

BOROUGH OF DUMONT
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013



BOROUGH OF DUMONT

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1-4
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	5-6
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-10
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	11-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16-17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Fund Balance – Regulatory Basis – General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	20
E	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	21
	Notes to Financial Statements	22-48
<u>Current Fund</u>		
A-4	Statement of Cash and Investments - Collector-Treasurer	49
A-5	Statement of Petty Cash Funds	50
A-6	Statement of Change Funds	50
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	50
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	51
A-9	Statement of Tax Title Liens Receivable	52
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	52
A-11	Statement of Revenue Accounts Receivable	53
A-12	Statement of Deferred Charges – N.J.S. 40A:4-53 Special Emergency Authorizations	54
A-13	Statement of Deferred Charges	54
A-14	Statement of Grants Receivable	54
A-15	Statement of 2012 Appropriation Reserves	55-56
A-16	Statement of Encumbrances Payable	57
A-17	Statement of Accounts Payable	57
A-18	Statement of Special Emergency Note Payable	58
A-19	Statement of Miscellaneous Reserves	58
A-20	Statement of Other Liabilities	58
A-21	Statement of Prepaid Taxes	59
A-22	Statement of Tax Overpayments	59
A-23	Statement of Local School District Tax Payable	59
A-24	Statement of County Taxes Payable	60
A-25	Schedule of Appropriated Grant Reserves	60
A-26	Statement of Unappropriated Reserves for Grants	61
A-27	Statement of Due From Free Public Library	61

BOROUGH OF DUMONT

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<u>Trust Funds</u>		
B-1	Statement of Trust Cash	62
B-2	Statement of Due To Current Fund – Other Trust Fund	63
B-3	Statement of Reserve for Animal Control Expenditures	63
B-4	Statement of Due To State of New Jersey - Dog Regulation Fees	63
B-5	Statement of Due To Current Fund – Animal Control Fund	64
B-6	Statement of Escrow Deposits	64
B-7	Statement of Reserve for Unemployment Insurance Expenditures	64
B-8	Statement of Miscellaneous Reserves	65
B-9	Statement of Reserve for Payroll and Payroll Deductions Payable	65
B-10	Statement of Due to State of New Jersey Unemployment Insurance Fund	65
B-11	Statement of Due from Payroll Service Provider	66
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash – Collector-Treasurer	67
C-3	Analysis of General Capital Cash	68
C-4	Statement of Deferred Charges to Future Taxation - Funded	69
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	70
C-6	Statement of Grants Receivable	71
C-7	Statement of Environmental Infrastructure Trust Loan Receivable	71
C-8	Statement of Due From/To Current Fund	72
C-9	Statement of Deferred Charges to Future Taxation – Cancelled Receivables	72
C-10	Statement of Reserve for Payment of Debt	72
C-11	Statement of General Serial Bonds	73
C-12	Schedule of Pension Obligation Loan Payable	74
C-13	Statement of Bond Anticipation Notes	75
C-14	Statement of Improvement Authorizations	76
C-15	Statement of Contracts Payable	77
C-16	Statement of Green Trust Fund Loan Payable	77
C-17	Statement of Environmental Infrastructure Trust Loan Payable	77
C-18	Statement of Capital Improvement Fund	77
C-19	Statement of Reserve for Preliminary Costs	78
C-20	Statement of Bonds and Notes Authorized But Not Issued	78

BOROUGH OF DUMONT

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
<u>Public Assistance Fund</u>	
D-1	Statement of Public Assistance Cash - Treasurer 79
D-2	Statement of Reserve for Public Assistance Expenditures 79
D-3	Statement of Public Assistance Revenues 80
D-4	Statement of Public Assistance Expenditures 80
D-5	Statement of Due to Current Fund 80
 <u>Part II</u>	
	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 81-82
	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 83-85
	Schedule of Federal Awards, Schedule A 86
	Schedule of State Financial Assistance, Schedule B 87
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance 88-89
	Schedule of Findings and Questioned Costs 90-93
 <u>Part III</u>	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund 94
	Comparative Schedule of Tax Rate Information 95
	Comparison of Tax Levies and Collection Currently 95
	Delinquent Taxes and Tax Title Liens 96
	Property Acquired by Tax Title Lien Liquidation 96
	Comparative Schedule of Fund Balances 96
	Officials in Office and Surety Bonds 97
	General Comments 98-100
	Recommendations 101



BOROUGH OF DUMONT

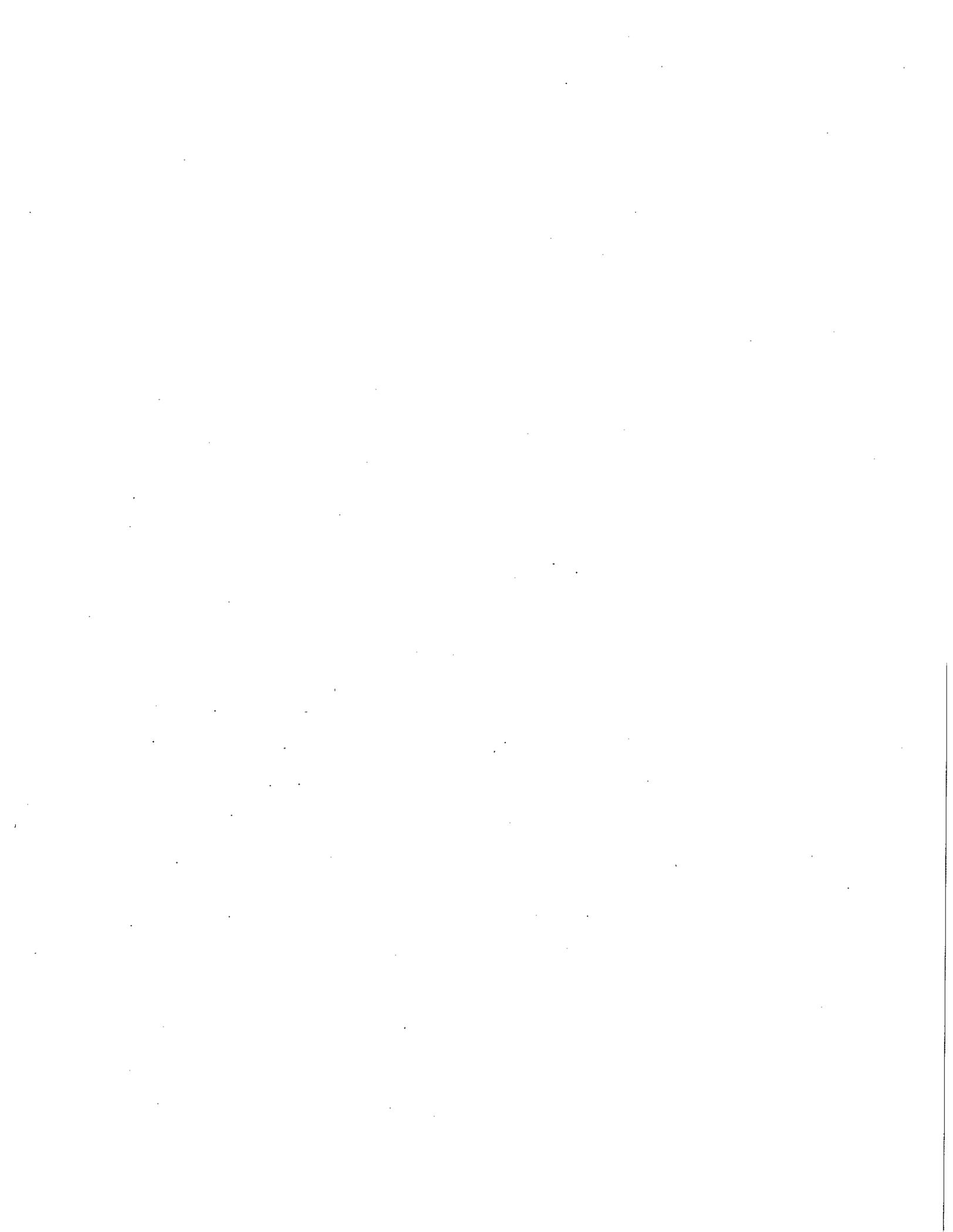
BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. 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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 59 percent and 57 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2013 and 2012.

