

**BOROUGH OF DUMONT**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2012**



# BOROUGH OF DUMONT

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**BOROUGH OF DUMONT**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2012**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, New Jersey

### Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Dumont, as of December 31, 2012 and 2011, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2012, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Dumont on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 the State of New Jersey for municipal government entities.

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 requirement that the Borough of Dumont prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Dumont as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

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

As discussed in Note 1 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2012 and 2011. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 57 percent and 55 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2012 and 2011.

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Dumont as of December 31, 2012 and 2011, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### *Other Matters*

#### *Required Supplementary Information*

The Borough has not presented a management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

#### *Other Information*

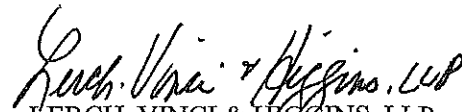
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Dumont as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Dumont.


The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2013 on our consideration of the Borough of Dumont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Dumont's internal control over financial reporting and compliance.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 28, 2013

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

<b>ASSETS</b>	<b><u>Reference</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash and Investments	A-4	\$ 3,348,707	\$ 3,515,013
Change Fund	A-6	250	250
Grants Receivable	A-14	53,164	53,164
Due From State - Senior Citizens & Veterans Deductions	A-7	<u>-</u>	<u>9,059</u>
		<u>3,402,121</u>	<u>3,577,486</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	570,874	528,428
Tax Title Lien	A-9	4,331	3,663
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-11	14,135	20,658
Due from Other Trust Fund	B-2	22	9,610
Due from Animal Control Fund	B-5	3,488	6,172
Due from General Capital Fund	C-8	23	
Due from Public Assistance Trust Fund	D-5	<u>1</u>	<u>1</u>
		<u>672,400</u>	<u>648,058</u>
Deferred Charges			
Overexpenditure of Budget Appropriation	A-13	4,728	
Emergency Authorizations	A-13		103,688
Special Emergency Authorizations	A-12	<u>200,000</u>	<u>250,000</u>
		<u>204,728</u>	<u>353,688</u>
Total Assets		<u>\$ 4,279,249</u>	<u>\$ 4,579,232</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<b><u>Reference</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Liabilities			
Appropriation Reserves	A-3,A-15	\$ 501,402	\$ 604,632
Encumbrances Payable	A-16	733,497	867,793
Special Emergency Note Payable	A-18	200,000	250,000
Accounts Payable	A-17	4,152	
Due to State of NJ - Senior Citizens and Veterans	A-7	691	
Other Liabilities	A-20	34,511	
Due to General Capital Fund	C-8		9,194
Miscellaneous Reserves	A-19	293,096	211,434
Prepaid Taxes	A-21	174,881	176,579
Tax Overpayments	A-22	250	250
County Taxes Payable	A-24	442	2,015
School Taxes Payable	A-23		10
Appropriated Reserves for Grants	A-25	136,879	150,167
Unappropriated Reserves for Grants	A-26	<u>53,413</u>	<u>42,930</u>
		2,133,214	2,315,004
Reserve for Receivables and Other Assets	A	672,400	648,058
Fund Balance	A-1	<u>1,473,635</u>	<u>1,616,170</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,279,249</u>	<u>\$ 4,579,232</u>

**BOROUGH OF DUMONT**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,314,000	\$ 816,000
Miscellaneous Revenues Anticipated	A-2	2,566,987	2,900,478
Receipts from Delinquent Taxes	A-2	525,752	575,450
Receipts from Current Taxes	A-2	53,201,423	52,438,395
Non-Budget Revenues	A-2	235,365	248,897
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	377,979	298,462
Statutory Excess - Animal Control Fund	B-3	3,488	6,172
Interfunds Returned	A	15,783	
Cancellation of Prior Years Receivable	A-1		2,007
Cancellation of Accounts/Other Payable	A-19,A-23,A-24	<u>595</u>	<u>3,129</u>
Total Revenues		<u>58,241,372</u>	<u>57,288,990</u>
<b>EXPENDITURES</b>			
Municipal Budget	A-3	19,640,649	19,160,709
County Taxes	A-24	4,080,449	4,428,025
Local District School Taxes	A-23	33,334,772	32,926,525
Interfund Advance	A	3,534	54
Refund of Prior Year Revenues	A-4	2,981	8,679
Adjustment - State Audit - Senior Citizen and Veterans Deductions	A-7	12,250	
Adjustment to Tax Sale Premium	A-1		7,100
Adjustment to Reserve for Receivables	A-1	<u>-</u>	<u>2,007</u>
Total Expenditures		<u>57,074,635</u>	<u>56,533,099</u>
Excess in Revenues		1,166,737	755,891
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-12,A-13	<u>4,728</u>	<u>353,688</u>
Statutory Excess to Fund Balance		1,171,465	1,109,579
Fund Balance, January 1	A	<u>1,616,170</u>	<u>1,322,591</u>
		2,787,635	2,432,170
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,314,000</u>	<u>816,000</u>
Fund Balance, December 31	A	<u>\$ 1,473,635</u>	<u>\$ 1,616,170</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

		<u>Anticipated</u>	<u>Special N.J.S.</u>		<u>Excess or</u>
	<u>Reference</u>	<u>Budget</u>	<u>40A:4-87</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Utilized	A-1	\$ 1,314,000	-	\$ 1,314,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	11,000		15,072	\$ 4,072
Other	A-2,A-11	5,000		5,417	417
Fees and Permits					
Construction Code Official	A-11	130,000		147,734	17,734
Recreation Fees	A-11	50,000		40,055	(9,945)
Other	A-2, A-11	40,000		53,637	13,637
Fines and Costs - Municipal Court	A-11	165,000		175,482	10,482
Interest on Costs on Taxes	A-11	80,000		94,563	14,563
Interest on Investments and Deposits	A-2,A-11	12,000		13,309	1,309
Fire Inspections - Additional	A-11	20,000		22,275	2,275
Consolidated Municipal Property Tax Relief Aid	A-11	126,301		126,301	
Energy Receipts Tax	A-11	1,228,951		1,228,951	
Clean Community Grant	A-26	24,068		24,068	
Police Body Armor	A-26	3,397		3,397	
Recycling Tonnage Grant	A-26	15,465		15,465	
Reserve for Police Outside Services	A-11	61,016		61,016	
Sale of Cell Tower	A-11	153,000		148,061	(4,939)
General Capital Fund Balance	C-1	25,000		25,000	
Monopole Rental - DPW Building	A-11	30,000		34,253	4,253
Life Hazard Use Fees	A-11	11,000		11,044	44
Sale of Recyclables	A-11	100,000		87,731	(12,269)
PILOT - Senior Citizen Club	A-11	30,000		15,000	(15,000)
Cable Television Franchise Fees	A-11	200,000	-	219,156	19,156
Total Miscellaneous Revenues		2,521,198	-	2,566,987	45,789
Receipts from Delinquent Taxes	A-8	500,000	-	525,752	25,752
Amount to be Raised by Taxes for Support of					
Municipal Budget		15,695,757		16,166,627	470,870
Free Public Library		679,575	-	679,575	-
	A-2	16,375,332	-	16,846,202	470,870
Total General Revenues	A-3	\$ 20,710,530	\$ -	21,252,941	\$ 542,411
Non-Budget Revenues	A-2			235,365	
				\$ 21,488,306	



**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

	<u>Reference</u>	
Analysis of Realized Revenues		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 53,201,423
Less: Allocation to School and County Taxes	A-23,A-24	<u>37,415,221</u>
		15,786,202
Balance for Support of Municipal Budget Appropriation		
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>1,060,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 16,846,202</u>
Licenses-Other		
Borough Clerk	A-11	\$ 5,228
Board of Health	A-11	<u>189</u>
	A-2	<u>\$ 5,417</u>
Fees and Permits-Other		
Borough Clerk	A-11	\$ 12,627
Construction Code	A-11	1,870
Police	A-11	2,715
Planning and Zoning	A-11	710
Fire Prevention	A-11	15,350
Board of Health	A-11	<u>20,365</u>
	A-2	<u>\$ 53,637</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 13,030
Due from General Capital Fund	C-8	23
Due from Other Trust Fund	B-2	255
Due from Public Assistance Trust Fund	D-5	<u>1</u>
	A-2	<u>\$ 13,309</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

Analysis of Non-Budget Revenue	
AT&T Tower Rental	\$ 26,217
Metro PCS Monopole Rental	24,762
FEMA Reimbursement	130,839
Miscellaneous	15,462
Admin Fee - Srs. And Veterans	3,809
Division of Motor Vehicles	1,665
Housing Inspections	1,668
LOSAP Reimbursements	1,091
6% Penalty	9,477
Prior Year Grant Reimbursement - ARRA Forestry	7,000
Workers Comp - Library 2011	3,358
Insurance Fund Dividend	<u>10,017</u>
	<u>\$ 235,365</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>			
	<u>2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-expenditure</u>
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration						
Salaries and Wages	\$ 270,364	\$ 270,227	\$ 269,227	\$ 1,000		
Other Expenses	92,900	92,900	68,647	24,253		
Postage	23,122	23,122	19,746	3,376		
Ethics Board						
Salaries and Wages	540	540	450	90		
Other Expenses	2,565	2,565	1,949	616		
Elections						
Other Expenses	14,100	14,200	14,177	23		
Financial Administration						
Salaries and Wages	159,493	159,493	159,493			
Other Expenses	112,556	112,556	48,683	63,873		
Assessment of Taxes						
Salaries and Wages	23,950	20,275	20,272	3		
Other Expenses	3,870	3,870	2,178	1,692		
Reassessment of Real Property						
Collection of Taxes						
Salaries and Wages	73,169	73,169	73,169			
Other Expenses	12,347	12,347	8,317	4,030		
Legal Services and Costs						
Borough Attorney - Other Expenses	60,000	59,000	38,783	20,217		
Other Expenses	40,000	40,000	40,000			
Engineering						
Other Expenses	60,000	60,000	48,591	11,409		
Planning Board/Zoning Board						
Salaries and Wages	2,000	1,667	1,667			
Other Expenses	10,800	10,800	7,445	3,355		
Insurance						
Unemployment Insurance	27,000	27,000	27,000			
General Liability	315,446	315,987	310,274	5,713		
Workers Compensation	292,507	292,507	292,507			
Employee Group Health	1,650,291	1,648,842	1,572,079	76,763		
Health Benefit Waiver	1,500	2,408	2,387	21		
Rent Leveling Board						
Salaries and Wages	540	540	450	90		
Other Expenses	3,200	3,200	1,015	2,185		
PUBLIC SAFETY FUNCTIONS						
Fire Department						
Other Expenses	80,000	89,600	87,957	1,643		
Life Hazard Use Fees						
Salaries and Wages	25,000	27,856	27,246	610		
Other Expenses	8,000	8,000	7,779	221		
Aid to Volunteer Fire Companies	36,100	36,100	36,100			
Rental of Fire Houses	28,000	28,000	28,000			
Fire Hydrant Services	180,107	180,707	180,690	17		

