,775,000.00                  |

REF.

C

C-5

C

"C-13"

BOROUGH OF MOUNTAINSIDE  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR RECREATION

|                            | <u>REF.</u> |    |                         |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2011 | C           | \$ | 2,232.01                |
| Increased by:              |             |    |                         |
| Accounts Payable Canceled  | C-14        |    | <u>9,120.87</u>         |
| Balance, December 31, 2012 | C           | \$ | <u><u>11,352.88</u></u> |

"C-14"

SCHEDULE OF ACCOUNTS PAYABLE - RESERVE FOR RECREATION

|                            |      |    |                         |
|----------------------------|------|----|-------------------------|
| Balance, December 31, 2011 | C    | \$ | 16,535.50               |
| Decreased by:              |      |    |                         |
| Cash Disbursements         | C-2  | \$ | 7,414.63                |
| Canceled                   | C-13 |    | <u>9,120.87</u>         |
|                            |      | \$ | <u><u>16,535.50</u></u> |



"C-18"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED  
BUT NOT ISSUED

| <u>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2012</u> |
|-----------------------------|--------------------------------|--|
| 1203-12                     | Purchase of Fire Pumper        | \$ <u>391,400.00</u>                     |
|                             |                                | \$ <u><u>391,400.00</u></u>              |

BOROUGH OF MOUNTAINSIDE  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE

|                                       | <u>REF.</u> |    |                         |
|---------------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2011            | D           | \$ | 14,223.84               |
| Increased by:                         |             |    |                         |
| Charges to 2012 Budget                | D-4         |    | <u>52,598.92</u>        |
|                                       |             |    | 66,822.76               |
| Decreased by:                         |             |    |                         |
| Transferred to Appropriation Reserves | D-7         |    | <u>14,223.84</u>        |
| Balance, December 31, 2012            | D           | \$ | <u><u>52,598.92</u></u> |

"D-8"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF DUE SWIMMING POOL CAPITAL FUND

REF.

Balance, December 31, 2011 and  
December 31, 2012

D

\$ 1,244.11

"D-9"

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2011

D

\$ 833,607.06

Increased by:

Budget Appropriation - Costs of Improvements Authorized - Ordinance  
Number 1097-2005 - Improvement to Municipal Swimming Pool

D-5

7,496.00

Balance, December 31, 2012

D

\$ 841,103.06

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u>         | <u>DATE</u> | <u>ORDINANCE<br/>AMOUNT</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2011 AND<br/>31, 2012</u> | <u>UNFUNDED</u>   |
|-----------------------------|--|-------------|-----------------------------|---|-------------------|
| 1097-2005                   | Improvement to Municipal Swimming Pool | 09/20/2005  | \$ 275,000.00               | \$  | 269,996.00        |
|                             |  |             |                             | \$  | <u>269,996.00</u> |

REF.

D

"D-14"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF CHANGE FUND

|   | <u>REF.</u> |                 |
|---|-------------|-----------------|
| Balance, December 31, 2011<br>and December 31, 2012 | D           | \$ <u>50.00</u> |

"D-15"

SCHEDULE OF DUE PAYROLL ACCOUNT

|                                |     |                |
|--------------------------------|-----|----------------|
| Balance, December 31, 2011     | D   | \$ 0.60        |
| Decreased by:<br>Cash Receipts | D-5 | \$ <u>0.60</u> |

BOROUGH OF MOUNTAINSIDE

PART II

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

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

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 entity'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*.