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, 2013 and 2012, 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, 2013 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

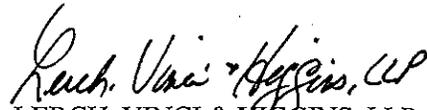
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Dumont as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance as required by 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 supplementary data and 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 May 6, 2014 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
May 6, 2014

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash and Investments	A-4	\$ 3,009,132	\$ 3,348,707
Change Fund	A-6	250	250
Grants Receivable	A-14	-	53,164
		<u>3,009,382</u>	<u>3,402,121</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	503,103	570,874
Tax Title Lien	A-9	5,013	4,331
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-11	13,828	14,135
Due from Free Public Library	A-27	18,474	
Due from Other Trust Fund	B-2		22
Due from Animal Control Fund	B-5		3,488
Due from General Capital Fund	C-8		23
Due from Public Assistance Trust Fund	D-5	-	1
		<u>619,944</u>	<u>672,400</u>
Deferred Charges			
Overexpenditure of Budget Appropriation	A-13	-	4,728
Emergency Authorizations	A-13	100,000	
Special Emergency Authorizations	A-12	150,000	200,000
		<u>250,000</u>	<u>204,728</u>
Total Assets		<u>\$ 3,879,326</u>	<u>\$ 4,279,249</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, 2013 AND 2012
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Liabilities			
Appropriation Reserves	A-3,A-15	\$ 305,866	\$ 501,402
Encumbrances Payable	A-16	451,705	733,497
Special Emergency Note Payable	A-18	150,000	200,000
Accounts Payable	A-17	26,364	4,152
Due to State of NJ - Senior Citizens and Veterans	A-7	2,075	691
Other Liabilities	A-20		34,511
Due to General Capital Fund	C-8	28	
Miscellaneous Reserves	A-19	271,208	293,096
Prepaid Taxes	A-21	145,813	174,881
Tax Overpayments	A-22	7,571	250
County Taxes Payable	A-24	1,212	442
Appropriated Reserves for Grants	A-25	98,066	136,879
Unappropriated Reserves for Grants	A-26	<u>54,789</u>	<u>53,413</u>
		1,514,697	2,133,214
Reserve for Receivables and Other Assets	A	619,944	672,400
Fund Balance	A-1	<u>1,744,685</u>	<u>1,473,635</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 3,879,326</u>	 <u>\$ 4,279,249</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,178,971	\$ 1,314,000
Miscellaneous Revenues Anticipated	A-2	2,455,832	2,566,987
Receipts from Delinquent Taxes	A-2	557,666	525,752
Receipts from Current Taxes	A-2	54,359,041	53,201,423
Non-Budget Revenues	A-2	422,502	235,365
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	266,506	377,979
Statutory Excess - Animal Control Fund	A-1		3,488
Interfunds Returned	A	3,534	15,783
Cancellation of Accounts/Other Payable	A-1	<u>-</u>	<u>595</u>
 Total Revenues		 <u>59,244,052</u>	 <u>58,241,372</u>
 EXPENDITURES			
Municipal Budget	A-3	19,728,820	19,640,649
County Taxes	A-24	4,408,036	4,080,449
Local District School Taxes	A-23	33,738,464	33,334,772
Interfund Advance	A		3,534
Refund of Prior Year Revenues	A-1		2,981
Adjustment - State Audit - Senior Citizen and Veterans Deductions	A-1		12,250
Cancellation of Grant Receivable (Net)	A-14, A-25	237	
Adjustment to Reserve for Receivables	A-27	<u>18,474</u>	<u>-</u>
 Total Expenditures		 <u>57,894,031</u>	 <u>57,074,635</u>
 Excess in Revenues		 1,350,021	 1,166,737
 Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-13	<u>100,000</u>	<u>4,728</u>
 Statutory Excess to Fund Balance		 1,450,021	 1,171,465
 Fund Balance, January 1	A	 <u>1,473,635</u>	 <u>1,616,170</u>
		2,923,656	2,787,635
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,178,971</u>	<u>1,314,000</u>
 Fund Balance, December 31	A	 <u>\$ 1,744,685</u>	 <u>\$ 1,473,635</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, 2013

		<u>Anticipated</u>		Excess or
	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Utilized	A-1	\$ 1,178,971	\$ 1,178,971	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-11	15,000	14,488	\$ (512)
Other	A-2,A-11	5,000	6,259	1,259
Fees and Permits				
Construction Code Official	A-11	140,000	177,557	37,557
Recreation Fees	A-11	40,000	46,954	6,954
Other	A-2, A-11	50,000	54,550	4,550
Fines and Costs - Municipal Court	A-11	165,000	168,679	3,679
Interest on Costs on Taxes	A-11	90,000	95,238	5,238
Interest on Investments and Deposits	A-11	12,000	15,065	3,065
Fire Inspections - Additional	A-11	20,000	27,700	7,700
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	23,673	23,673	-
Police Body Armor	A-26	5,581	5,581	-
Recycling Tonnage Grant	A-26	22,389	22,389	-
Alcohol Education and Rehabilitation	A-26	270	270	-
Green Communities Grant	A-26	1,500	1,500	-
General Capital Fund Balance	C-1	25,000	25,000	-
Reserve for Payment of Debt	C-10	50,000	50,000	-
Life Hazard Use Fees	A-11	11,000	11,543	543
Sale of Recyclables	A-11	87,000	103,825	16,825
PILOT - Senior Citizen Club	A-11	15,000	32,366	17,366
Cable Television Franchise Fees	A-11	200,000	217,943	17,943
Total Miscellaneous Revenues		<u>2,333,665</u>	<u>2,455,832</u>	<u>122,167</u>
Receipts from Delinquent Taxes	A-8	<u>500,000</u>	<u>557,666</u>	<u>57,666</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget		16,076,060	16,672,414	596,354
Free Public Library		<u>640,127</u>	<u>640,127</u>	-
	A-2	<u>16,716,187</u>	<u>17,312,541</u>	<u>596,354</u>
Total General Revenues	A-3	<u>\$ 20,728,823</u>	21,505,010	<u>\$ 776,187</u>
Non-Budget Revenues	A-2		<u>422,502</u>	

\$ 21,927,512

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, 2013
(Continued)

	<u>Reference</u>	
Analysis of Realized Revenues		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 54,359,041
Less: Allocation to School and County Taxes	A-23,A-24	<u>38,146,500</u>
Balance for Support of Municipal Budget Appropriation		16,212,541
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>1,100,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 17,312,541</u>
Licenses-Other		
Borough Clerk	A-11	\$ 6,073
Board of Health	A-11	<u>186</u>
	A-2	<u>\$ 6,259</u>
Fees and Permits-Other		
Borough Clerk	A-11	\$ 14,070
Construction Code	A-11	1,710
Police	A-11	2,311
Planning and Zoning	A-11	2,000
Fire Prevention	A-11	14,225
Board of Health	A-11	<u>20,234</u>
	A-2	<u>\$ 54,550</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, 2013
(Continued)