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>			<u>Over-</u>
	<u>2012 Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>expenditure</u>
<b>PUBLIC SAFETY FUNCTIONS (Continued)</b>						
Police Department						
Salaries and Wages	\$ 4,843,510	\$ 4,826,748	\$ 4,766,675	\$ 60,073		
Other Expenses	206,516	206,516	211,244			\$ 4,728
Police Reserve - Other Expenses	2,500	2,500	2,500			
Emergency Management	4,000	4,000	4,000			
Volunteer Ambulance Corp.						
Other Expenses	26,000	26,000	26,000			
Municipal Prosecutor						
Salaries and Wages	7,788	7,788	7,788			
Other Expenses	500					
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets and Road Maintenance						
Salaries and Wages	1,717,171	1,729,171	1,723,763	5,408		
Other Expenses	196,300	196,300	187,337	8,963		
Recycling						
Salaries and Wages	3,800	3,854	3,854	-		
Garbage and Trash Removal						
Other Expenses	1,241,000	1,261,000	1,230,504	30,496		
Sewer System						
Other Expenses	6,000	6,000	5,814	186		
Public Building and Grounds						
Salaries and Wages	122,844	122,519	120,592	1,927		
Other Expenses	44,900	44,400	36,466	7,934		
Shade Tree						
Other Expenses	36,000	38,339	38,137	202		
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>						
Board of Health						
Salaries and Wages	33,939	33,939	33,939	-		
Other Expenses	93,800	90,800	84,360	6,440		
Other Expenses-Contractual (Animal Shelter)	25,000	24,595	24,595	-		
Hepatitis Program	600					
Environmental Commission						
Other Expenses	500			-		
Administration of Public Assistance						
Salaries and Wages	5,000	5,575	5,310	265		
Other Expenses	150			-		
Aid to Community Center for Mental Health	8,000	8,000	8,000			
<b>PARKS AND RECREATION FUNCTIONS</b>						
Senior Citizens						
Salaries and Wages	64,602	64,602	64,398	204		
Other Expenses	15,450	15,450	13,387	2,063		
Parks and Playgrounds						
Salaries and Wages	125,385	92,385	88,843	3,542		
Other Expenses	53,600	53,600	53,600	-		

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>			
	<u>2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-expenditure</u>
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Events						
Other Expenses	\$ 26,000	\$ 26,000	\$ 23,439	\$ 2,561		
<b>MUNICIPAL COURT</b>						
Salaries and Wages	132,080	132,905	132,905	-		
Other Expenses	9,900	9,900	9,505	395		
<b>Public Defender (P.L. 1997, C.256)</b>						
Salaries and Wages	4,867	4,305	4,305			
<b>UNIFORM CONSTRUCTION CODE</b>						
<b>APPROPRIATIONS OFFSET BY DEDICATED</b>						
<b>REVENUES (N.J.A.C. 5:23-4-17)</b>						
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>						
Salaries and Wages	170,753	176,753	175,932	821		
Other Expenses	13,800	13,800	13,800			
<b>UNCLASSIFIED</b>						
Utilities						
Gasoline	192,000	197,000	170,042	26,958		
Electricity	165,000	151,000	127,397	23,603		
Telephone	57,000	77,000	72,605	4,395		
Street Lighting	180,000	178,500	155,649	22,851		
Water	14,500	14,000	10,129	3,871	-	-
<b>Total Operations Within "CAPS"</b>	<b>13,460,222</b>	<b>13,462,722</b>	<b>13,033,092</b>	<b>434,358</b>	<b>-</b>	<b>\$ 4,728</b>
<b>Detail:</b>						
Salaries and Wages	7,786,795	7,754,311	7,680,278	74,033	-	-
Other Expenses	5,673,427	5,708,411	5,352,814	360,325	-	4,728
<b>DEFERRED CHARGES AND REGULATORY</b>						
<b>EXPENDITURES-MUNICIPAL-WITHIN "CAPS"</b>						
Contribution to:						
Social Security System (O.A.S.I.)	335,000	332,500	324,674	7,826		
Public Employees' Retirement System	382,729	382,729	382,729			
Police and Firemen's Retirement Fund of NJ	850,076	850,076	850,076	-	-	-
<b>Total Deferred Charges and Statutory</b>						
<b>Expenditures - Within "CAPS"</b>	<b>1,567,805</b>	<b>1,565,305</b>	<b>1,557,479</b>	<b>7,826</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations for</b>						
<b>Municipal Purposes within "CAPS"</b>	<b>15,028,027</b>	<b>15,028,027</b>	<b>14,590,571</b>	<b>442,184</b>	<b>-</b>	<b>4,728</b>

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>	<u>Expended</u>			
	<u>2012 Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Over-</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>	<u>expenditure</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority-Contractual	\$ 1,844,377	\$ 1,844,377	\$ 1,844,377		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	679,575	679,575	679,575		
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	80,000	80,000	80,000		
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	<u>65,000</u>	<u>65,000</u>	<u>47,400</u>	<u>\$ 17,600</u>	<u>-</u>
Total Other Operations - Excluded from "CAPS"	<u>2,668,952</u>	<u>2,668,952</u>	<u>2,651,352</u>	<u>17,600</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant					
State Share	24,068	24,068	1,312	22,756	
Recycling Tonnage Grant					
Other Expenses	15,465	15,465		15,465	
Police Body Armor					
Other Expenses	<u>3,397</u>	<u>3,397</u>	<u>-</u>	<u>3,397</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>42,930</u>	<u>42,930</u>	<u>1,312</u>	<u>41,618</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,711,882</u>	<u>2,711,882</u>	<u>2,652,664</u>	<u>59,218</u>	<u>-</u>
Detail:					
Other Expenses	<u>2,711,882</u>	<u>2,711,882</u>	<u>2,652,664</u>	<u>59,218</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>			
	<u>2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-expenditure</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>						
Payment of Bond Principal	\$ 640,000	\$ 640,000	\$ 640,000			
Payment of Bond Anticipation Note Principal	54,900	54,900	54,900			
Interest on Bonds	364,609	364,609	364,609			
Interest on Notes	35,937	35,950	35,950			
Green Trust						
Loan Repayments for Principal and Interest - Multi-Parks	12,437	12,437	12,437			
Bergen County Improvement Authority - Loan Repayment	72,986	72,973	58,364		\$ 14,609	
NJEIT Loan Principal	335,618	335,618	335,618			
NJEIT Loan Interest	105,768	105,768	105,768	-	-	-
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>1,622,255</b>	<b>1,622,255</b>	<b>1,607,646</b>	<b>-</b>	<b>14,609</b>	<b>-</b>
<b>DEFERRED CHARGES</b>						
Emergency Authorizations	103,688	103,688	103,688			
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	50,000	50,000	50,000			
Deferred Charges to Future Taxation Unfunded						
Ordinance No. 1282	1,500	1,500	1,500			
Ordinance No. 1234	46,468	46,468	46,468			
Ordinance No. 1223	6,710	6,710	6,710	-	-	-
<b>Total Deferred Charges - Municipal Excluded from "CAPS"</b>	<b>208,366</b>	<b>208,366</b>	<b>208,366</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>4,622,503</b>	<b>4,622,503</b>	<b>4,548,676</b>	<b>\$ 59,218</b>	<b>14,609</b>	<b>-</b>
<b>Subtotal General Appropriations</b>	<b>19,650,530</b>	<b>19,650,530</b>	<b>19,139,247</b>	<b>501,402</b>	<b>14,609</b>	<b>\$ 4,728</b>
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>1,060,000</b>	<b>1,060,000</b>	<b>1,060,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Appropriations</b>	<b>\$ 20,710,530</b>	<b>\$ 20,710,530</b>	<b>\$ 20,199,247</b>	<b>\$ 501,402</b>	<b>\$ 14,609</b>	<b>\$ 4,728</b>

	<u>Reference</u>	
Cash Disbursements	A-4	\$ 17,955,484
Encumbrances Payable	A-16	733,497
Due to Unemployment Insurance Trust Fund	B-7	27,000
Due to General Capital Fund	C-8	189,578
Emergency Authorizations	A-13	103,688
Special Emergency Authorizations	A-12	50,000
Reserve for Tax Appeals	A-19	80,000
Reserve for Uncollected Taxes	A-2	1,060,000
		<u>\$ 20,199,247</u>

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2012 AND 2011**

<b>ASSETS</b>	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Animal Control Fund			
Cash	B-1	\$ 13,301	\$ 16,321
Other Trust Fund			
Cash	B-1	559,653	527,069
Unemployment Insurance Trust Fund			
Cash	B-1	51,839	36,505
Due from Payroll Service Provider	B-11	676	639
		52,515	37,144
Length of Service Awards Program Fund (Unaudited)			
Investment	B	769,333	670,286
Contribution Receivable	B	47,400	51,000
		816,733	721,286
Total Assets		\$ 1,442,202	\$ 1,301,820



**BOROUGH OF DUMONT  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Fund			
Due to State of New Jersey	B-4	\$ 146	\$ 146
Due to Current Fund	B-5	3,488	6,172
Reserve for Animal Control Expenditures	B-3	<u>9,667</u>	<u>10,003</u>
		<u>13,301</u>	<u>16,321</u>
Other Trust Fund			
Reserve for Developers Escrow	B-6	48,993	63,665
Miscellaneous Reserves	B-8	422,299	372,666
Payroll Deductions Payable	B-9	88,339	81,128
Due to Current Fund	B-2	<u>22</u>	<u>9,610</u>
		<u>559,653</u>	<u>527,069</u>
Unemployment Insurance Trust Fund			
Due to State of New Jersey	B-10	2,609	
Reserve for Unemployment Insurance Expenditures	B-7	<u>49,906</u>	<u>37,144</u>
		<u>52,515</u>	<u>37,144</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for Length of Service Award Program	B	<u>816,733</u>	<u>721,286</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,442,202</u>	<u>\$ 1,301,820</u>

**BOROUGH OF DUMONT**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 772,748	\$ 516,613
Grants Receivable	C-6	501,025	293,175
Environmental Infrastructure Trust Loans Receivable	C-7	2,479,053	3,815,000
Deferred Charges to Future Taxation			
Funded	C-4	17,938,124	18,890,743
Unfunded	C-5	5,066,088	4,904,847
Cancelled Receivables	C-9	78,581	133,259
Due from Current Fund	C-8	-	9,194
		<hr/>	<hr/>
Total Assets		\$ 26,835,619	\$ 28,562,831
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes	C-13	\$ 4,025,000	\$ 2,100,000
General Serial Bonds	C-11	10,683,000	11,323,000
Pension Obligation Lease Payable	C-12	916,000	884,000
Green Trust Fund Loan Payable	C-16	165,048	174,049
Environmental Infrastructure Trust Loan Payable	C-17	6,174,076	6,509,694
Improvement Authorizations			
Funded	C-14	770,935	835,444
Unfunded	C-14	1,377,324	1,856,044
Contracts Payable	C-15	2,247,247	4,794,491
Due to Current Fund	C-8	23	
Reserve for Payment of Debt	C-10	137,310	
Reserve for Preliminary Costs	C-19	25,000	
Reserve for Grants Receivable	C-6	207,850	
Capital Improvement Fund	C-18	36,600	
Fund Balance	C-1	70,206	86,109
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		\$ 26,835,619	\$ 28,562,831

There were bonds and notes authorized but not issued of \$1,048,983 and \$2,812,742 at December 31, 2012 and 2011, respectively (Exhibit C-20).

**BOROUGH OF DUMONT**  
**COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 86,109	\$ 110,395
Increased by:			
Premium on Bond Anticipation Notes	C-2	<u>9,097</u>	<u>714</u>
		95,206	111,109
Decreased by:			
Anticipated as Revenue in Current Fund Budget	A-2	<u>25,000</u>	<u>25,000</u>
Balance, December 31	C	<u>\$ 70,206</u>	<u>\$ 86,109</u>

**BOROUGH OF DUMONT  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>10,251</u>	\$ <u>9,508</u>
		\$ <u>10,251</u>	\$ <u>9,508</u>
<b>LIABILITIES</b>			
Due to Current Fund	D-5	\$ 1	\$ 1
Reserve for Goodwill	D-2	<u>10,250</u>	<u>9,507</u>
		\$ <u>10,251</u>	\$ <u>9,508</u>

**BOROUGH OF DUMONT  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Land and Land Improvements	\$ 3,093,893	\$ 3,093,893
Buildings and Building Improvements	4,633,826	4,492,912
Vehicles and Equipment	<u>6,991,355</u>	<u>6,896,659</u>
	<u>\$ 14,719,074</u>	<u>\$ 14,483,464</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 14,719,074</u>	<u>\$ 14,483,464</u>

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## **NOTES TO FINANCIAL STATEMENTS**





**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of Dumont have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**B. Reporting Entity**

The Borough of Dumont (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The Borough of Dumont follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**Property Tax Revenues** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Grant and Similar Award Revenues** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Trust Funds  
General Capital Fund  
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. The Governing Body did not increase the 2012 original budget. During 2011 the Borough Council increased the original budget by \$353,688. The increases were for additional aid allotted to the Borough and emergency appropriations authorized by the Borough Council. In addition, the governing body approved several budget transfers during 2012 and 2011.