### ***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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

March 14, 2013

BOROUGH OF MOUNTAINSIDE

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

| <u>STATE GRANTOR/PROGRAM TITLE</u>                             | <u>STATE ACCOUNT NUMBER</u>    | <u>FROM</u> | <u>TO</u> | <u>GRANT AWARD AMOUNT</u> | <u>RECEIVED</u> | <u>EXPENDITURES</u> | <u>CUMULATIVE EXPENDITURES DECEMBER 31, 2012</u> |
|--|--------------------------------|-------------|-----------|---------------------------|-----------------|---------------------|--|
| <u>Department of Environmental Protection</u>                  |                                |             |           |                           |                 |                     |  |
| Clean Communities Program                                      | 4900-765-004-2007-178900       | 1/1/11      | 12-31-11  | \$ 11,760.92              | \$              | \$ 1,673.47         | \$ 11,760.92                                     |
| Clean Communities Program                                      | 4900-765-004-2007-178900       | 1/1/12      | 12-31-12  | 11,577.94                 | 11,577.94       | 9,944.11            | 9,944.11   |
| Recycling Tonnage Grant  | 4900-752-001-2007-178810       | 1/1/12      | 12-31-12  | 6,714.17                  | 6,714.17        | 6,714.17            | 6,714.17   |
|  |                                |             |           | \$ 18,292.11              | \$              | \$ 18,331.75        | \$ 28,419.20                                     |
| <u>Department of Law and Public Safety</u>                     |                                |             |           |                           |                 |                     |  |
| Drunk Driving Enforcement Fund                                 | 6400-100-078-YYYY              | 1/1/11      | 12-31-11  | 5,516.00                  | \$              | \$ 514.92           | \$ 2,922.30                                      |
|  |                                |             |           | \$                        | \$              | \$ 514.92           | \$ 2,922.30                                      |
| <u>Department of Health</u>                                    |                                |             |           |                           |                 |                     |  |
| Alcohol, Education, Rehabilitation and Enforcement-Prior Years | 9735-750-060000-60             | 1/1/00      | 12/31/11  | 8,750.47                  | \$              | \$ 1,628.40         | \$ 2,793.20                                      |
| Alcohol, Education, Rehabilitation and Enforcement             | 9735-750-060000-60             | 1/1/12      | 12/31/12  | 593.28                    | \$              | \$ 1,628.40         | \$ 2,793.20                                      |
| <u>Pass Through From County of Union</u>                       |                                |             |           |                           |                 |                     |  |
| <u>Department of Health</u>                                    |                                |             |           |                           |                 |                     |  |
| Municipal Alliance Grant                                       | 11-ALL-115.                    | 1/1/11      | 12/31/11  | 7,862.47                  | \$ 6,081.91     | \$ 4,522.59         | \$ 7,862.47                                      |
| Municipal Alliance Grant                                       | 12-ALL-115.                    | 1/1/12      | 12/31/12  | 15,769.00                 | 11,766.44       | 12,052.40           | 12,052.40  |
|  |                                |             |           | \$                        | \$ 17,848.35    | \$ 16,574.99        | \$ 19,914.87                                     |
| <u>Division of Criminal Justice</u>                            |                                |             |           |                           |                 |                     |  |
| Body Armor Replacement Fund-Prior Years                        | 020-718-066-1020-001-YCJS-6120 | 7/1/06      | 6/30/12   | 9,844.68                  |                 | 2,048.12            | 3,863.00   |
| Body Armor Replacement Fund                                    | 020-718-066-1020-001-YCJS-6120 | 7/1/12      | 6/30/13   | 2,374.56                  |                 | 2,048.12            | 3,863.00   |
| <u>Department of Transportation:</u>                           |                                |             |           |                           |                 |                     |  |
| <u>State Aid Projects:</u>                                     |                                |             |           |                           |                 |                     |  |
| Blaxo Terrace & Iris Drive                                     | 320-480-078-6320-AJ3-TCAP-2008 |             |           | 175,000.00                | \$              | \$                  | \$ 175,000.00                                    |
| Resurfacing of Glen Road                                       | 320-480-078-6320-AKE-TCAP-6010 |             |           | 175,000.00                |                 |                     | 175,000.00                                       |
| Resurfacing of Cherry Hill Road & Maple Court                  | 320-480-078-6320-AKN-TCAP-6010 |             |           | 250,000.00                |                 |                     | 250,000.00                                       |
| Resurfacing of Pembroke Road                                   |                                |             |           | 190,000.00                |                 |                     | 190,000.00                                       |
| Resurfacing of Wyoming Drive                                   |                                |             |           | 180,000.00                | 135,000.00      | 180,000.00          | 180,000.00                                       |
| Highway Safety/Safe Corridor                                   |                                |             |           | 16,866.06                 | 16,866.06       | 16,866.06           | 16,866.06  |
|  |                                |             |           | \$ 151,866.06             | \$              | \$ 196,866.06       | \$ 986,866.06                                    |
| Total State Financial Assistance                               |                                |             |           | \$ 188,006.52             | \$              | \$ 235,964.24       | \$ 1,044,778.63                                  |