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
AT&T Tower Rental		\$ 25,208
Metro PCS Monopole Rental		24,701
FEMA Reimbursement		203,545
Miscellaneous		53,474
Admin Fee - Srs. And Veterans		3,823
Division of Motor Vehicles		4,155
Housing Inspections		5,799
Dixon Homestead Library Reimbursements		75,702
6% Penalty		6,627
Insurance Fund Dividend		<u>19,468</u>
	A-2	<u>\$ 422,502</u>
Cash Receipts	A-4	\$ 387,991
Prior Year Revenue Realized	A-20	<u>34,511</u>
		<u>\$ 422,502</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 278,538	\$ 284,180	\$ 284,034	\$ 146	
Other Expenses	63,560	73,761	67,632	6,129	
Postage	21,122	19,622	18,001	1,621	
Ethics Board					
Salaries and Wages	540	540	270	270	
Other Expenses	5,000	5,000	1,379	3,621	
Elections					
Other Expenses	14,200	14,200	14,012	188	
Financial Administration					
Salaries and Wages	163,254	163,832	163,832		
Other Expenses	97,953	97,953	36,297	61,656	
Assessment of Taxes					
Salaries and Wages	24,788	20,982	20,982	-	
Other Expenses	2,740	5,540	5,063	477	
Reassessment of Real Property					
Collection of Taxes					
Salaries and Wages	75,730	75,730	75,250	480	
Other Expenses	10,093	12,093	9,724	2,369	
Legal Services and Costs					
Borough Attorney - Other Expenses	43,500	43,500	36,955	6,545	
Other Expenses	35,000	35,000	23,955	11,045	
Engineering					
Other Expenses	45,000	51,700	47,396	4,304	
Planning Board/Zoning Board					
Salaries and Wages	2,000	2,000	2,000		
Other Expenses	9,800	9,800	5,963	3,837	
Insurance					
Unemployment Insurance	22,000	22,000	22,000		
General Liability	314,680	319,080	316,676	2,404	
Workers Compensation	316,125	316,125	316,125		
Employee Group Health	1,670,633	1,631,866	1,631,848	18	
Health Benefit Waiver	6,500	8,167	8,167	-	
Rent Leveling Board					
Salaries and Wages	540	270	270	-	
Other Expenses	2,000	2,000	902	1,098	
PUBLIC SAFETY FUNCTIONS					
Fire Department					
Other Expenses	100,000	100,000	94,159	5,841	
Life Hazard Use Fees					
Salaries and Wages	27,560	24,960	24,876	84	
Other Expenses	7,500	7,500	6,951	549	
Aid to Volunteer Fire Companies	42,000	42,000	42,000		
Rental of Fire Houses	28,000	28,000	28,000		
Fire Hydrant Services	188,000	183,000	179,940	3,060	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY FUNCTIONS (Continued)					
Police Department					
Salaries and Wages	\$ 5,003,188	\$ 5,068,188	\$ 5,063,109	\$ 5,079	
Other Expenses	140,922	173,922	158,825	15,097	
Police Reserve - Other Expenses	4,000	4,000	4,000		
Emergency Management	4,000	4,000	485	3,515	
Volunteer Ambulance Corp.					
Other Expenses	26,000	26,000	26,000		
Municipal Prosecutor					
Salaries and Wages	7,944	7,944	7,944		
Other Expenses	500				
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,821,080	1,821,080	1,813,740	7,340	
Other Expenses	204,750	204,750	197,166	7,584	
Recycling					
Salaries and Wages	4,048	4,048	3,931	117	
Garbage and Trash Removal					
Other Expenses	1,275,000	1,266,000	1,238,899	27,101	
Sewer System					
Other Expenses	6,000	5,000	4,902	98	
Public Building and Grounds					
Salaries and Wages	124,474	124,707	124,707	-	
Other Expenses	41,050	39,083	32,113	6,970	
Shade Tree					
Other Expenses	30,000	30,000	21,005	8,995	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	34,826	34,826	34,826	-	
Other Expenses	87,900	81,900	74,355	7,545	
Other Expenses-Contractual (Animal Shelter)	25,000	24,101	24,101	-	
Hepatitis Program	600				
Environmental Commission					
Other Expenses	500	500	326	174	
Administration of Public Assistance					
Salaries and Wages	6,150	5,571	5,571	-	
Other Expenses	100	100	32	68	
Aid to Community Center for Mental Health	8,000	8,000	8,000		
PARKS AND RECREATION FUNCTIONS					
Senior Citizens					
Salaries and Wages	65,889	62,831	62,831	-	
Other Expenses	14,900	14,900	10,974	3,926	
Parks and Playgrounds					
Salaries and Wages	104,896	91,120	91,120	-	
Other Expenses	32,000	32,000	31,378	622	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	\$ 20,000	\$ 20,000	\$ 16,185	\$ 3,815	
MUNICIPAL COURT					
Salaries and Wages	139,344	128,791	128,767	24	
Other Expenses	13,150	13,150	9,399	3,751	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	4,964	4,964	4,964		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	176,166	182,411	182,411		
Other Expenses	11,500	13,700	12,661	1,039	
UNCLASSIFIED					
Utilities					
Gasoline	190,000	172,457	152,887	19,570	
Electricity	140,000	150,000	147,988	2,012	
Telephone	80,000	94,233	86,466	7,767	
Street Lighting	175,000	175,000	172,857	2,143	
Water	14,000	36,865	28,498	8,367	-
Total Operations Within "CAPS"	<u>13,656,197</u>	<u>13,726,543</u>	<u>13,468,082</u>	<u>258,461</u>	
Detail:					
Salaries and Wages	8,065,919	8,108,975	8,095,435	13,540	
Other Expenses	5,590,278	5,617,568	5,372,647	244,921	
DEFERRED CHARGES AND REGULATORY					
EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Deferred Charges:					
Overexpenditure of 2012 Budget Appropriations	4,728	4,728	4,728		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	344,137	338,681	338,681		
Public Employees' Retirement System	396,683	396,683	396,683		
Police and Firemen's Retirement Fund of NJ	943,025	943,025	943,025		
Defined Contribution Retirement Plan (DCRP)	700	810	810	-	-
Total Deferred Charges and Statutory					
Expenditures - Within "CAPS"	<u>1,689,273</u>	<u>1,683,927</u>	<u>1,683,927</u>	<u>-</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes within "CAPS"	<u>15,345,470</u>	<u>15,410,470</u>	<u>15,152,009</u>	<u>258,461</u>	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority	\$ 1,670,351	\$ 1,670,351	\$ 1,670,351		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	659,575	659,575	659,575		
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	50,000	50,000	50,000		
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program (LOSAP)	<u>50,000</u>	<u>50,000</u>	<u>46,800</u>	<u>\$ 3,200</u>	<u>-</u>
 Total Other Operations - Excluded from "CAPS"	 <u>2,429,926</u>	 <u>2,429,926</u>	 <u>2,426,726</u>	 <u>3,200</u>	 <u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant					
State Share	23,673	23,673	-	23,673	
Recycling Tonnage Grant					
Other Expenses	22,389	22,389	4,558	17,831	
Police Body Armor					
Other Expenses	5,581	5,581	4,956	625	
Alcohol Education and Rehabilitation					
Other Expenses	270	270		270	
Green Communities Grant					
Other Expenses	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
 Total Public and Private Programs Offset by Revenues	 <u>53,413</u>	 <u>53,413</u>	 <u>9,514</u>	 <u>43,899</u>	 <u>-</u>
 Total Operations Excluded from "CAPS"	 <u>2,483,339</u>	 <u>2,483,339</u>	 <u>2,436,240</u>	 <u>47,099</u>	 <u>-</u>
Detail:					
Other Expenses	<u>2,483,339</u>	<u>2,483,339</u>	<u>2,436,240</u>	<u>47,099</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	55,000	55,000	55,000		
Acquisition of DPW Vehicle	<u>-</u>	<u>35,000</u>	<u>34,694</u>	<u>306</u>	<u>-</u>
 Total Capital Improvements - Excluded from "CAPS"	 <u>55,000</u>	 <u>90,000</u>	 <u>89,694</u>	 <u>306</u>	 <u>-</u>

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 663,000	\$ 663,000	\$ 663,000		
Payment of Bond Anticipation Note Principal	61,710	61,710	61,710		
Interest on Bonds	338,106	338,106	338,106		
Interest on Notes	51,856	51,856	51,856		
Green Trust					
Loan Repayments for Principal and Interest - Multi-Parks	12,437	12,437	12,437		
Bergen County Improvement Authority - Loan Repayment	69,035	69,035	69,034		\$ 1
NJEIT Loan Principal	342,384	342,384	342,383		1
NJEIT Loan Interest	101,808	101,808	101,807	-	1
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,640,336</u>	<u>1,640,336</u>	<u>1,640,333</u>	<u>-</u>	<u>3</u>
DEFERRED CHARGES					
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. 1223	54,678	54,678	54,678	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>104,678</u>	<u>104,678</u>	<u>104,678</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,283,353</u>	<u>4,318,353</u>	<u>4,270,945</u>	<u>\$ 47,405</u>	<u>3</u>
Subtotal General Appropriations	19,628,823	19,728,823	19,422,954	305,866	3
RESERVE FOR UNCOLLECTED TAXES	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 20,728,823</u>	<u>\$ 20,828,823</u>	<u>\$ 20,522,954</u>	<u>\$ 305,866</u>	<u>\$ 3</u>
Original Budget	A-2	\$ 20,728,823			
Emergency Appropriation	A-13	<u>100,000</u>			
		<u>\$ 20,828,823</u>			
	<u>Reference</u>	A-2		A	
Cash Disbursements	A-4		\$ 18,673,133		
Encumbrances Payable	A-16		451,705		
Due to Unemployment Insurance Trust Fund	B-7		22,000		
Due to General Capital Fund	C-8		171,388		
Deferred Charges	A-13		4,728		
Special Emergency Authorizations	A-12		50,000		
Reserve for Tax Appeals	A-19		50,000		
Reserve for Uncollected Taxes	A-2		<u>1,100,000</u>		
			<u>\$ 20,522,954</u>		