**Expenditures** – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

**Appropriation Reserves** – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<b>2012</b>	<b><u>Modified Budget</u></b>	<b><u>Actual</u></b>	<b><u>Unfavorable Variance</u></b>
Current Fund			
Police Department			
Other Expenses	<u>\$206,516</u>	<u>\$211,244</u>	<u>\$4,728</u>

In accordance with the regulatory basis of accounting, the above variance or overexpenditure was recorded as a deferred charge on the Current Fund balance sheet at year end and is required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Property Acquired for Taxes** – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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

**Inventories** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**Cash and Investments** - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Dumont has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

Fixed Assets purchased after December 31, 2008 are stated as cost. Donated fixed assets over \$5,000 are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land	Estimated Historical Cost
Buildings	Assessed Value and/or Cost
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available.

**Use of Estimates** - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**Reclassifications** - Certain reclassifications have been made to the December 31, 2011 balances to conform to the December 31, 2012 presentation.

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

**D. Financial Statements – Regulatory Basis**

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

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS**

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents..

**Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$4,756,749 and \$4,621,279 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,884,994 and \$5,162,070, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured	\$ 4,884,994	\$ 5,162,070

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does have a formal policy for custodial credit risk. As of December 31, 2012 and 2011, the Borough's bank deposits were not exposed to custodial credit risk.

**Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Investments (Continued)**

As of December 31, 2012 and 2011, the Borough had the following investments:

	Fair and Book Value	
	<u>2012</u>	<u>2011</u>
Investment in Lincoln Financial (LOSAP)	\$ 769,333	\$ 670,286

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does have a policy for custodial risk. As of December 31, 2012 and 2011, \$769,333 and \$670,286 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2012</u>	<u>2011</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust		
department but not in the Borough's name	\$ 769,333	\$ 670,286

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2012 and 2011, the Borough's investment in Lincoln Financial Group was rated Baa2, respectively, by Moody's Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**NOTE 3 TAXES RECEIVABLE**

Receivables at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Current</u>		
Property Taxes	\$ 570,874	\$ 528,428
Tax Title Liens	4,331	3,663
	<u>\$ 575,205</u>	<u>\$ 532,091</u>

In 2012 and 2011, the Borough collected \$525,752 and \$575,450 from delinquent taxes, which for both years represented 99% of the prior year delinquent taxes receivable balance.



**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2012</u>	<u>2011</u>
Issued		
General		
Bonds, Notes and Loans	\$ 21,963,124	\$ 20,990,743
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>145,205</u>	<u>7,895</u>
	21,817,919	20,982,848
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,048,983</u>	<u>2,812,742</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 22,866,902</u>	<u>\$ 23,795,590</u>

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.08% and 1.07% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 23,012,107	\$ 1,061,205	\$ 21,950,902
School Debt	<u>17,485,000</u>	<u>17,485,000</u>	<u>-</u>
Total	<u>\$ 40,497,107</u>	<u>\$ 18,546,205</u>	<u>\$ 21,950,902</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 23,803,485	\$ 891,895	\$ 22,911,590
School Debt	<u>18,520,000</u>	<u>18,520,000</u>	<u>-</u>
Total	<u>\$ 42,323,485</u>	<u>\$ 19,411,895</u>	<u>\$ 22,911,590</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 70,914,227	\$ 74,803,273
Net Debt	<u>21,950,902</u>	<u>22,911,590</u>
Remaining Borrowing Power	<u>\$ 48,963,325</u>	<u>\$ 51,891,683</u>

**Long-Term Debt**

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

**General Obligation Bonds**

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2012</u>	<u>2011</u>
\$2,973,000, 1999 Bonds, due in an annual installment of \$403,000 through February 13, 2013, interest at 5.05%	\$ 403,000	\$ 763,000
\$3,250,000, 2003 Bonds, due in annual installments of \$160,000 to \$610,000 through May 1, 2016, interest at 3.25% - 3.55%	1,950,000	2,130,000
\$8,530,000, 2010 Bonds, due in annual installments of \$100,000 to \$1,095,000 through July, 2025, interest at 1.5% - 4.0%	<u>8,330,000</u>	<u>8,430,000</u>
	<u>\$ 10,683,000</u>	<u>\$ 11,323,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Long-Term Debt** (Continued)

**Intergovernmental Loans Payable**

The Borough has entered into loan agreements with the New Jersey Green Trust and the Environmental Infrastructure Trust Funds. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. Intergovernmental loans outstanding at December 31 are as follows:

	<u>2012</u>	<u>2011</u>
<b>Green Trust Fund</b>		
\$200,000, Bonds, due in semi-annual installments of \$4,478 to \$6,157 through 2028, interest at 2%	\$ 165,048	\$ 174,049
Total Green Trust Fund	<u>\$ 165,048</u>	<u>\$ 174,049</u>
	<u>2012</u>	<u>2011</u>
<b>Environmental Infrastructure Trust</b>		
\$1,675,000 Trust Loan, due in annual installments of \$70,000 to \$125,000 through 2027, interest at 3.4% to 5.0%	\$ 1,425,000	\$ 1,490,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$82,939 through 2027 interest free	1,258,540	1,341,480
\$965,000 Trust Loan, due in annual installments of \$35,000 to \$70,000 through 2029, interest at 3.5% to 5.0%	895,000	930,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>2,595,536</u>	<u>2,748,214</u>
Total Environmental Infrastructure Trust	<u>6,174,076</u>	<u>6,509,694</u>
Total Intergovernmental Loans	<u>\$ 6,339,124</u>	<u>\$ 6,683,743</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Long-Term Debt** (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans					
	Principal	Interest	Environmental Infrastructure		Green Trust		Total	
			Principal	Interest	Principal	Interest		
2013	\$ 663,000	\$ 338,106	\$ 342,384	\$ 101,808	\$ 9,181	\$ 3,255	\$ 1,457,734	
2014	680,000	313,943	345,833	97,608	9,366	3,071	1,449,821	
2015	700,000	291,805	352,402	93,088	9,554	2,882	1,449,731	
2016	710,000	268,628	358,193	87,338	9,746	2,690	1,436,595	
2017	750,000	255,800	360,663	81,338	9,942	2,494	1,460,237	
2018-2022	4,120,000	975,375	1,904,387	313,540	52,790	9,394	7,375,486	
2023-2027	3,060,000	248,550	2,064,864	142,565	58,312	3,870	5,578,161	
2028-2029	-	-	445,350	8,400	6,157	62	459,969	
Total	\$ 10,683,000	\$ 2,692,207	\$ 6,174,076	\$ 925,685	\$ 165,048	\$ 27,718	\$ 20,667,734	

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within One Year
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 11,323,000		\$ 640,000	\$ 10,683,000	\$ 663,000
Intergovernmental Loans Payable	<u>6,683,743</u>	<u>\$ -</u>	<u>344,619</u>	<u>6,339,124</u>	<u>351,565</u>
General Capital Fund Long-Term Liabilities	<u>\$ 18,006,743</u>	<u>\$ -</u>	<u>\$ 984,619</u>	<u>\$ 17,022,124</u>	<u>\$ 1,014,565</u>
	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within One Year
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ 11,938,000		\$ 615,000	\$ 11,323,000	\$ 640,000
Intergovernmental Loans Payable	<u>6,982,826</u>	<u>\$ -</u>	<u>299,083</u>	<u>6,683,743</u>	<u>344,619</u>
General Capital Fund Long-Term Liabilities	<u>\$ 18,920,826</u>	<u>\$ -</u>	<u>\$ 914,083</u>	<u>\$ 18,006,743</u>	<u>\$ 984,619</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt**

**Bond Anticipation Notes**

The Borough's short-term capital debt activity for the years ended December 31, 2012 and 2011 was as follows:

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
1323	Reconstruction of Pershing	1.50%	6/29/2012	\$ 150,000		\$ 150,000	
		1.20%	6/27/2013		\$ 124,000		\$ 124,000
1393	Various General Improvements	1.50%	6/29/2012	760,000		760,000	
		1.20%	6/27/2013		731,100		731,100
1409	Library and Senior Center Handicap	1.50%	6/29/2012	213,750		213,750	
		1.20%	6/27/2013		73,291		73,291
1416	Park Improvements	1.50%	6/29/2012	174,800		174,800	
		1.20%	6/27/2013		174,800		174,800
1421	Various Capital Improvements	1.50%	6/29/2012	801,450	-	801,450	
		1.20%	6/27/2013		807,500		807,500
1431	DPW Garage Site Improvements	1.20%	6/27/2013		228,000		228,000
1432	Storm Sewer Improvements - Phase III	1.20%	6/27/2013		218,500		218,500
1434	Various Capital Improvements	1.20%	6/27/2013		414,284		414,284
1436	Various Storm Water Sewer Improvements	1.20%	6/27/2013		114,000		114,000
1438	Various Improvements - Twin Boro Field	1.20%	6/27/2013	-	1,139,525	-	1,139,525
				<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
1323	Reconstruction of Pershing	1.53%	7/5/2011	\$ 150,000		\$ 150,000	
		1.50%	6/29/2012		\$ 150,000		\$ 150,000
1393	Various General Improvements	1.53%	7/5/2011	760,000		760,000	
		1.50%	6/29/2012		760,000		760,000
1409	Library and Senior Center Handicap	1.50%	6/29/2012		213,750		213,750
1416	Park Improvements	1.50%	6/29/2012		174,800		174,800
1421	Various Capital Improvements	1.50%	6/29/2012	-	801,450	-	801,450
				<u>\$ 910,000</u>	<u>\$ 2,100,000</u>	<u>\$ 910,000</u>	<u>\$ 2,100,000</u>

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to meet cash flow needs to temporarily finance operating expenditures. This debt which is not included in the Borough's regulatory debt limit calculation is reported in the Current Fund for the years 2012 and 2011 as follows:

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Special Emergency Notes**

Following the adoption of an ordinance or resolution for special emergency appropriations (reassessment of real property), the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Special Emergency Notes	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
	<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>
	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Special Emergency Notes	\$ -	\$ 250,000	\$ -	250,000
	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5 FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2012 and 2011.

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,492,912	\$ 140,914		4,633,826
Machinery and Equipment	6,896,659	94,696	-	6,991,355
	<u>\$ 14,483,464</u>	<u>\$ 235,610</u>	<u>\$ -</u>	<u>\$ 14,719,074</u>
	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,179,516	\$ 313,396		4,492,912
Machinery and Equipment	6,277,706	618,953	-	6,896,659
	<u>\$ 13,551,115</u>	<u>\$ 932,349</u>	<u>\$ -</u>	<u>\$ 14,483,464</u>

**NOTE 6 DUE TO/FROM OTHER FUNDS**

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

	<u>2012</u>		<u>2011</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 3,534		\$ 15,783	\$ 9,194
Animal Control Fund		\$ 3,488		6,172
Other Trust Fund		22		9,610
General Capital Fund		23	9,194	
Public Assistance Fund	-	1	-	1
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total	<u>\$ 3,534</u>	<u>\$ 3,534</u>	<u>\$ 24,977</u>	<u>\$ 24,977</u>



**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 6 DUE TO/FROM OTHER FUNDS**

The interfund balances are the result of expenditures being paid by one fund on behalf of another, revenues earned in one fund but owing to another fund and/or to cover cash balances which were in an overdraft position.

The Borough expects all interfund balances to be liquidated within one year.