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS -STATUTORY BASIS (CONTINUED)

Revenues:

|                      | <u>Federal</u>      | <u>State</u>         | <u>Other</u>        | <u>Total</u>         |
|----------------------|---------------------|----------------------|---------------------|----------------------|
| Current Fund         | \$                  | \$ 36,140.46         | \$ 35,542.68        | \$ 71,683.14         |
| General Capital Fund |                     | 151,866.06           |                     | 151,866.06           |
| Trust Other Fund     | <u>17,655.00</u>    |                      |                     | <u>17,655.00</u>     |
|                      | <u>\$ 17,655.00</u> | <u>\$ 188,006.52</u> | <u>\$ 35,542.68</u> | <u>\$ 241,204.20</u> |

Expenditures:

|                      | <u>Federal</u>      | <u>State</u>         | <u>Other</u>        | <u>Total</u>         |
|----------------------|---------------------|----------------------|---------------------|----------------------|
| Current Fund         | \$                  | \$ 39,098.18         | \$ 62,901.48        | \$ 101,999.66        |
| General Capital Fund |                     | 196,866.06           |                     | 196,866.06           |
| Trust Other Fund     | <u>17,230.92</u>    |                      |                     | <u>17,230.92</u>     |
|                      | <u>\$ 17,230.92</u> | <u>\$ 235,964.24</u> | <u>\$ 62,901.48</u> | <u>\$ 316,096.64</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.

PART III  
BOROUGH OF MOUNTAINSIDE  
STATISTICAL DATA  
LIST OF OFFICIALS  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2012

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
 IN FUND BALANCE - SWIMMING POOL UTILITY  
 OPERATING FUND

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|   | <u>YEAR 2012</u>     |                | <u>YEAR 2011</u>     |                |
|---|----------------------|----------------|----------------------|----------------|
|   | <u>AMOUNT</u>        | <u>%</u>       | <u>AMOUNT</u>        | <u>%</u>       |
| <u>REVENUE AND OTHER INCOME REALIZED</u>      |                      |                |                      |                |
| Fund Balance Utilized                         | \$ 73,643.00         | 16.25%         | \$ 34,192.00         | 8.17%          |
| Membership Fees                               | 301,760.50           | 66.58%         | 309,573.00           | 74.00%         |
| Miscellaneous From Other Than Membership Fees | <u>77,820.35</u>     | <u>17.17%</u>  | <u>74,592.11</u>     | <u>17.83%</u>  |
| <u>Total Income</u>                           | <u>\$ 453,223.85</u> | <u>100.00%</u> | <u>\$ 418,357.11</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u>                           |                      |                |                      |                |
| Budget Expenditures:                          |                      |                |                      |                |
| Operating                                     | \$ 264,574.56        | 68.61%         | \$ 261,582.00        | 78.27%         |
| Capital Improvement                           | 101,572.44           | 26.34%         | 28,110.00            | 8.41%          |
| Deferred Charges and Statutory Expenditures   | <u>19,496.00</u>     | <u>5.06%</u>   | <u>44,500.00</u>     | <u>13.32%</u>  |
| <u>Total Expenditures</u>                     | <u>\$ 385,643.00</u> | <u>100.00%</u> | <u>\$ 334,192.00</u> | <u>100.00%</u> |
| Excess in Revenue                             | \$ 67,580.85         |                | \$ 84,165.11         |                |
| Fund Balance:                                 |                      |                |                      |                |
| Balance, January 1                            | <u>106,440.80</u>    |                | <u>56,467.69</u>     |                |
|   | \$ 174,021.65        |                | \$ 140,632.80        |                |
| Decreased by:                                 |                      |                |                      |                |
| Utilized by Swimming Pool Operating Budget    | <u>\$ 73,643.00</u>  |                | <u>\$ 34,192.00</u>  |                |
|   | \$ 73,643.00         |                | \$ 34,192.00         |                |
| Fund Balance, December 31                     | <u>\$ 100,378.65</u> |                | <u>\$ 106,440.80</u> |                |