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Animal Control Fund			
Cash	B-1	\$ <u>5,435</u>	\$ <u>13,301</u>
Other Trust Fund			
Cash	B-1	<u>642,175</u>	<u>559,653</u>
Unemployment Insurance Trust Fund			
Cash	B-1	58,717	51,839
Due from Payroll Service Provider	B-11	<u>661</u>	<u>676</u>
		<u>59,378</u>	<u>52,515</u>
Length of Service Awards Program Fund (Unaudited)			
Investment	B	955,492	769,333
Contribution Receivable	B	<u>46,800</u>	<u>47,400</u>
		<u>1,002,292</u>	<u>816,733</u>
 Total Assets		 <u>\$ 1,709,280</u>	 <u>\$ 1,442,202</u>

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

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund			
Due to State of New Jersey	B-4	\$ 146	\$ 146
Due to Current Fund	B-5	-	3,488
Reserve for Animal Control Expenditures	B-3	<u>5,289</u>	<u>9,667</u>
		<u>5,435</u>	<u>13,301</u>
Other Trust Fund			
Reserve for Developers Escrow	B-6	46,253	48,993
Miscellaneous Reserves	B-8	504,293	422,299
Payroll Deductions Payable	B-9	91,629	88,339
Due to Current Fund	B-2	<u>-</u>	<u>22</u>
		<u>642,175</u>	<u>559,653</u>
Unemployment Insurance Trust Fund			
Due to State of New Jersey	B-10	2,030	2,609
Reserve for Unemployment Insurance Expenditures	B-7	<u>57,348</u>	<u>49,906</u>
		<u>59,378</u>	<u>52,515</u>
Length of Service Awards Program Fund (Unaudited)			
Reserve for Length of Service Award Program	B	<u>1,002,292</u>	<u>816,733</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,709,280</u>	<u>\$ 1,442,202</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash	C-2, C-3	\$ 1,098,603	\$ 772,748
Grants Receivable	C-6	566,063	501,025
Environmental Infrastructure Trust Loans Receivable	C-7	62,515	2,479,053
Deferred Charges to Future Taxation			
Funded	C-4	16,875,560	17,938,124
Unfunded	C-5	5,805,596	5,066,088
Cancelled Receivables	C-9	23,903	78,581
Due from Current Fund	C-8	<u>28</u>	<u>-</u>
 Total Assets		 <u>\$ 24,432,268</u>	 <u>\$ 26,835,619</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes	C-13	\$ 4,680,000	\$ 4,025,000
General Serial Bonds	C-11	10,020,000	10,683,000
Pension Obligation Lease Payable	C-12	868,000	916,000
Green Trust Fund Loan Payable	C-16	155,867	165,048
Environmental Infrastructure Trust Loan Payable	C-17	5,831,693	6,174,076
Improvement Authorizations			
Funded	C-14	883,207	770,935
Unfunded	C-14	1,091,727	1,377,324
Contracts Payable	C-15	431,238	2,247,247
Due to Current Fund	C-8	-	23
Reserve for Payment of Debt	C-10	87,310	137,310
Reserve for Preliminary Costs	C-19	-	25,000
Reserve for Grants Receivable	C-6	272,888	207,850
Capital Improvement Fund	C-18	45,663	36,600
Fund Balance	C-1	<u>64,675</u>	<u>70,206</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 24,432,268</u>	 <u>\$ 26,835,619</u>

There were bonds and notes authorized but not issued of \$1,305,857 and \$1,048,983 at December 31, 2013 and 2012, respectively (Exhibit C-20).

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 70,206	\$ 86,109
Increased by:			
Improvement Authorizations Canceled	C-14	323,292	
Premium on Bond Anticipation Notes	C-2	<u>19,469</u>	<u>9,097</u>
		412,967	95,206
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-14	323,292	
Anticipated as Revenue in Current Fund Budget	A-2	<u>25,000</u>	<u>25,000</u>
Balance, December 31	C	<u>\$ 64,675</u>	<u>\$ 70,206</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2013 AND 2012

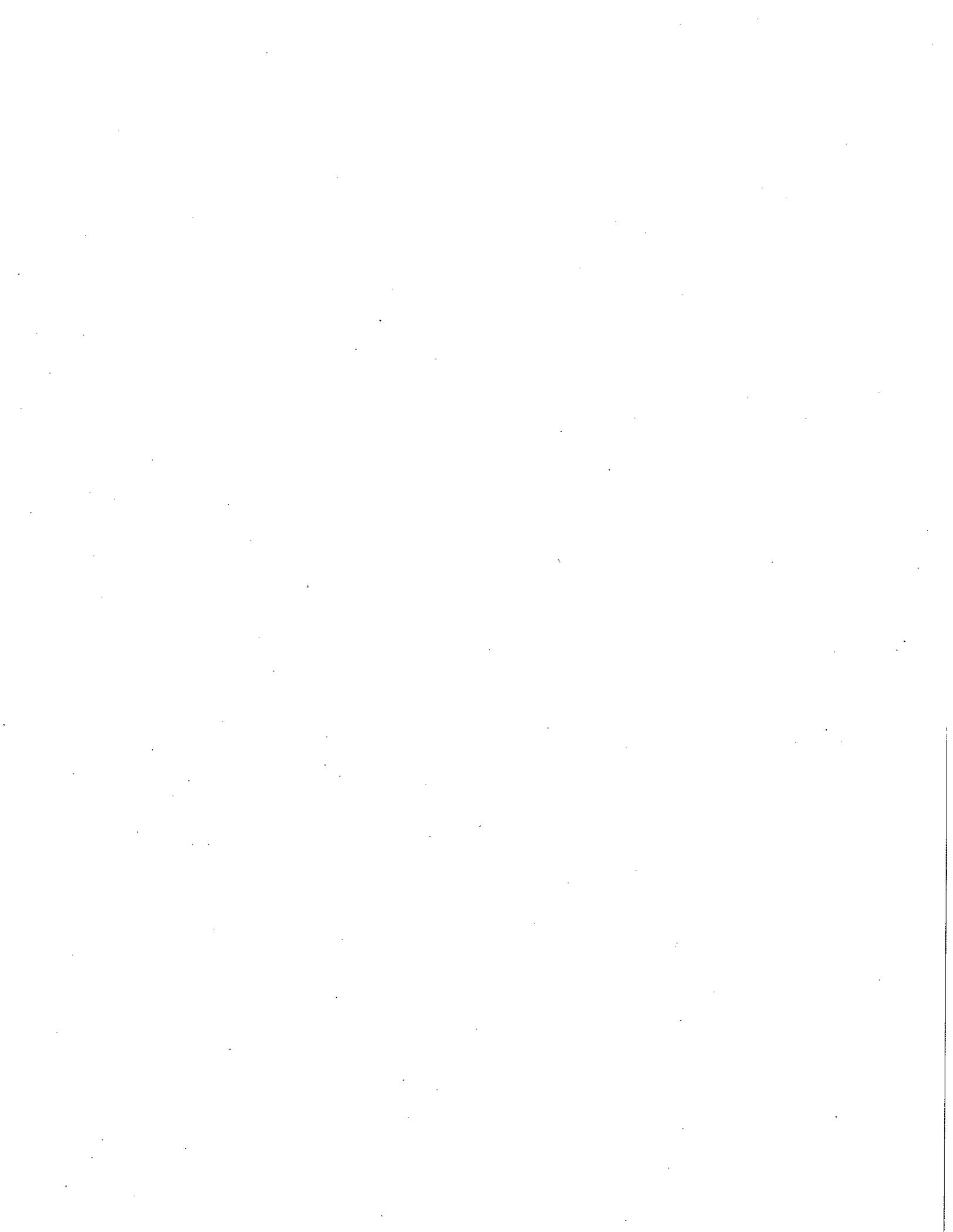
	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	D-1	\$ 9,906	\$ 10,251
		<u>\$ 9,906</u>	<u>\$ 10,251</u>
 LIABILITIES			
Due to Current Fund	D-5		\$ 1
Reserve for Goodwill	D-2	\$ 9,906	\$ 10,250
		<u>\$ 9,906</u>	<u>\$ 10,251</u>

BOROUGH OF DUMONT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Land and Land Improvements	\$ 3,093,893	\$ 3,093,893
Buildings and Building Improvements	4,754,780	4,633,826
Machinery and Equipment	<u>7,410,476</u>	<u>6,991,355</u>
	<u>\$ 15,259,149</u>	<u>\$ 14,719,074</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 15,259,149</u>	<u>\$ 14,719,074</u>

{THIS PAGE INTENTIONALLY LEFT BLANK}

NOTES TO FINANCIAL STATEMENTS



**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

C. Basis of Presentation – Financial Statements

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, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (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 Trust 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.