**NOTE 7 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,415,743	\$ 1,178,971	\$ 1,450,259	\$ 1,314,000
Non-Cash Surplus	<u>57,892</u>	<u>-</u>	<u>165,911</u>	<u>-</u>
	<u>\$ 1,473,635</u>	<u>\$ 1,178,971</u>	<u>\$ 1,616,170</u>	<u>\$ 1,314,000</u>

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2012</u>			
Current Fund			
Overexpenditure of Budget Appropriation	\$ 4,728	\$ 4,728	
Special Emergency Authorization (40A:4-55)	<u>200,000</u>	<u>50,000</u>	<u>\$ 150,000</u>
	<u>\$ 204,728</u>	<u>\$ 54,728</u>	<u>\$ 150,000</u>
<u>2011</u>			
Current Fund			
Emergency Authorization	\$ 103,688	\$ 103,688	
Special Emergency Authorization (40A:4-55)	<u>250,000</u>	<u>50,000</u>	<u>\$ 200,000</u>
	<u>\$ 353,688</u>	<u>\$ 153,688</u>	<u>\$ 200,000</u>

**NOTE 9 COMPENSATED ABSENCES**

Under the existing policies and labor agreements of the Borough, employees are allowed to accrue unused vacation benefits, personal, sick leave which may be taken as time off or paid upon retirement at an agreed upon rate.

It is estimated that the current cost of such unpaid compensation and salary related payments would be approximately \$3,332,300 and \$3,072,000 at December 31, 2012 and 2011, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included: (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent; and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS)

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the fiscal year ended June 30, 2012 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2012, 2011 and 2010, the Borough was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

<u>Year Ending</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2012	\$ 850,076	\$ 382,729	\$ 713
2011	876,940	354,444	
2010	776,701	271,424	

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as a Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

**Health Benefits Program Fund (HBPF) – Local Government** (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Health Benefits Program Fund (HBPF) – Local Government (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$36.6 million in Fiscal Year 2012 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2012, 2011 and 2010 were \$268,609, \$296,149 and \$309,888, respectively, which equaled the required contribution. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2012, 2011 and 2010 were \$1,869, \$3,209 and \$3,436, respectively.



**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 12 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Dumont is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Unemployment Compensation Trust Fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 27,000	\$ 9,657	\$ 23,928	\$ 49,906
2011	27,000	9,616	28,106	37,144
2010	44,000	9,733	53,621	28,611

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 13 CONTINGENT LIABILITIES**

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In 2009, the Borough settled a lawsuit with a former employee for \$530,000. The Borough's uninsured exposure as negotiated with the Bergen Municipal Excess Liability Fund (the "MEL") was \$165,000. This settlement is payable to the MEL over six years with a \$30,000 payment due in 2011 and annual payments of \$27,000 due in 2012 through 2015.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2012 and 2011. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2012 and 2011, the Borough reserved \$93,266 and \$74,687, respectively, in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2012 and 2011, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 14 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2012 and 2011, the Borough had not calculated its arbitrage earnings due to the IRS, if any.

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Estimated Date of Completion</u>
<u>2012</u>		
Storm Sewer/Drainage Improvements	\$ 2,143,763	2013
Improvements to Howard Street	28,938	2013
Improvements to DePew Street	28,000	2013
Improvements to Memorial Park Concession Hut	28,693	2013
Improvements to Twin Boro Field Remediation	57,500	2013
<u>2011</u>		
Storm Sewer/Drainage Improvements	\$ 175,187	2012
Improvements to Howard Street	28,938	2013
Improvements to Library Roof	19,054	2012
Improvements to Memorial Park Concession Hut	24,390	2013
Improvements to Short Street	31,008	2012
Improvements to Bussell Court	49,820	2012
Improvements to DPW Remediation	62,077	2012
Fire Gear	25,000	2012
Improvements to Twin Boro Field Remediation	1,134,682	2013
Various Storm Sewer/Drainage Improvements	3,084,313	2012

**BOROUGH OF DUMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 16 PENSION OBLIGATION LEASE AGREEMENT**

The Borough previously entered into an agreement with the Bergen County Improvement Authority ("BCIA") for the retirement for its outstanding unfunded pension liability totaling \$958,000. The Borough issued refunding revenue bonds totalling \$882,000 through the BCIA during 2012. The following is the schedule of the future minimum lease payments and the present value of the net minimum lease payment at December 31, 2012:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2013	\$ 69,036
2014	74,943
2015	79,521
2016	84,861
2017	89,864
2018-2022	421,703
2023	<u>254,125</u>
Total. Minimum Lease Payments	1,074,053
Less: Amounts Representing Interest	<u>158,053</u>
Present Value of Net Minimum Lease Payments	<u>\$ 916,000</u>

**NOTE 17 HURRICANE SANDY**

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2012. As of December 31, 2012, the Borough had not received any FEMA reimbursements relating to Hurricane Sandy.

**NOTE 18 SUBSEQUENT EVENTS**

On June 18, 2013, the Borough adopted a bond ordinance authorizing the issuance \$155,000 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On June 26, 2013, the Borough issued bond anticipation notes in the amount of \$4,860,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Securities at an interest rate of 1%. These notes dated June 26, 2013 will mature on June 25, 2014.

**BOROUGH OF DUMONT  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 19 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Borough of Dumont Length of Service Award Program (the Plan) was created by a Borough ordinance pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Dumont approved the adoption of the Plan at the general election held on November 2, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Dumont has contributed \$47,400 and \$51,000 for 2012 and 2011, respectively, for eligible volunteer fire department and ambulance corp. members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

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**CURRENT FUND**





**BOROUGH OF DUMONT**  
**STATEMENT OF CASH AND INVESTMENTS - COLLECTOR-TREASURER**

Balance, December 31, 2011		\$ 3,515,013
Increased by Receipts:		
Taxes Receivable	\$ 53,369,877	
Revenue Accounts Receivable	2,498,778	
Non Budget Revenue	235,365	
Prepaid Taxes	174,881	
Receipts from General Capital Fund	25,000	
Receipts from Other Trust Fund	9,843	
Receipts from Animal Control Fund	6,172	
Unappropriated Reserves for Grants	53,413	
Miscellaneous Reserves	640,995	
Tax Overpayments	26,655	
Senior Citizens' and Veterans' Deductions	178,219	
Other Liabilities	34,511	
Receipts from Public Assistance Trust Fund	1	
Petty Cash	300	
		<u>57,254,010</u>
		60,769,023
Decreased by Disbursements:		
2012 Appropriations	17,955,484	
2011 Appropriation Reserves	221,828	
Encumbrances Payable	842,273	
Tax Overpayments	26,655	
County Taxes	4,081,772	
Local District School Taxes	33,334,772	
Special Emergency Note	50,000	
Refund of Prior Year Revenue	2,981	
Appropriated Grant Reserves	39,481	
Miscellaneous Reserves	638,998	
Payments to General Capital Fund	198,772	
Payments to Unemployment Insurance Trust Fund	27,000	
Petty Cash	300	
		<u>57,420,316</u>
Balance, December 31, 2012		<u>\$ 3,348,707</u>

**BOROUGH OF DUMONT  
STATEMENT OF PETTY CASH FUNDS**

<u>Office</u>	Petty Cash <u>Advance</u>	Petty Cash <u>Returned</u>	Balance, December 31, <u>2012</u>
Tax Collector - Treasurer	\$ <u>300</u>	\$ <u>300</u>	\$ <u>-</u>
	\$ <u>300</u>	\$ <u>300</u>	\$ <u>-</u>

**STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2011</u>	Balance, December 31, <u>2012</u>
Tax Collector - Treasurer	\$ <u>250</u>	\$ <u>250</u>
	\$ <u>250</u>	\$ <u>250</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2011 (Due From)		\$ 9,059
Increased by:		
Deductions Allowed by Tax Collector	\$ 2,500	
Senior Citizens' and Veterans' Deductions Per Tax Billing	<u>199,250</u>	<u>201,750</u>
		210,809
Decreased by:		
Deductions Disallowed by Tax Collector	21,031	
Adjustment - State Audit	12,250	
Cash Receipts	<u>178,219</u>	<u>211,500</u>
Balance, December 31, 2012 (Due To)		\$ <u>691</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2011	2012 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2011 Collections	2012 Collections	Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled Remitted or Abated	Transferred to Tax Title Lien	Balance, December 31, 2012
2011	\$ 528,428				\$	\$ 525,752				\$ 2,676
2012	-	\$ 53,804,371	\$ 5,815	\$ 21,031	\$ 176,579	\$ 52,844,125	\$ 201,750	\$ 39,897	\$ 668	\$ 568,198
	\$ 528,428	\$ 53,804,371	\$ 5,815	\$ 21,031	\$ 176,579	\$ 53,369,877	\$ 201,750	\$ 39,897	\$ 668	\$ 570,874

Analysis of 2012 Property Tax Levy

<b>TAX YIELD</b>										
General Property Tax										
Real Property Tax										
Added Taxes (54:4-63.1 et seq.)										
					\$	\$ 53,804,371				
						5,815				
							\$ 53,810,186			
<b>TAX LEVY</b>										
Local School Tax (Abstract)										
County Taxes (Abstract)					\$	\$ 33,334,772				
County Open Space (Abstract)					\$ 4,033,450					
Due County for Added Taxes (54:4-63.1)					46,557					
					442			4,080,449		
Local Tax for Municipal Purposes					15,695,757					
Local Tax - Free Public Library					679,575					
Add Additional Tax Levied					19,633					
						16,394,965				
							\$ 53,810,186			

**BOROUGH OF DUMONT  
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2011	\$ 3,663
Increased by:	
Transferred from Taxes Receivable	<u>668</u>
Balance, December 31, 2012	<u>\$ 4,331</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2011	<u>\$ 79,526</u>
Balance, December 31, 2012	<u>\$ 79,526</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2011</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2012</u>
Licenses				
Alcoholic Beverages		\$ 15,072	\$ 15,072	
Board of Health		189	189	
Borough Clerk		5,228	5,228	
Fees and Permits				
Construction Code Official		147,734	147,734	
Recreation Fees		40,055	40,055	
Board of Health		20,365	20,365	
Borough Clerk		12,627	12,627	
Fire Prevention		15,350	15,350	
Planning and Zoning		710	710	
Police		2,715	2,715	
Construction Code		1,870	1,870	
Fines and Costs - Municipal Court	\$ 20,658	168,959	175,482	\$ 14,135
Interest and Cost on Taxes		94,563	94,563	
Interest on Investments and Deposits		13,030	13,030	
Consolidated Municipal Property Tax Relief		126,301	126,301	
Energy Receipts Tax		1,228,951	1,228,951	
Sale of Cell Tower		148,061	148,061	
Life Hazard Use Fees		11,044	11,044	
Fire Inspections - Additional		22,275	22,275	
Police Outside Services - Administrative Fees		61,016	61,016	
Sale of Recyclables		87,731	87,731	
Monople Rental - DPW Building		34,253	34,253	
PILOT - Senior Citizens Club		15,000	15,000	
Cable Television Franchise Fees	-	219,156	219,156	-
	<u>\$ 20,658</u>	<u>\$ 2,492,255</u>	<u>\$ 2,498,778</u>	<u>\$ 14,135</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES**  
**N.J.S. 40A:4-53 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, December 31, 2011</u>	<u>Budget Appropriation</u>	<u>Balance, December 31, 2012</u>
Reassessment of Real Property	250,000	50,000	<u>\$ 250,000</u>	<u>\$ 50,000</u>	<u>\$ 200,000</u>

**STATEMENT OF DEFERRED CHARGES**

	<u>Balance, December 31, 2011</u>	<u>Increase in 2012</u>	<u>Budget Appropriation</u>	<u>Balance, December 31, 2012</u>
Overexpenditure of Budget Appropriation		\$ 4,728		\$ 4,728
Emergency Appropriations	<u>\$ 103,688</u>	<u>-</u>	<u>\$ 103,688</u>	<u>-</u>
	<u>\$ 103,688</u>	<u>\$ 4,728</u>	<u>\$ 103,688</u>	<u>\$ 4,728</u>