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<br/>31, YEAR</u> | <u>AMOUNT OF<br/>TAX TITLE<br/>LIENS</u> | <u>AMOUNT OF<br/>DELINQUENT<br/>TAXES</u> | <u>TOTAL<br/>DELINQUENT</u> | <u>PERCENTAGE<br/>OF TAX<br/>LEVY</u> |
|------------------------------|--|---|-----------------------------|---------------------------------------|
| 2012                         | \$ 27,090.75                             | \$ 235,790.83                             | \$ 262,881.58               | 0.87%                                 |
| 2011                         | \$ 27,090.75                             | \$ 211,700.81                             | \$ 238,791.56               | 0.86%                                 |
| 2010                         | \$ 27,090.75                             | \$ 253,490.85                             | \$ 280,581.60               | 1.01%                                 |

PROPERTY ACQUIRED BY TAX TITLE  
LIEN LIQUIDATION

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

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|
| 2012        | \$ 3,875.00   |
| 2011        | \$ 3,875.00   |
| 2010        | \$ 3,875.00   |

EQUALIZED VALUATIONS – REAL PROPERTY

| <u>YEAR</u> | <u>AMOUNT</u>       |
|-------------|---------------------|
| 2012        | \$ 1,704,072,991.67 |
| 2011        | \$ 1,708,905,528.00 |
| 2010        | \$ 1,866,499,046.00 |

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>NAME</u>          | <u>TITLE</u>                                       | <u>AMOUNT<br/>OF BOND</u> | <u>NAME OF SURETY</u>                                |
|----------------------|--|---------------------------|--|
| Paul N. Mirabelli    | Mayor  |                           |  |
| Jeffrey R. Wass      | Councilman   |                           |  |
| Robert W. Messler    | Councilman   |                           |  |
| Glenn Mortimer       | Councilman   |                           |  |
| Keith C. Turner      | Councilman   |                           |  |
| William R. Lane      | Councilman   |                           |  |
| Deanna Andre         | Councilwoman                                       |                           |  |
| James J. Debbie, Jr. | Administrator, Police Chief                        | *                         |  |
| Jill Goode           | Tax Collector                                      | \$1,000,000.00            | Municipal Essex<br>Liability Joint<br>Insurance Fund |
| Martha Lopez         | Borough Clerk, Registrar of<br>of Vital Statistics | *                         |  |
| Jill Goode           | Chief Financial Officer,<br>Treasurer              | \$1,000,000.00            | Municipal Essex<br>Liability Joint<br>Insurance Fund |
| Vivian J. Hoff       | Court Administrator                                | **                        | Municipal Essex<br>Liability Joint<br>Insurance Fund |
| Debra Velard         | Deputy Court Administrator                         | **                        | Municipal Essex<br>Liability Joint<br>Insurance Fund |

COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS (CONTINUED)

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2011 for the following professional services:

- Auditor and Financial Advisor
- Attorney
- Engineer

In addition, purchases utilizing state contracts were made for the following:

None

## COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 3, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

"BE IT RESOLVED by the Governing Body of the Borough of Mountainside that the rate of interest on delinquent taxes and assessments owed to the said Borough of Mountainside, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars (\$1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."

"BE IT FURTHER RESOLVED there will be a six percent (6%) penalty on delinquency of Ten Thousand Dollars (\$10,000.00) or more at the end of the calendar year."

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

RECOMMENDATIONS

NONE