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.

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, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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.

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:

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.

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.

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 11th 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - 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/Receivables - 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.

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.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

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.

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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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. During 2013, the Borough Council increased the original budget by \$100,000. The increases were due to emergency authorizations in the amount of \$65,000 for police salaries and wages and \$35,000 for the acquisition of a public works vehicle. The Governing Body did not increase the 2012 original budget. In addition, the Governing Body approved several budget transfers during 2013 and 2012.

NOTE 3 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.

A. 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.

**BOROUGH OF DUMONT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

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 and Land Improvements	Estimated Historical Cost
Buildings and Building Improvements	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, 2012 balances to conform to the December 31, 2013 presentation.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

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, 2013 and 2012, the book value of the Borough's deposits were \$4,824,218 and \$4,756,749 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,526,066 and \$4,884,994, 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>2013</u>	<u>2012</u>
Insured	\$ 5,526,066	\$ 4,884,994

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, 2013 and 2012, the Borough's bank deposits were not exposed to custodial credit risk.

B. 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.

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>Fair and Book Value</u>	
	<u>2013</u>	<u>2012</u>
Investment in Lincoln Financial (LOSAP)	\$ 955,492	\$ 769,333

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS

B. Investments (Continued)

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, 2013 and 2012, \$955,492 and \$769,333 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>955,492</u>	\$ <u>769,333</u>

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, 2013 and 2012, the Borough’s investment in Lincoln Financial Group was rated Baa1 and 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 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 503,103	\$ 570,874
Tax Title Liens	<u>5,013</u>	<u>4,331</u>
	<u>\$ 508,116</u>	<u>\$ 575,205</u>

In 2013 and 2012, the Borough collected \$557,666 and \$525,752 from delinquent taxes, which represented 97% and 99% of the prior year delinquent taxes receivable balance, respectively.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2013</u>		<u>2012</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		\$ 28	\$ 3,534	
Animal Control Fund				\$ 3,488
Other Trust Fund				22
General Capital Fund	\$ 28			23
Public Assistance Fund	-	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ 3,534</u>	<u>\$ 3,534</u>

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 6 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:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
<u>2013</u>			
Current Fund			
Emergency Authorizations	\$ 100,000	\$ 100,000	
Special Emergency Authorizations (40A:4-55)	<u>150,000</u>	<u>50,000</u>	<u>\$ 100,000</u>
	<u>\$ 250,000</u>	<u>\$ 150,000</u>	<u>\$ 100,000</u>
<u>2012</u>			
Current Fund			
Overexpenditure of Budget Appropriation	\$ 4,728	\$ 4,728	
Special Emergency Authorizations (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>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,644,685	\$ 1,200,000	\$ 1,415,743	\$ 1,178,971
Non-Cash Surplus	<u>100,000</u>	<u>-</u>	<u>57,892</u>	<u>-</u>
	<u>\$ 1,744,685</u>	<u>\$ 1,200,000</u>	<u>\$ 1,473,635</u>	<u>\$ 1,178,971</u>

The above fund balance amount appropriated represents the surplus anticipated in the 2014 introduced municipal budget. The 2014 municipal budget has not been legally adopted as of the date of audit.

NOTE 8 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, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Land Improvements	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,633,826	\$ 120,954		4,754,780
Machinery and Equipment	<u>6,991,355</u>	<u>419,121</u>	<u>-</u>	<u>7,410,476</u>
	<u>\$ 14,719,074</u>	<u>\$ 540,075</u>	<u>\$ -</u>	<u>\$ 15,259,149</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land and Land Improvements	\$ 3,093,893			\$ 3,093,893
Buildings and Building Improvements	4,492,912	\$ 140,914		4,633,826
Machinery and Equipment	<u>6,896,659</u>	<u>94,696</u>	<u>-</u>	<u>6,991,355</u>
	<u>\$ 14,483,464</u>	<u>\$ 235,610</u>	<u>\$ -</u>	<u>\$ 14,719,074</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 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>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 21,555,560	\$ 21,963,124
Less Funds Temporarily Held to Pay Bonds and Notes	<u>267,571</u>	<u>145,205</u>
	21,287,989	21,817,919
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,305,857</u>	<u>1,048,983</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 22,593,846</u>	<u>\$ 22,866,902</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 1.12% and 1.08% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 22,861,417	\$ 1,152,071	\$ 21,709,346
School Debt	<u>16,396,464</u>	<u>16,396,464</u>	<u>-</u>
Total	<u>\$ 39,257,881</u>	<u>\$ 17,548,535</u>	<u>\$ 21,709,346</u>
	<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>

**BOROUGH OF DUMONT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 67,783,872	\$ 70,914,227
Net Debt	<u>21,709,346</u>	<u>21,950,902</u>
Remaining Borrowing Power	<u>\$ 46,074,526</u>	<u>\$ 48,963,325</u>

A. 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>2013</u>	<u>2012</u>
\$2,973,000, 1999 Bonds, due in an annual installment of \$403,000 through February 13, 2013, interest at 5.05%		\$ 403,000
\$3,250,000, 2003 Bonds, due in annual installments of \$580,000 to \$610,000 through May 1, 2016, interest at 3.25% - 3.55%	\$ 1,790,000	1,950,000
\$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>8,230,000</u>	<u>8,330,000</u>
	<u>\$ 10,020,000</u>	<u>\$ 10,683,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. 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>2013</u>	<u>2012</u>
Green Trust Fund		
\$200,000, Bonds, due in semi-annual installments of \$4,660 to \$6,157 through 2028, interest at 2%	\$ 155,867	\$ 165,048
Total Green Trust Fund	<u>155,867</u>	<u>165,048</u>
Environmental Infrastructure Trust		
\$1,675,000 Trust Loan, due in annual installments of \$70,000 to \$125,000 through 2027, interest at 3.4% to 5.0%	1,355,000	1,425,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	1,173,836	1,258,540
\$965,000 Trust Loan, due in annual installments of \$40,000 to \$70,000 through 2029, interest at 3.5% to 5.0%	860,000	895,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>2,442,857</u>	<u>2,595,536</u>
Total Environmental Infrastructure Trust	<u>5,831,693</u>	<u>6,174,076</u>
Total Intergovernmental Loans	<u>\$ 5,987,560</u>	<u>\$ 6,339,124</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans				Total
	Principal	Interest	Environmental Infrastructure		Green Trust		
	Principal	Interest	Principal	Interest	Principal	Interest	
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	775,000	238,925	366,295	75,088	10,142	2,295	1,467,745
2019-2023	4,235,000	854,400	1,941,507	281,440	53,851	8,333	7,374,531
2024-2028	2,170,000	130,600	1,884,128	105,177	53,266	2,698	4,345,869
2029	-	-	222,672	2,800	-	-	225,472
Total	<u>\$ 10,020,000</u>	<u>\$ 2,354,101</u>	<u>\$ 5,831,693</u>	<u>\$ 823,877</u>	<u>\$ 155,867</u>	<u>\$ 24,463</u>	<u>\$ 19,210,001</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within One Year
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 10,683,000		\$ 663,000	\$ 10,020,000	\$ 680,000
Intergovernmental Loans Payable	6,339,124	\$ -	351,564	5,987,560	355,199
General Capital Fund Long-Term Liabilities	<u>\$ 17,022,124</u>	<u>\$ -</u>	<u>\$ 1,014,564</u>	<u>\$ 16,007,560</u>	<u>\$ 1,035,199</u>
	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	6,683,743	\$ -	344,619	6,339,124	351,564
General Capital Fund Long-Term Liabilities	<u>\$ 18,006,743</u>	<u>\$ -</u>	<u>\$ 984,619</u>	<u>\$ 17,022,124</u>	<u>\$ 1,014,564</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