**STATEMENT OF GRANTS RECEIVABLE**

	<u>Balance, December 31, 2011</u>	<u>Balance, December 31, 2012</u>
Improvements To Veteran's Plaza	<u>\$ 53,164</u>	<u>\$ 53,164</u>
	<u>\$ 53,164</u>	<u>\$ 53,164</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance December 31, <u>2011</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Transferred to Grant <u>Reserve</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Ethics Board	\$ 180	\$ 180			\$ 180
Rent Leveling Board	90	90			90
Fire		-			
Life Hazard Use Fees	1,735	735			735
Police	72,079	12,079	\$ 12,079		-
Streets and Roads	15,903	32,403	15,903		16,500
Recycling	132	132			132
Public Buildings and Grounds	645	645			645
Board of Health	1	1			1
Public Assistance	139	-			-
Senior Citizens	1,893	-			-
Municipal Court	15	-			-
Uniform Construction Code Officials	48	-	-	-	-
	<u>92,860</u>	<u>46,265</u>	<u>27,982</u>	<u>-</u>	<u>18,283</u>
Other Expenses					
General Administration	12,417	8,511			8,511
Ethics Board	81	81			81
Elections	1,286	1,286			1,286
Financial Administration	46,882	46,882	46,606		276
Assessment of Taxes	1,796	1,796			1,796
Collection of Taxes	1,019	1,019	828		191
Legal Services and Costs					
Borough Attorney - Other Expenses	2,459	2,459	31		2,428
Special Council		95,000	5,841		89,159
Engineering	25,691	15,691	13,732		1,959
Planning Board/Zoning Board	8,053	8,053	8,053		-
Rent Leveling Board	873	873			873
Fire					
Other Expenses	13,362	18,362	8,741		9,621
Life Hazard Use Fees	24	24			24
Police	20,869	20,869	1,463		19,406
Police Reserve	11	11			11
Emergency Management	790	848			848
Municipal Prosecutor		500	500		
Streets and Roads	26,605	26,605	5,206		21,399
Garbage and Trash Removal	114,324	114,324	29,606		84,718
Sewer System	6,903	6,903			6,903
Public Buildings and Grounds	5,646	8,146	8,048		98
Shade Tree	2,248	303			303
Board of Health					
Other Expenses	82	82			82
Other Expenses-Contractual (Shelter)	1,695	1,695			1,695
Environmental Commission	950	-			-
Public Assistance	353	-			-
Senior Citizens	3,164	3,639	-		3,639
Parks and Playgrounds	26	-			-
Celebration of Public Events	2,449	2,449	398		2,051

**BOROUGH OF DUMONT  
STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance December 31, 2011	Budget After Transfer or Modification	Paid or Charged	Transferred to Grant Reserve	Balance Lapsed
Other Expenses (Continued)					
Utilities					
Electricity	\$ 27,162	\$ 9,662	\$ 892		\$ 8,770
Street Lighting	22,994	17,494	15,838		1,656
Telephone	4,256	4,256	4,256		-
Gasoline	17,550	4,648	-		4,648
Water	785	785	7		778
Social Security	2,730	-			-
Municipal Court	76	76			76
General Liability	43	118			118
Employee Group Health	44,412	64,579			64,579
Health Benefit Waiver	513	513			513
LOSAP	65,000	65,000	43,800		21,200
Clean Communities Grant	21,633	21,633		\$ 21,633	-
Police Body Armor	4,560	4,560	-	4,560	-
	<u>511,772</u>	<u>579,735</u>	<u>193,846</u>	<u>26,193</u>	<u>359,696</u>
	<u>\$ 604,632</u>	<u>\$ 626,000</u>	<u>\$ 221,828</u>	<u>\$ 26,193</u>	<u>\$ 377,979</u>
2011 Appropriation Reserves		\$ 604,632			
Encumbrances Payable Restored to Appropriation Reserves		<u>21,368</u>			
		<u>\$ 626,000</u>			



**BOROUGH OF DUMONT  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2011		\$ 867,793
Increased by:		
Transfer from 2012 Budget Appropriations		<u>733,497</u>
		1,601,290
Decreased by:		
Encumbrances Payables Restored to Appropriation Reserves	\$ 21,368	
Transferred to Accounts Payable	4,152	
Cash Disbursements	<u>842,273</u>	
		<u>867,793</u>
Balance, December 31, 2012		<u>\$ 733,497</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Increased by:		
Transferred from Encumbrances Payable		<u>\$ 4,152</u>
Balance, December 31, 2012		<u>\$ 4,152</u>

**BOROUGH OF DUMONT  
STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	Balance, December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2012</u>
Reassessment of Real Property	12/29/2011	12/28/2012	\$ 250,000		\$ 250,000	
	12/28/2012	12/18/2013	-	\$ 200,000	-	\$ 200,000
			<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>
			Renewals	\$ 200,000	\$ 200,000	
			Note Retired	-	50,000	
				<u>\$ 200,000</u>	<u>\$ 250,000</u>	

EXHIBIT A-19

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2011</u>	<u>Increased</u>	<u>Disbursed</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
Tax Sale Premium	\$ 126,400	\$ 287,000	\$ 239,200		\$ 174,200
Redemption of Tax Sale Certificates		344,884	329,652		15,232
Tax Appeals	74,687	80,000	61,421		93,266
Master Plan	6,955				6,955
DCA Fees	2,289	7,411	7,200		2,500
Marriage Licenses	375	1,700	1,525		550
Homestead Rebate	728	-	-	\$ 335	393
	<u>\$ 211,434</u>	<u>\$ 720,995</u>	<u>\$ 638,998</u>	<u>\$ 335</u>	<u>\$ 293,096</u>
Cash Receipts		\$ 640,995			
Budget Appropriations		80,000			
		<u>\$ 720,995</u>			

EXHIBIT A-20

**STATEMENT OF OTHER LIABILITIES**

Increased by:	
Cash Receipts - 2013 Library Pension Contribution	\$ 34,511
Balance, December 31, 2012	<u>\$ 34,511</u>

**BOROUGH OF DUMONT  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2011	\$ 176,579
Increased by:	
Collection of 2013 Taxes	<u>174,881</u>
	351,460
Decreased by:	
Application to 2012 Taxes	<u>176,579</u>
Balance, December 31, 2012	<u>\$ 174,881</u>

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2011	\$ 250
Increased by:	
Cash Receipts	<u>26,655</u>
	26,905
Decreased by:	
Refunded in 2012	<u>26,655</u>
Balance, December 31, 2012	<u>\$ 250</u>

**STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE**

Balance, December 31, 2011	\$ 10
Increased by:	
Levy - Calendar Year	<u>33,334,772</u>
	33,334,782
Decreased by:	
Cancellation	\$ 10
Payments	<u>33,334,772</u>
	<u>33,334,782</u>
Balance, December 31, 2012	<u>\$ -</u>

**BOROUGH OF DUMONT  
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2011		\$ 2,015
Increased by:		
2012 Levy	\$ 4,033,450	
2012 County Open Space	46,557	
Added Taxes	<u>442</u>	
		<u>4,080,449</u>
		4,082,464
Decreased by:		
Payments	4,081,772	
Cancelled	<u>250</u>	
		<u>4,082,022</u>
Balance, December 31, 2012		<u>\$ 442</u>

EXHIBIT A-25

**SCHEDULE OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2011</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2012</u>
Clean Communities Grant	\$ 6,911	\$ 21,633	\$ 6,911	\$ 21,633
Domestic Violence	6,605		1,290	5,315
Alcohol Education and Rehabilitation Fund	2,559		700	1,859
State Recycling Grant	39,565		1,991	37,574
Stormwater Drainage	14,021		1,849	12,172
Drunk Driving Enforcement Fund	5,115		5,115	-
Body Armor Grant	5,298	4,560	9,295	563
OEM Training	1,531		1,513	18
Recycling Tonnage	5,509		5,509	-
FEMA	7,101		5,308	1,793
CDBG - Veteran's Plaza	52,927			52,927
Green Communities	3,000			3,000
Bergen County Flu Vaccine	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
	<u>\$ 150,167</u>	<u>\$ 26,193</u>	<u>\$ 39,481</u>	<u>\$ 136,879</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2011</u>	Increased by <u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2012</u>
Clean Community	\$ 24,068	\$ 23,673	\$ 24,068	\$ 23,673
Recycling Tonnage	15,465	22,389	15,465	22,389
Police Body Armor Fund	3,397	5,581	3,397	5,581
Alcohol Education		270		270
Green Community	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
	<u>\$ 42,930</u>	<u>\$ 53,413</u>	<u>\$ 42,930</u>	<u>\$ 53,413</u>

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**BOROUGH OF DUMONT  
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2011	\$ 16,321	\$ 527,069	\$ 36,505
Increased by Receipts:			
Escrow Deposits	\$ 22,608		
Interest on Investments and Deposits	255	\$ 33	
Miscellaneous Reserves	700,094		
License Fees Collected	6,512		
Receipts from Current Fund			27,000
Receipts from Payroll Service Provider			9,620
Due to State of New Jersey	1,063		
Payroll and Payroll Deductions	-	10,120,873	-
	<u>7,575</u>	<u>10,843,830</u>	<u>36,653</u>
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	23,896	11,370,899	73,158
Payment to Current Fund	3,360	9,843	
Escrow Deposits	6,172	37,280	
Payments to State of NJ	1,063		21,319
Payroll and Payroll Deductions Payable		10,113,662	
Miscellaneous Reserves	-	<u>650,461</u>	-
	<u>10,595</u>	<u>10,811,246</u>	<u>21,319</u>
Balance, December 31, 2012	\$ 13,301	\$ 559,653	\$ 51,839

**BOROUGH OF DUMONT**  
**STATEMENT OF DUE TO CURRENT FUND - OTHER TRUST FUND**

Balance, December 31, 2011	\$ 9,610
Increased by:	
Interest on Investments and Deposits	<u>255</u>
	9,865
Decreased by:	
Payments to Current Fund	<u>9,843</u>
Balance, December 31, 2012	<u>\$ 22</u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2011	\$ 10,003
Increased by:	
Animal Control Fees	<u>6,512</u>
	16,515
Decreased by:	
Cash Disbursements	\$ 3,360
Statutory Excess Due to Current Fund	<u>3,488</u>
	<u>6,848</u>
Balance, December 31, 2012	<u>\$ 9,667</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY**  
**DOG REGULATION FEES**

Balance, December 31, 2011	\$ 146
Increased by:	
Registration Fees - Due State of New Jersey	<u>1,063</u>
	1,209
Decreased by:	
Payments	<u>1,063</u>
Balance, December 31, 2012	<u>\$ 146</u>



## **TRUST FUNDS**



**BOROUGH OF DUMONT**  
**STATEMENT OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance, December 31, 2011	\$ 6,172
Increased by:	
Statutory Excess	<u>3,488</u>
	9,660
Decreased by:	
Payments to Current Fund	<u>6,172</u>
Balance, December 31, 2012	<u>\$ 3,488</u>

**STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2011	\$ 63,665
Increased by:	
Cash Receipts	<u>22,608</u>
	86,273
Decreased by:	
Cash Disbursements	<u>37,280</u>
Balance, December 31, 2012	<u>\$ 48,993</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES**

Balance, December 31, 2011	\$ 37,144
Increased by:	
Payroll Deductions	\$ 9,657
Interest on Investments and Deposits	33
Current Fund Budget Appropriation	<u>27,000</u>
	<u>36,690</u>
	73,834
Decreased by:	
Unemployment Claims	<u>23,928</u>
Balance, December 31, 2012	<u>\$ 49,906</u>

**BOROUGH OF DUMONT  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2012</u>
Fire Prevention Fees	\$ 11,966	\$ 21,728	\$ 5,896	\$ 27,798
Recreation Commission	182,926	456,943	451,497	188,372
Tax Sale Premiums	200			200
Sidewalks	5,718	1,500	500	6,718
Maintenance Bond	11,155			11,155
POAA	4,311	1,206		5,517
Drug and Alcohol	29,910	7,688	10,932	26,666
Police Outside Services	79,847	181,947	181,636	80,158
Police Donations	426			426
Shade Tree	5,713	1,100		6,813
Snow Emergency	40,494	27,982	-	68,476
	<u>\$ 372,666</u>	<u>\$ 700,094</u>	<u>\$ 650,461</u>	<u>\$ 422,299</u>