Pension Obligation Lease Agreement

The Borough previously entered into an agreement with the Bergen County Improvement Authority ("BCIA") for the retirement of the Borough's outstanding unfunded pension liability for the early retirement incentive program of 2003. The original amount financed totaled \$958,000. The Borough issued refunding revenue bonds totaling \$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, 2013:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2014	74,943
2015	79,521
2016	84,861
2017	89,864
2018	95,442
2019-2023	<u>580,386</u>
Total. Minimum Lease Payments	1,005,017
Less: Amounts Representing Interest	<u>137,017</u>
Present Value of Net Minimum Lease Payments	<u>\$ 868,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

Bond Anticipation Notes

The Borough's short-term capital debt activity (bond anticipation notes) for the years ended December 31, 2013 and 2012 was as follows:

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
1323	Reconstruction of Pershing	1.20%	6/27/2013	\$ 124,000		\$ 124,000	
		1.00%	6/25/2014		\$ 90,110		\$ 90,110
1375/1407	Stormwater Sewer System Improvements	1.00%	6/25/2014		368,005		368,005
1393	Various General Improvements	1.20%	6/27/2013	731,100		731,100	
		1.00%	6/25/2014		695,385		695,385
1409	Library and Senior Center Handicap	1.20%	6/27/2013	73,291		73,291	
		1.00%	6/25/2014		73,291		73,291
1416	Park Improvements	1.20%	6/27/2013	174,800		174,800	
		1.00%	6/25/2014		174,800		174,800
1421	Various Capital Improvements	1.20%	6/27/2013	807,500	-	807,500	
		1.00%	6/25/2014		807,500		807,500
1431	DPW Garage Site Improvements	1.20%	6/27/2013	228,000	-	228,000	
		1.00%	6/25/2014		228,000		228,000
1432	Storm Sewer Improvements - Phase III	1.20%	6/27/2013	218,500	-	218,500	
		1.00%	6/25/2014		218,500		218,500
1434	Various Capital Improvements	1.20%	6/27/2013	414,284	-	414,284	
		1.00%	6/25/2014		414,284		414,284
1436	Various Storm Water Sewer Improvements	1.20%	6/27/2013	114,000	-	114,000	
		1.00%	6/25/2014		114,000		114,000
1438	Various Improvements - Twin Boro Field	1.20%	6/27/2013	1,139,525		1,139,525	
		1.00%	6/25/2014		1,139,525		1,139,525
1447	Installation of New Walking Path	1.00%	6/25/2014		152,000		152,000
1448	Improvements to DePew Street	1.00%	6/25/2014		142,850		142,850
1450	Acq. And Installation of AiR Quality Equip.	1.00%	6/25/2014		61,750		61,750
				<u>\$ 4,025,000</u>	<u>\$ 4,680,000</u>	<u>\$ 4,025,000</u>	<u>\$ 4,680,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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>

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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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 2013 and 2012 as follows:

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.

	<u>Date of Maturity</u>	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>					
Reassessment of Local Property	12/18/2013	\$ 200,000		\$ 200,000	
	12/16/2014	<u>-</u>	\$ 150,000	<u>-</u>	\$ 150,000
		<u>\$ 200,000</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>
	<u>Date of Maturity</u>	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>					
Reassessment of Local Property	12/28/2012	\$ 250,000		\$ 250,000	
	12/18/2013	<u>-</u>	\$ 200,000	<u>-</u>	\$ 200,000
		<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>

**BOROUGH OF DUMONT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 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>2013</u>		
Storm Sewer/Drainage Improvements	\$ 57,134	2014
Improvements to Veteran's Memorial Park and Other Parks and Fields	121,049	2014
Improvements to Twin Boro Field Remediation	28,575	2014
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

NOTE 11 OTHER LONG-TERM LIABILITIES

A. 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 \$3,400,890 and \$3,332,300 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements are not reported either as an expenditure or liability.

NOTE 12 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.

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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

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.

Other Pension Funds (Continued)

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.

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, 2013 AND 2012**

NOTE 12 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 2013, the PERS member contribution rates was 6.64%. 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. The financial report 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, or at www.state.nj.us/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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, 2012 actuarial valuation, the date of the most recent actuarial valuations, 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 pension trust funds. The actuarial assumptions included: (a) 7.90% for investment rate of return for all the retirement systems and (b) changes to projected salary increases which vary by fund.

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% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the fiscal year ended June 30, 2013 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, 2013, 2012 and 2011, 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>
2013	\$ 943,025	\$ 396,683	\$ 810
2012	850,076	382,729	713
2011	876,940	354,444	

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 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 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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.

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 accessed via, the New Jersey, Division of Pensions and Benefits website at 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. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contributions are required.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 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.

Actuarial Methods and Assumptions

In the July 1, 2012 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, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion 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 \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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 \$38 million in Fiscal Year 2013 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, 2013, 2012 and 2011 were \$299,005, \$268,609 and \$296,149, 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, 2013, 2012 and 2011 were \$3,902, \$1,869 and \$3,209, respectively.

NOTE 14 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 14 RISK MANAGEMENT (Continued)

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 December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 22,000	\$ 9,794	\$ 24,395	\$ 57,348
2012	27,000	9,657	23,928	49,906
2011	27,000	9,616	28,106	37,144

NOTE 15 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, 2013 and 2012. 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, 2013 and 2012, the Borough reserved \$138,751 and \$93,266, 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, 2013 and 2012, 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 16 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, 2013 and 2012, 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, 2013 AND 2012**

NOTE 17 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 \$46,800 and \$47,400 for 2013 and 2012, 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.

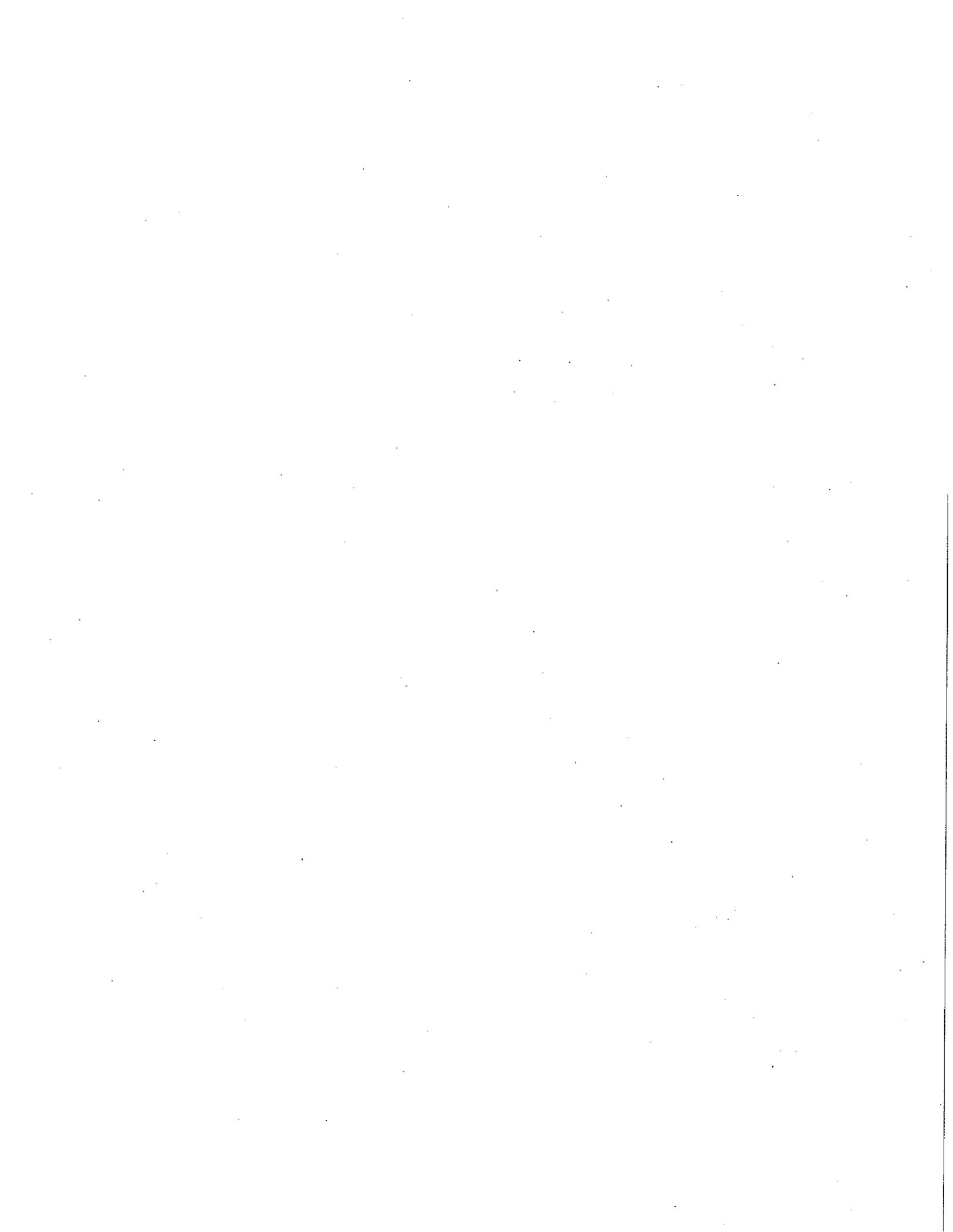
If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

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.

{THIS PAGE INTENTIONALLY LEFT BLANK}

CURRENT FUND



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

Balance, December 31, 2012		\$ 3,348,707
Increased by Receipts:		
Taxes Receivable	\$ 54,552,073	
Revenue Accounts Receivable	2,327,419	
Non Budget Revenue	387,991	
Prepaid Taxes	145,813	
Receipts from General Capital Fund	75,051	
Receipts from Other Trust Fund	22	
Receipts from Animal Control Fund	3,488	
Unappropriated Reserves for Grants	54,789	
Miscellaneous Reserves	855,049	
Tax Overpayments	19,767	
Senior Citizens' and Veterans' Deductions	191,137	
Receipts from Library	383,669	
Receipts from Public Assistance Trust Fund	1	
Petty Cash	<u>300</u>	
		<u>58,996,569</u>
		62,345,276
Decreased by Disbursements:		
2013 Appropriations	18,673,133	
2012 Appropriation Reserves	243,002	
Encumbrances Payable	662,864	
Accounts Payable	722	
Tax Overpayments	12,446	
County Taxes	4,407,266	
Local District School Taxes	33,738,464	
Special Emergency Note	50,000	
Appropriated Grant Reserves	25,479	
Miscellaneous Reserves	926,937	
Payments to Library	402,143	
Payments to General Capital Fund	171,388	
Payments to Unemployment Insurance Trust Fund	22,000	
Petty Cash	<u>300</u>	
		<u>59,336,144</u>
Balance, December 31, 2013		<u>\$ 3,009,132</u>

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

<u>Office</u>	<u>Petty Cash Advance</u>	<u>Petty Cash Returned</u>	Balance, December 31, <u>2013</u>
Tax Collector - Treasurer	\$ 300	\$ 300	\$ -
	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ -</u>

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

<u>Office</u>	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
Tax Collector - Treasurer	\$ 250	\$ 250
	<u>\$ 250</u>	<u>\$ 250</u>

EXHIBIT A-7

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

Balance, December 31, 2012		\$ 691
Increased by:		
Deductions Disallowed by Tax Collector	\$ 2,747	
Cash Receipts	<u>191,137</u>	
		<u>193,884</u>
		194,575
Decreased by:		
Deductions Allowed by Tax Collector	2,000	
Senior Citizens' and Veterans' Deductions Per Tax Billing	<u>190,500</u>	
		<u>192,500</u>
Balance, December 31, 2013		<u>\$ 2,075</u>

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

Year	Balance, December 31, 2012	2013 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2012	Collections 2013	Senior Citizens' and Veterans' Deductions Allowed	Cancelled Remitted or Abated Taxes	Transferred to Tax Title Lien	Balance, December 31, 2013
2011	\$ 2,676									\$ 2,676
2012	568,198					\$ 557,666				10,532
2012	-	\$ 54,877,904	\$ 15,080	\$ 2,747	\$ 174,881	\$ 53,994,407	\$ 192,500	\$ 43,366	\$ 682	489,895
	\$ 570,874	\$ 54,877,904	\$ 15,080	\$ 2,747	\$ 174,881	\$ 54,552,073	\$ 192,500	\$ 43,366	\$ 682	\$ 503,103

Analysis of 2013 Property Tax Levy

TAX YIELD	
General Property Tax	
Real Property Tax	\$ 54,877,904
Added Taxes (54:4-63.1 et seq.)	<u>15,080</u>
	\$ 54,892,984
TAX LEVY	
Local School Tax (Abstract)	
County Taxes (Abstract)	\$ 33,738,464
County Open Space (Abstract)	\$ 4,358,793
Due County for Added Taxes (54:4-63.1)	<u>48,031</u>
	1,212
	4,408,036
Local Tax for Municipal Purposes	16,076,060
Local Tax - Free Public Library	<u>640,127</u>
Add Additional Tax Levied	<u>30,297</u>
	16,746,484
	\$ 54,892,984

BOROUGH OF DUMONT
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2012	\$ 4,331
Increased by:	
Transferred from Taxes Receivable	<u>682</u>
Balance, December 31, 2013	<u>\$ 5,013</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2012	<u>\$ 79,526</u>
Balance, December 31, 2013	<u>\$ 79,526</u>

BOROUGH OF DUMONT
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2012</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2013</u>
Licenses				
Alcoholic Beverages		\$ 14,488	\$ 14,488	
Board of Health		186	186	
Borough Clerk		6,073	6,073	
Fees and Permits				
Construction Code Official		177,557	177,557	
Recreation Fees		46,954	46,954	
Board of Health		20,234	20,234	
Borough Clerk		14,070	14,070	
Fire Prevention		14,225	14,225	
Planning and Zoning		2,000	2,000	
Police		2,311	2,311	
Construction Code		1,710	1,710	
Fines and Costs - Municipal Court	\$ 14,135	168,372	168,679	\$ 13,828
Interest and Cost on Taxes		95,238	95,238	
Interest on Investments and Deposits		15,065	15,065	
Consolidated Municipal Property Tax Relief		126,301	126,301	
Energy Receipts Tax		1,228,951	1,228,951	
Life Hazard Use Fees		11,543	11,543	
Fire Inspections - Additional		27,700	27,700	
Sale of Recyclables		103,825	103,825	
PILOT - Senior Citizens Club		32,366	32,366	
Cable Television Franchise Fees	-	217,943	217,943	-
	<u>\$ 14,135</u>	<u>\$ 2,327,112</u>	<u>\$ 2,327,419</u>	<u>\$ 13,828</u>

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

<u>Purpose</u>	Net Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, December 31, <u>2012</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2013</u>
Reassessment of Real Property	\$ 250,000	\$ 50,000	\$ 200,000	\$ 50,000	\$ 150,000

EXHIBIT A-13

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, <u>2012</u>	Increase in 2013	Budget <u>Appropriation</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Overexpenditure of Budget Appropriation	\$ 4,728		\$ 4,728		
Emergency Appropriations	-	\$ 130,000	-	\$ 30,000	\$ 100,000
	<u>\$ 4,728</u>	<u>\$ 130,000</u>	<u>\$ 4,728</u>	<u>\$ 30,000</u>	<u>\$ 100,000</u>

EXHIBIT A-14

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2012</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Improvements To Veteran's Plaza	\$ 53,164	\$ 53,164	\$ -
	<u>\$ 53,164</u>	<u>\$ 53,164</u>	<u>\$ -</u>