EXHIBIT B-9

**STATEMENT OF ACCRUED SALARIES/WAGES AND PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2011	\$ 81,128
Increased by:	
Cash Receipts	<u>10,120,873</u>
	10,202,001
Decreased by:	
Cash Disbursements	<u>10,113,662</u>
Balance, December 31, 2012	<u>\$ 88,339</u>

EXHIBIT B-10

**STATEMENT OF DUE TO STATE OF NEW JERSEY UNEMPLOYMENT INSURANCE FUND**

Increased by:	
Unemployment Claims Due to State of New Jersey	\$ 23,928
Decreased by:	
Unemployment Claims Paid by:	
Unemployment Insurance Account	<u>21,319</u>
Balance, December 31, 2012	<u>\$ 2,609</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER**

Balance, December 31, 2011	\$ 639
Increased by:	
Payroll Deductions Transferred to	
Payroll Service Provider	<u>9,657</u>
	10,296
Decreased by:	
Cash Receipts from Payroll Service Provider	<u>9,620</u>
Balance, December 31, 2012	<u>\$ 676</u>

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**GENERAL CAPITAL FUND**





**BOROUGH OF DUMONT**  
**STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR-TREASURER**

Balance, December 31, 2011		\$ 516,613
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 2,120,359	
Interest on Investments and Deposits	23	
Premium on Bond Anticipation Notes	9,097	
Reserve for Payment of Debt	137,310	
Grant Receipts	140,459	
Loan Proceeds	1,335,947	
Receipts from Current Fund	<u>198,772</u>	
		<u>3,941,967</u>
		4,458,580
Decreased by:		
Improvement Authorizations	216,547	
Contracts Payable	3,248,926	
Payment of Bond Anticipation Notes	195,359	
Payments to Current Fund	<u>25,000</u>	
		<u>3,685,832</u>
Balance, December 31, 2012		<u>\$ 772,748</u>

**BOROUGH OF DUMONT  
ANALYSIS OF GENERAL CAPITAL CASH  
AS OF DECEMBER 31, 2012**

Fund Balance	\$ 70,206
Contracts Payable	2,247,247
Grants Receivable	(293,175)
Loan Receivable	(2,479,053)
Deferred Charges to Future Taxation - Cancelled Receivables	(78,581)
Due To Current Fund	23
Reserve for Payment of Notes	7,895
Reserve for Payment of Bonds	137,310
Reserve for Preliminary Costs	25,000
Capital Improvement Fund	36,600

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
1250	Impvts of Various Parks and Acq. Of Equipment	(4,908)
1275	Unfunded Pension Liability	(500)
1292/1315	Repaving of Roads	6,748
1299/1320	Various Public Improvements	4,150
1321	Acquisition of Street Sweeper	13,690
1323	Reconstruction of Pershing Ave	165,660
1344/1375/1407	Various Storm Sewer Improvements	(670,000)
1349	2007 Road Program	102,036
1353	Acquisition of a Fire Truck	11,393
1363	Resurfacing of Howard Street	145,706
1364	Various Improvements	18,163
1380	Park Improvements	232,594
1393	Various General Improvements	212,226
1400	Reconstruction of Short Street	33,254
1401	Reconstruction of Bussell Court	75,793
1409	Library and Sr. Ctr. Handicap Access	1,187
1416	Impvts. To Veteran's Memorial Park and Other Parks and Fields	275,803
1421	Various Capital Improvements	148,958
1431	DPW Garage Site Improvements	10,712
1434	Various Capital Improvements	267,791
1436	Roosevelt Ave Flood Project	98,774
1438	Twin Boro Field Remediation	16,908
1447	Installation of New Walking Path	(11,949)
1448	Improvements to DePew Street	(57,763)
1450	Acq. And Installation of Air Quality Equipment	2,850
		<u>\$ 772,748</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2011		\$ 18,890,743
Increased by:		
Pension Refunding Bonds Issued		<u>882,000</u>
		19,772,743
Decreased by:		
Budget Appropriations		
Serial Bonds	\$ 640,000	
Green Trust Loans	9,001	
NJEIT Loan Payable	335,618	
Pension Obligation Loan	28,000	
Pension Loan Refunded	<u>822,000</u>	
		<u>1,834,619</u>
Balance, December 31, 2012		<u>\$ 17,938,124</u>

**BOROUGH OF DUMONT**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, December 31, 2011	2012 Authorizations	Grant Receipts	2012 Budget Appropriation	Balance, December 31, 2012	Bond Anticipation Notes	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
1250	Impvts of Various Parks and Acq. Of Equip.	\$ 4,908				\$ 4,908		\$ 4,908	
1275	Refund Unfunded Pension Liab	17,000				17,000		500	\$ 16,500
1323	Reconstruction of Pershing	142,105			26,000	116,105	\$ 116,105		
1375	Sewer System Improvements	385,000				385,000		385,000	
1393	Various General Improvements	760,000			28,900	731,100	731,100		
1407	Acq. of Easements and Prop Relating to Storm Water	285,000				-			
1409	Library and Senior Center Handicap Access	213,750		\$ 140,459		285,000	73,291	285,000	
1416	Impvts to Veteran's Memorial Park and Parks and Other Fields	174,800				-			
1421	Various Capital Improvements	807,500				174,800	174,800		
1431	DPW Garage Site Improvements	228,000				807,500	807,500		
1432	Phase III Storm Sewer System Improvements	218,500				228,000	228,000		
1434	Various Capital Improvements	414,284				218,500	218,500		
1436	Roosevelt Ave Flood Project	114,000				414,284	414,284		
1438	Twin Boro Field Remediation	1,140,000				114,000	114,000		
1447	Installation of New Walking Path		\$ 152,000			1,140,000	1,139,525		475
1448	Improvements to DePew Street		142,850			152,000		11,949	140,051
1450	Acq. And Installation of Air Quality Equip.		61,750			142,850		57,763	85,087
		-		-	-	61,750	-	-	61,750
		<u>\$ 4,904,847</u>	<u>\$ 356,600</u>	<u>\$ 140,459</u>	<u>\$ 54,900</u>	<u>\$ 5,066,088</u>	<u>\$ 4,017,105</u>	<u>\$ 745,120</u>	<u>\$ 303,863</u>

## Bond Anticipation Notes

Bond Anticipation Notes \$ 4,025,000  
Less: Excess Note Proceeds Ord. No. 1323 7,895

\$ 4,017,105

## Improvement Authorizations - Unfunded

\$ 1,377,324

## Less: Unexpended Proceeds on Bond Anticipation Notes Issued

Ord. No. 1323 \$ 142,105  
Ord. No. 1393 212,226  
Ord. No. 1409 1,187  
Ord. No. 1416 174,800  
Ord. No. 1421 148,958  
Ord. No. 1431 10,712  
Ord. No. 1434 267,791  
Ord. No. 1436 98,774  
Ord. No. 1438 16,908

1,073,461

\$ 303,863

**BOROUGH OF DUMONT  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2011</u>	Grant Awards and Adjustments	Cash Receipts	Balance, December 31, <u>2012</u>
<b>Community Development</b>				
Ord No. 1354 Improvements to Memorial Park & C. Deangeles Park	\$ 123,762			\$ 123,762
Ord. No. 1409 Library and Senior Center Handicap Access		\$ 140,459	\$ 140,459	
<b>Bergen County Open Space</b>				
Ord. No. 1380 Improvements to Veterans Memorial Park	12,263			12,263
Ord. No. 1416 Improvements to Veterans Memorial Park and Other Fields	157,150			157,150
Ord. No. 1447 Installation of New Walking Path		65,000		65,000
<b>Department of Transportation</b>				
Ord. No. 1448 Improvements to Depew Street	-	142,850	-	142,850
	<u>\$ 293,175</u>	<u>\$ 348,309</u>	<u>\$ 140,459</u>	<u>\$ 501,025</u>
		Reserve for Receivable Pledged to Ordinance		\$ 207,850
				<u>293,175</u>
				<u>\$ 501,025</u>

EXHIBIT C-7

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN RECEIVABLE**

Balance, December 31, 2011	\$ 3,815,000
Decreased by:	
Cash Receipts	<u>1,335,947</u>
Balance, December 31, 2012	<u>\$ 2,479,053</u>

**BOROUGH OF DUMONT  
STATEMENT OF DUE FROM/TO CURRENT FUND**

Balance, December 31, 2011 (Due From)		\$ 9,194
Increased by:		
Budget Appropriation - Current Fund		
Note Principal	\$ 54,900	
Deferred Charges - Cancelled Receivables	54,678	
Capital Improvement Fund	80,000	
Payments to Current Fund	<u>25,000</u>	
		<u>214,578</u>
		223,772
Decreased by:		
Interest on Deposits	23	
Anticipated as Revenue in Current Fund		
General Capital Surplus	25,000	
Receipts from Current Fund	<u>198,772</u>	
		<u>223,795</u>
Balance, December 31, 2012 (Due To)		<u>\$ 23</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION -  
CANCELLED RECEIVABLES**

Balance, December 31, 2011	\$ 133,259
Decreased by:	
2011 Budget Appropriation	<u>54,678</u>
Balance, December 31, 2012	<u>\$ 78,581</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Increased by:	
Cash Receipts	<u>\$ 137,310</u>
Balance, December 31, 2012	<u>\$ 137,310</u>

**BOROUGH OF DUMONT**  
**STATEMENT 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>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2012</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	6/1/1999	\$ 2,973,000	2/15/2013	\$ 403,000	5.05%	\$ 763,000	\$ 360,000	\$	403,000
General Improvements	5/1/2003	3,250,000	5/1/2013	160,000	3.25-3.55%				
			5/1/2014	580,000					
			5/1/2015	600,000					
			5/1/2016	610,000		2,130,000	180,000		1,950,000
General Improvements	7/15/2010	8,530,000	7/15/2013	100,000	1.50%				
			7/15/14-16	100,000	2.00%				
			7/15/2017	750,000	2.25%				
			7/15/2018	775,000	2.50%				
			7/15/2019	800,000	2.75%				
			7/15/2020	825,000	3.00%				
			7/15/2021	840,000	3.13%				
			7/15/2022	880,000	3.25%				
			7/15/2023	890,000	3.50%				
			7/15/2024	1,075,000	4.00%				
			7/15/2025	1,095,000	4.00%	8,430,000	-	100,000	8,330,000
						<u>\$ 11,323,000</u>	<u>\$ -</u>	<u>\$ 640,000</u>	<u>\$ 10,683,000</u>

**BOROUGH OF DUMONT**  
**SCHEDULE OF PENSION OBLIGATION LEASE PAYABLE**

Purpose	Date of Issue	Original Issue	Maturities of Leases Outstanding December 31, 2012 Date	Interest Rate	Balance, December 31,	
					2011	2012
					Increased	Decreased
Refund of Unfunded Pension Obligation	3/1/2003	\$ 958,000	3/1/2013	5.25%	\$ 884,000	\$ 850,000
						\$ 34,000
Refunding - Unfunded Pension Obligation	3/15/2012	882,000	3/15/2013	0.43%		
			3/15/2014	0.62%		
			3/15/2015	0.84%		
			3/15/2016	1.24%		
			3/15/2017	1.64%		
			3/15/2018	2.11%		
			3/15/2019	2.36%		
			3/15/2020	2.66%		
			3/15/2021	2.96%		
			3/15/2022	3.11%		
			3/15/2023	3.26%		
					\$ 882,000	\$ 882,000
					\$ 884,000	\$ 850,000
					\$ 882,000	\$ 916,000
					Paid By Budget	\$ 28,000
					Refunded	822,000
						\$ 850,000



**BOROUGH OF DUMONT  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
1323	Reconstruction of Pershing	8/2/2007	7/1/2011 6/28/2012	6/29/2012 6/27/2013	1.50% 1.20%	\$ 150,000	\$ 124,000	\$ 150,000	\$ 124,000
1393	Various General Improvements	12/22/2009	7/1/2011 6/28/2012	6/29/2012 6/27/2013	1.50% 1.20%	760,000	731,100	760,000	731,100
1409	Library and Senior Center Handicap	7/1/2011	7/1/2011 6/28/2012	6/29/2012 6/27/2013	1.50% 1.20%	213,750	73,291	213,750	73,291
1416	Park Improvements	7/1/2011	7/1/2011 6/28/2012	6/29/2012 6/27/2013	1.50% 1.20%	174,800	174,800	174,800	174,800
1421	Various Capital Improvements	7/1/2011	7/1/2011 6/28/2012	6/29/2012 6/27/2013	1.50% 1.20%	801,450	- 807,500	801,450	807,500
1431	DPW Garage Site Improvements	6/28/12	6/28/2012	6/27/2013	1.20%		228,000		228,000
1432	Storm Sewer Improvements - Phase III	6/28/12	6/28/2012	6/27/2013	1.20%		218,500		218,500
1434	Various Capital Improvements	6/28/12	6/28/2012	6/27/2013	1.20%		414,284		414,284
1436	Various Storm Water Sewer Improvements	6/28/12	6/28/2012	6/27/2013	1.20%		114,000		114,000
1438	Various Improvements - Twin Boro Field	6/28/12	6/28/2012	6/27/2013	1.20%	-	1,139,525	-	1,139,525
						<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>
						Renewals Paid by Budget Appropriation \$ 1,904,641 Excess Note Proceeds 54,900 Notes Issued 140,459 <u>2,120,359</u>			
						<u>\$ 4,025,000</u>	<u>\$ 2,100,000</u>	<u>\$ 4,025,000</u>	<u>\$ 2,100,000</u>

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## EXHIBIT C-15

**BOROUGH OF DUMONT  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2011		\$ 4,794,491
Increased by:		
Charges to Improvement Authorizations		<u>718,222</u>
		5,512,713
Decreased by:		
Payments	\$ 3,248,926	
Cancellations	<u>16,540</u>	
		<u>3,265,466</u>
Balance, December 31, 2012		<u>\$ 2,247,247</u>

## EXHIBIT C-16

**STATEMENT OF GREEN TRUST FUND LOAN PAYABLE**

Balance, December 31, 2011		\$ 174,049
Decreased by:		
2012 Budget Appropriation		<u>9,001</u>
Balance, December 31, 2012		<u>\$ 165,048</u>

## EXHIBIT C-17

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE  
TRUST LOAN PAYABLE**

Balance, December 31, 2011		\$ 6,509,694
Decreased by:		
2012 Budget Appropriation		<u>335,618</u>
Balance, December 31, 2012		<u>\$ 6,174,076</u>

**BOROUGH OF DUMONT  
STATEMENT OF CAPITAL IMPROVEMENT FUND**

## Increased by:

Current Fund Budget Appropriation	\$ 80,000
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## Decreased by:

Appropriated to Finance Improvement Authorizations	\$ 18,400	
Transferred to Reserve for Preliminary Cost	25,000	
		43,400

Balance, December 31, 2012	\$ 36,600
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**STATEMENT OF RESERVE FOR PRELIMINARY COSTS-  
BOROUGH HALL NEEDS ASSESSMENT**

## Increased by:

Transferred from Capital Improvement Fund	\$ 25,000
---	-----------

Balance, December 31, 2012	\$ 25,000
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**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance, December 31, 2011	2012 Improvement Authorizations	Bond Anticipation Notes Issued	Balance, December 31, 2012
1250	Impvts of Various Parks and Acq. Of Equip	\$ 4,908			\$ 4,908
1275	Refund Unfunded Pension Liab	17,000			17,000
1375	Sewer System Improvements	385,000			385,000
1407	Acq. Of Easements and Prop Relating to Storm Water	285,000			285,000
1421	Various Capital Improvements	6,050		\$ 6,050	
1431	DPW Garage Site Improvements	228,000		228,000	
1432	Phase III Storm Sewer Improvements	218,500		218,500	
1434	Various Capital Improvements	414,284		414,284	
1436	Roosevelt Ave Flood Project	114,000		114,000	
1438	Twin Boro Field Remediation	1,140,000		1,139,525	475
1447	Installation of New Walking Path		\$ 152,000		152,000
1448	Improvements to DePew Street		142,850		142,850
1450	Acq. And Installation of Air Quality Equip.	-	61,750	-	61,750
		\$ 2,812,742	\$ 356,600	\$ 2,120,359	\$ 1,048,983

**PUBLIC ASSISTANCE FUND**



**BOROUGH OF DUMONT**  
**STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

Balance, December 31, 2011		\$ 9,508
Increased by:		
Donations	\$ 1,303	
Interest	<u>1</u>	
		<u>1,304</u>
		10,812
Decreased by:		
Expenditures	560	
Payments to Current Fund	<u>1</u>	
		<u>561</u>
Balance, December 31, 2012		<u>\$ 10,251</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

Balance, December 31, 2011	\$ 9,507
Increased by:	
Revenues	<u>1,303</u>
	10,810
Decreased by:	
Expenditures	<u>560</u>
Balance, December 31, 2012	<u>\$ 10,250</u>

**BOROUGH OF DUMONT  
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

Revenues	
Donations	\$ 1,303
Receipts	
Interest Income	<u>1</u>
Total Revenues/Receipts	<u>\$ 1,304</u>

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

Expenditures:	
Current Year Assistance	
Non-Reimbursable Expenditures	\$ 560
Disbursements:	
Payments to Current Fund	<u>1</u>
Total Expenditures/Disbursements	<u>\$ 561</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2011	\$ 1
Increased by:	
Interest Income	<u>1</u>
	2
Decreased by:	
Payments to Current Fund	<u>1</u>
Balance, December 31, 2012	<u>\$ 1</u>



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

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**PART II  
GOVERNMENT AUDITING STANDARDS  
AND  
SINGLE AUDIT  
YEAR ENDED DECEMBER 31, 2012**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## 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

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Dumont, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

### Internal Control over Financial Reporting

Management of the Borough of Dumont is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Borough of Dumont's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Dumont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Dumont's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Dumont'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.


We also noted certain matters that we reported to management of the Borough of Dumont in Part III of this report of audit entitled; "Letter of Comments and Recommendations"


### **Borough of Dumont's Responses to Findings**

The Borough of Dumont's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Dumont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY  
OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Dumont  
Dumont, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Borough of Dumont's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Borough of Dumont's major state programs for the year ended December 31, 2012. The Borough of Dumont's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of Dumont's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New

Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Dumont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Borough of Dumont's compliance.

#### ***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Dumont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2012.

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as item 2012-2. Our opinion on each major state program is not modified with respect to these matters.

The Borough of Dumont's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Dumont's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control Over Compliance**

Management of the Borough of Dumont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Dumont's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Dumont's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-2 that we consider to be a significant deficiency.

The Borough of Dumont's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Dumont's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04**

We have audited the financial statements - regulatory basis of the Borough of Dumont as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 28, 2013, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

  
LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants  
Registered Municipal Accountants



Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 28, 2013

**BOROUGH OF DUMONT**  
**SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, January 1, 2012</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2012</u>	<u>Cumulative Expenditures</u>
Community Development Block Grant:								
Improvements to Veteran's Plaza	14.218	\$ 140,459	\$ 91,200	\$ (237)	\$ 140,459	140,459	\$ (237)	\$ 38,273
Library and Senior Center Handicap Access	14.218	\$ 140,459	140,459					140,459
Office of Justice Programs	*			1,467		1,467		*
Body Armor								
Department of Transportation								
Improvements to Depew Street	20.205		142,850					-
Department of Environmental Protection								
Green Communities Grant (Consolidated Forest Management)	10.664		3,000	3,000			3,000	*
Department of Homeland Security								
Federal Emergency Management Agency	97.036	130,839			130,839	130,839		130,839
Federal Emergency Management Agency	97.036		65,864	7,101	-	5,308	1,793	64,071
				\$ 11,331	\$ 271,298	\$ 278,073	\$ 4,556	

This schedule is not subject to a single audit in accordance with OMB Circular A-133.

\* Not Available



**BOROUGH OF DUMONT**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2012</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2012</u>	<u>Cumulative Expenditures</u>
Division of Criminal Justice								
Body Armor	1020-718-066-1020-001-YCJS-6120	2012	\$ 5,581	\$ 3,397	\$ 5,581		\$ 5,581	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2011					3,397	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2010		4,560		\$ 3,997	563	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2008		3,204		3,204		*
Body Armor	1020-718-066-1020-001-YCJS-6120	2007		627		627		\$ 6,009
Department of Law and Public Safety								
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2009		1,935		1,935		*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2008		686				1,978
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2008		2,294		2,294		*
Drunk Driving Enforcement Fund	6400-100-078-6400-YYY	2007		200		200		14,723
NJOEM SLAHEOP Grant	1110-448-031020-22	2004		1,531		1,513	18	*
Department of Environmental Protection								
Clean Communities Program	4900-765-178910-60	2012	23,673		23,673		23,673	
Clean Communities Program	4900-765-178910-60	2011		24,068		1,312	22,756	1,312
Clean Communities Program	4900-765-178910-60	2010		21,633			21,633	*
Clean Communities Program	4900-765-178910-60	2009		6,911		6,911		24,454
State Recycling Fund	*	2012	22,389		22,389		22,389	*
State Recycling Fund	*	2011		15,465			15,465	*
State Recycling Fund	*	2009		17,715			17,715	*
State Recycling Fund	*	2008		7,588			7,588	*
State Recycling Fund	*	2006		7,331			7,331	*
State Recycling Fund	*	2007		6,931		1,991	4,940	*
State Recycling Fund	*	2008		2,247			2,247	*
Stormwater Management Grant	*	2007		3,007			3,007	*
Stormwater Management Grant	*	2005		8,767		1,849	6,918	*
Stormwater Management Grant	4860-150-093030-60	2010	1,001,960		1,001,960			1,001,960
Water Resources Planning - Wastewater								
Administrative Offices of the Courts								
Alcohol Education and Rehabilitation	9735-760-060000-60	2012	270		270		270	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2007		395			395	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2006		205			205	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2005		250			250	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2002		434			434	*
Alcohol Education and Rehabilitation	9735-760-060000-60	1998		746		171	575	*
Alcohol Education and Rehabilitation	9735-760-060000-60	1995		529		529		879
Domestic Violence Training	*	2008		500			500	*
Domestic Violence Training	*	2007		3,500			3,500	*
Domestic Violence Training	*	2005		2,605		1,290	1,315	*
Total State Financial Assistance				149,261	1,053,873	1,030,469	172,665	

BOROUGH OF DUMONT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2012	Revenue	Expended	Balance, December 31, 2012	Cumulative Expenditures
State Grant Program								
Other Financial Assistance								
Bergen County Utilities Authority Municipal Recycling Assistance Program	*	2007		\$ 5,509	-	5,509	\$ -	*
Total Other Financial Assistance				5,509	-	5,509	-	
Total State and Other Financial Assistance				\$ 154,770	\$ 1,053,873	\$ 1,035,978	\$ 172,665	

\* Not Available

**BOROUGH OF DUMONT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Dumont. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 130,839	\$ 51,913	\$ 182,752
General Capital Fund	<u>140,459</u>	<u>1,001,960</u>	<u>1,142,419</u>
Total Financial Awards	<u>\$ 271,298</u>	<u>\$ 1,053,873</u>	<u>\$ 1,325,171</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF DUMONT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2012, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

Green Trust Fund	
Multi Park Improvements	\$ 165,048
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	1,425,000
Fund Loan - 2007	1,258,540
Trust Loan - 2010	895,000
Fund Loan - 2010	<u>2,595,536</u>
	<u>\$ 6,339,124</u>

### Part I – Summary of Auditor’s Results

### Type of auditors' report issued on financial statements

### Qualified, Presentation of Unaudited LOSAP Fund

1) Material weakness(es) identified

yes                      X                      no

2) Significant deficiency(ies) that are not considered to be material weakness(es)?

X	yes	none
---	-----	------

Noncompliance material to the financial statements noted?

X	yes	no
---	-----	----

NOT APPLICABLE

Dollar threshold used to distinguish type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

yes            X            no

Type of auditors' report issued on compliance for major programs:

Unmodified

Internal Control over major programs:

1). Material weakness (es) identified?

yes            X            no

2) Significant deficiency(ies) identified that are not considered to be material weaknesses?

X	yes	none reported
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Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04?

X	yes	no
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Identification of major programs:

State Grant/Project Number(s)

Name of State Program

4860-150-093050-60

NJ Department of Environmental Protection:

## Wastewater Treatment Grant

**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

**Finding 2012-1** – Our audit noted that there were capital project contracts for the field remediation and storm/sewer improvements totaling \$600,105 which were not encumbered in the Borough's year end financial reports. In addition, there were open orders in the Borough's improvement authorization ledger totaling \$250,276 which were not valid commitments.

**Criteria** - N.J.A.C. 5:30-5.4 Encumbrance Accounting  
Local Public Contracts Law

**Condition** – The Borough's general capital improvement authorization subsidiary ledger did not report authorized and approved contracts of \$600,105. In addition, invalid open purchase orders totaling \$250,276 were included in the Borough's improvement authorization ledger.

**Context** – Improvement (project) authorization balances are not accurately stated.

**Cause** – Contracts and/or change orders were not encumbered when said contracts and change orders were awarded by the governing body. In addition, open purchase orders are not periodically reviewed for validity and adjusted accordingly.

**Effect** – Improvement authorization balances may be under/overstated.

**Recommendation** – Procedures be implemented to ensure that all General Capital contracts, and change orders awarded by the Governing Body, are recorded in a timely manner. Furthermore, purchase orders be reviewed for validity and appropriate action taken to adjust orders to reflect actual amounts owed to vendors.

**Views of Responsible Officials and Planned Corrective Action** – Management has reviewed this finding and has indicated it will review and revise its procedures to ensure that corrective action is taken.

**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**BOROUGH OF DUMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04.

**CURRENT YEAR STATE AWARDS**

**Finding 2012-2**

Our audit noted that there were capital project contracts for storm/sewer improvements totaling \$600,105 which were not encumbered in the Borough's year end financial reports. In addition, there were open purchase orders reported of \$104,132 for engineering services on these storm/sewer improvements which were not valid commitments.

**Information on State Program**

4860-150-093050-60      Water Resources Planning – Wastewater

**Condition** – The Borough's general capital improvement authorization subsidiary ledger did not report authorized and approved contracts of \$600,105. In addition, open purchase orders of \$104,132 were included in the improvement authorization subsidiary ledger for this project which were not valid commitments.

**Context** – Project authorization balance is not accurately stated.

**Cause** – Contracts and/or change orders were not encumbered when said contracts and change orders were awarded by the governing body. In addition, open purchase orders are not periodically reviewed for validity and adjusted accordingly.

**Effect** – Improvement authorization balances may be under/overstated.

**Recommendation** – Procedures be implemented to ensure that all General Capital contracts, and change orders awarded by the Governing Body, are recorded in a timely manner. Furthermore, purchase orders be reviewed for validity and appropriate action taken to adjust orders to reflect actual amounts owed to vendors.

**Views of Responsible Officials and Planned Corrective Action** – Management has reviewed this finding and has indicated it will review and revise its procedures to ensure that corrective action is taken.



**BOROUGH OF DUMONT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2011-1**

Our audit noted that there were capital project contracts for the field remediation and various storm/sewer improvements totaling \$3,909,997 which were not encumbered nor reported in the Borough's year end financial statements.

**Current Status**

See Finding 2012-1.

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**BOROUGH OF DUMONT**

**BERGEN COUNTY**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**



**BOROUGH OF DUMONT  
SUPPORTING DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,314,000	2.26 %	\$ 816,000	1.42 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,802,352	4.81	3,149,375	5.51
Collection of Delinquent Taxes and Tax Title Liens	525,752	0.90	575,450	1.00
Collection of Current Tax Levy	53,201,423	91.35	52,438,395	91.53
Other Credits	<u>397,845</u>	<u>0.68</u>	<u>309,770</u>	<u>0.54</u>
Total Income	<u>58,241,372</u>	<u>100.00 %</u>	<u>57,288,990</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Municipal Budget	19,640,649	34.41 %	19,160,709	33.90 %
County Taxes	4,080,449	7.15	4,428,025	7.83
Local District School Taxes	33,334,772	58.41	32,926,525	58.24
Other Expenditures	<u>18,765</u>	<u>0.03</u>	<u>17,840</u>	<u>0.03</u>
Total Expenditures	<u>57,074,635</u>	<u>100.00 %</u>	<u>56,533,099</u>	<u>100.00 %</u>
Less: Expenditures to be Raised by Future Revenue	<u>4,728</u>		<u>353,688</u>	
Total Adjusted Expenditures	<u>57,069,907</u>		<u>56,179,411</u>	
Excess in Revenue	1,171,465		1,109,579	
Fund Balance, January 1	<u>1,616,170</u>		<u>1,322,591</u>	
	2,787,635		2,432,170	
Less Utilization as Anticipated Revenue	<u>1,314,000</u>		<u>816,000</u>	
Fund Balance, December 31	<u>\$ 1,473,635</u>		<u>\$ 1,616,170</u>	

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**Comparative Schedule Of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	\$3.182	\$2.541	\$2.463

Apportionment of Tax Rate

Municipal	.928	.719	.724
County	.242	.213	.213
Local School	1.972	1.575	1.526
Library	.040	.034	

Assessed Valuation

2012 *	\$1,690,897,900		
2011		\$2,090,990,103	
2010			\$2,091,056,705

\* The Borough underwent a reassessment of real property which became effective January 1, 2012.

**Comparison Of Tax Levies And Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 53,810,186	\$ 53,201,423	98.87%
2011	53,153,045	52,438,395	98.66%
2010	51,588,577	50,908,783	98.68%

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**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 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2012	\$ 570,874	\$ 4,331	\$ 575,205	1.07%
2011	528,428	3,663	532,091	1.00%
2010	575,458	3,022	578,480	1.12%

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2012 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2012	\$79,526
2011	79,526
2010	79,526

**Comparative Schedule Of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2012	\$1,473,635	\$1,178,971
	2011	1,616,170	1,314,000
	2010	1,322,591	816,000

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**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 of Bond</u>	<u>Corporate Surety</u>
James J. Kelly	Mayor		
Kenneth Freeman	Councilman		
William Brophy	Councilman		
Matthew M. Carrick	Councilman		
Harry Stylianou	Councilman		
Matthew Hayes	Councilman		
Ellen Zamechansky	Councilwoman		
John Perkins	Administrator		
Susan Connelly	Borough Clerk		
Gregg Paster	Attorney		
T & M Engineering	Engineers		
Barbara Kozay	Tax Collector		
Donald Holdsworth	Magistrate		
Beryl Horbert	Court Administrator		
Glenda Hickey	Deputy Ct. Administrator		
James Anzevino	Tax Assessor		
Rosemarie Giotis	Chief Financial Officer		

The Bergen County Municipal Joint Insurance Fund and Hartford Fire Insurance Company provide a blanket position bond in the amount of \$1,000,000.



## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Prior Year Unresolved**

Our audit of the Other Trust Fund revealed that escrow monies are not always refunded upon completion of project. It is recommended that the Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.

Certain municipal departments ordered goods or materials prior to the issuance of a purchase order. It is recommended that the encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.

Our audit of the Borough's Current Fund noted that there are numerous appropriated grants which have not been expended. It is recommended that the Borough review the balances of the appropriated grant reserves and action be taken to expend or clear them of record.

Our audit of the Other Trust Fund's police outside services revealed that deposits are not always made within a timely manner. It is recommended that all monies collected for police outside services be deposited within forty-eight hours of receipt.

Our audit noted that the Borough's fixed asset accounting records were not integrated with the Borough's financial accounting software. It is recommended that the Borough's fixed asset accounting records be updated in a timely manner and be integrated with the Borough's financial accounting software.

Our audit of the Construction Code and Police Departments revealed that monies were not always turned over to Treasurer within forty-eight hours of receipt. It is recommended that all fees collected by the Construction Code Department and the Police Department be deposited within forty-eight hours of receipt.

Our audit of improvement authorization balances in the General Capital Fund revealed that certain balances were not in agreement with the audited balances. It is recommended that improvement authorization balances be reviewed and adjustments made as necessary to bring balances in agreement with audited balances.

#### **Current Year**

Our audit of the Recreation Department noted that registration forms were not available for audit. It is recommended that registration forms for all recreation activities be made available for audit.

Our audit revealed that the service provider which processes the Borough's payroll did not submit a 2012 report on internal controls (SSAE No. 16) to the Borough. It is recommended that the Borough obtain a current report on internal controls (SSAE No. 16) from their payroll service provider.

Our audit revealed that the 2012 Police, Other Expenses budget appropriation was overexpended \$4,728 at December 31, 2012. The overexpenditure was created as a result of purchases which were being reimbursed by insurance proceeds but which were not charged to a budget line item. This appears to be an isolated instance and therefore no recommendation is warranted.

## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Contracts and Contracts Required To Be Advertised For NJS 40A:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000 except by contract or agreement.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "professional services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures revealed instances where the accumulation of expenditures exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

#### **Collection Of Interest On Delinquent Taxes And Assessments**

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

The Governing Body on January 17, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**WHEREAS**, N.J.S.A. 54:4-67 authorizes the Borough to fix a rate of interest to be charged for delinquent taxes; and

**WHEREAS**, N.J.S.A. 54:4-67, as amended by Section 29 of P.L. 1991, c. 75, authorizes the Borough to fix a penalty of 6% to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year.

**WHEREAS**, the Council has decided to charge the maximum interest and penalty allowed by law on delinquent taxes.

## **BOROUGH OF DUMONT**

### **GENERAL COMMENTS**

#### **Collection Of Interest On Delinquent Taxes And Assessments (Continued)**

**RESOLVED**, by the Council of the Borough of Dumont, as follows:

1. For the year 2012 the rate of interest for delinquent taxes and Borough charges shall be 8% per annum for the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 except that, for any quarter if the taxes are paid during the first ten (10) days following February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup> there shall be no interest. If the office of the Tax Collector is closed on the 10<sup>th</sup> day of February, May, August or November this shall be extended to include the first business day thereafter.
2. For the year 2012 any taxpayer with a tax delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year shall be charged a penalty of 6% of the amount of the delinquency.
3. The Tax Collector is hereby authorized to cancel any overpayment of taxes or tax delinquency which is less than \$10.00.

#### **Delinquent Taxes And Tax Title Liens**

A tax sale was held on March 29, 2012.

Tax title liens receivable outstanding on December 31 of the last three years were insignificant.

**BOROUGH OF DUMONT  
SUPPORTING DATA**

**RECOMMENDATIONS**

It is recommended that:


- \* 1. The Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.
- \* 2. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- \* 3. Procedures be implemented to ensure that all General Capital contracts and change orders, awarded by the Governing Body, are recorded in a timely manner. Furthermore, purchase orders be periodically reviewed for validity and adjusted accordingly.
- \* 4. The Borough review the balances of appropriated grant reserves and action be taken to expend or clear them of record.
- \* 5. All monies collected by the Borough, including those collected by municipal departments, be deposited in a timely manner.
- \* 6. The Borough's fixed asset accounting records be integrated with the Borough's financial accounting software.
- \* 7. Improvement authorization balances be reviewed and adjustments made as necessary to bring balances in agreement with audited balances.
- 8. Registration forms for all recreation activities be made available for audit.
- 9. The Borough obtain a current report on internal controls (SSAE No. 16) from their payroll service provider.


Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk (\*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Certified Public Accountant  
RMA Number CR00411