**BOROUGH OF DUMONT
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012	Budget After Transfer or Modification	Paid or Charged	Transferred to Appropriated Grant Reserve	Balance Lapsed
Salaries and Wages					
General Administration	\$ 1,000	\$ 5,656	\$ 4,656		\$ 1,000
Ethics Board	90	-			-
Assessment of Taxes	3	-			-
Rent Leveling Board	90	-			-
Fire					
Life Hazard Use Fees	610	-			-
Police	60,073	60,073	\$ 50,000		10,073
Streets and Roads	5,408	44,954	35,000		9,954
Public Buildings and Grounds	1,927	-			-
Public Assistance	265	-			-
Senior Citizens	204	-			-
Parks and Playgrounds	3,542	2,542			2,542
Uniform Construction Code Officials	821	821	-	-	821
	<u>74,033</u>	<u>114,046</u>	<u>89,656</u>	<u>-</u>	<u>24,390</u>
Other Expenses					
General Administration		-			
Other Expenses	24,253	15,613			15,613
Postage	3,376	-			-
Ethics Board	616	-			-
Elections	23	-			-
Financial Administration	63,873	63,873	50,100		13,773
Assessment of Taxes	1,692	1,692			1,692
Collection of Taxes	4,030	4,030	924		3,106
Legal Services and Costs					
Borough Attorney - Other Expenses	20,217	15,217	10,632		4,585
Special Council		5,000	5,000		-
Engineering	11,409	11,409	2,273		9,136
Planning Board/Zoning Board	3,355	1,355	146		1,209
Rent Leveling Board	2,185	112	112		-
Fire					
Other Expenses	1,643	6,643	598		6,045
Life Hazard Use Fees	221	-			-
Fire Hydrant Services	17	-			-
Police					
Other Expenses		26,672			26,672
Police Reserve - Other Expenses		2,500			2,500
Streets and Roads	8,963	13,810			13,810
Garbage and Trash Removal	30,496	33,206			33,206
Sewer System	186	-			-
Public Buildings and Grounds	7,934	3,934	496		3,438
Shade Tree	202	-			-
Board of Health	6,440	6,440	1,995		4,445
Senior Citizens	2,063	2,063			2,063
Parks and Playgrounds	-	111			111
Uniform Construction Code Officials		105			105
Celebration of Public Events	2,561	3,561	3,506		55

BOROUGH OF DUMONT
STATEMENT OF 2012 APPROPRIATION RESERVES

	Balance December 31, <u>2012</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Transferred to Appropriated <u>Grant Reserve</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Utilities					
Electricity	\$ 23,603	\$ 15,804	\$ 1,059		\$ 14,745
Street Lighting	22,851	22,851	15,480		7,371
Telephone	4,395	12,895	12,756		139
Gasoline	26,958	11,958	3,047		8,911
Water	3,871	3,871	936		2,935
Social Security	7,826	7,826	151		7,675
Municipal Court	395	789			789
General Liability	5,713	5,713			5,713
Employee Group Health	76,763	76,763	42,110		34,653
Health Benefit Waiver	21	21			21
LOSAP	17,600	17,600			17,600
Clean Communities Grant	22,756	22,756	2,025	\$ 20,731	-
Recycling Tonnage Grant	15,465	15,465		15,465	-
Police Body Armor	3,397	3,397	-	3,397	-
	<u>427,369</u>	<u>435,055</u>	<u>153,346</u>	<u>39,593</u>	<u>242,116</u>
	<u>\$ 501,402</u>	<u>\$ 549,101</u>	<u>\$ 243,002</u>	<u>\$ 39,593</u>	<u>\$ 266,506</u>
2012 Appropriation Reserves					
		\$ 501,402			
Encumbrances Payable Restored to Appropriation Reserves					
		<u>47,699</u>			
		<u>\$ 549,101</u>			

**BOROUGH OF DUMONT
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 733,497
Increased by:		
Transfer from 2013 Budget Appropriations		<u>451,705</u>
		1,185,202
Decreased by:		
Encumbrances Payables Restored to Appropriation Reserves	\$ 47,699	
Transferred to Accounts Payable	22,934	
Cash Disbursements	<u>662,864</u>	
		<u>733,497</u>
Balance, December 31, 2013		<u>\$ 451,705</u>

EXHIBIT A-17

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2012		\$ 4,152
Increased by:		
Transferred from Encumbrances Payable		<u>22,934</u>
		27,086
Decreased by:		
Cash Disbursements		<u>722</u>
Balance, December 31, 2013		<u>\$ 26,364</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>2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2013</u>
Reassessment of Real Property	12/28/2012	12/18/2013	\$ 200,000		\$ 200,000	
	12/17/2013	12/16/2014	<u>-</u>	<u>\$ 150,000</u>	<u>-</u>	<u>\$ 150,000</u>
			<u>\$ 200,000</u>	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ 150,000</u>
			Renewals	\$ 150,000	\$ 150,000	
			Note Retired	<u>-</u>	<u>50,000</u>	
				<u>\$ 150,000</u>	<u>\$ 200,000</u>	

EXHIBIT A-19

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2012</u>	<u>Increased</u>	<u>Disbursed</u>	Balance, December 31, <u>2013</u>
Tax Sale Premium	\$ 174,200	\$ 350,400	\$ 402,300	\$ 122,300
Redemption of Tax Sale Certificates	15,232	492,937	508,169	-
Tax Appeals	93,266	50,000	4,515	138,751
Master Plan	6,955			6,955
DCA Fees	2,500	10,162	10,378	2,284
Marriage Licenses	550	1,550	1,575	525
Homestead Rebate	<u>393</u>	<u>-</u>	<u>-</u>	<u>393</u>
	<u>\$ 293,096</u>	<u>\$ 905,049</u>	<u>\$ 926,937</u>	<u>\$ 271,208</u>
Cash Receipts		\$ 855,049		
Budget Appropriations		<u>50,000</u>		
		<u>\$ 905,049</u>		

EXHIBIT A-20

STATEMENT OF OTHER LIABILITIES

Balance, December 31, 2012	\$ 34,511
Decreased by:	
Realization of Revenue - Non-Budget Revenue	<u>34,511</u>
Balance, December 31, 2013	<u>\$ -</u>

**BOROUGH OF DUMONT
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012	\$	174,881
Increased by:		
Collection of 2014 Taxes		145,813
		320,694
Decreased by:		
Application to 2013 Taxes		174,881
Balance, December 31, 2013	\$	145,813

EXHIBIT A-22

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2012	\$	250
Increased by:		
Cash Receipts		19,767
		20,017
Decreased by:		
Refunded in 2012		12,446
Balance, December 31, 2013	\$	7,571

EXHIBIT A-23

STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Increased by:		
Levy - Calendar Year	\$	33,738,464
Decreased by:		
Payments		33,738,464
Balance, December 31, 2013	\$	-

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

Balance, December 31, 2012		\$ 442
Increased by:		
2013 Levy	\$ 4,358,793	
2013 County Open Space	48,031	
Added Taxes	<u>1,212</u>	
		<u>4,408,036</u>
		4,408,478
Decreased by:		
Payments		<u>4,407,266</u>
Balance, December 31, 2013		<u>\$ 1,212</u>

EXHIBIT A-25

SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2012</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Clean Communities Grant	\$ 21,633	\$ 20,731	\$ 14,289		\$ 28,075
Domestic Violence	5,315				5,315
Alcohol Education and Rehabilitation Fund	1,859				1,859
State Recycling Grant	37,574	15,465	7,806		45,233
Stormwater Drainage	12,172		1,577		10,595
Body Armor Grant	563	3,397			3,960
OEM Training	18				18
FEMA	1,793		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>14</u>	<u>-</u>	<u>11</u>
	<u>\$ 136,879</u>	<u>\$ 39,593</u>	<u>\$ 25,479</u>	<u>\$ 52,927</u>	<u>\$ 98,066</u>

BOROUGH OF DUMONT
STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2012</u>	Increased by <u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2013</u>
Clean Community	\$ 23,673	\$ 27,794	\$ 23,673	\$ 27,794
Recycling Tonnage	22,389	22,253	22,389	22,253
Police Body Armor Fund	5,581	4,267	5,581	4,267
Alcohol Education	270	475	270	475
Green Community	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
	<u>\$ 53,413</u>	<u>\$ 54,789</u>	<u>\$ 53,413</u>	<u>\$ 54,789</u>

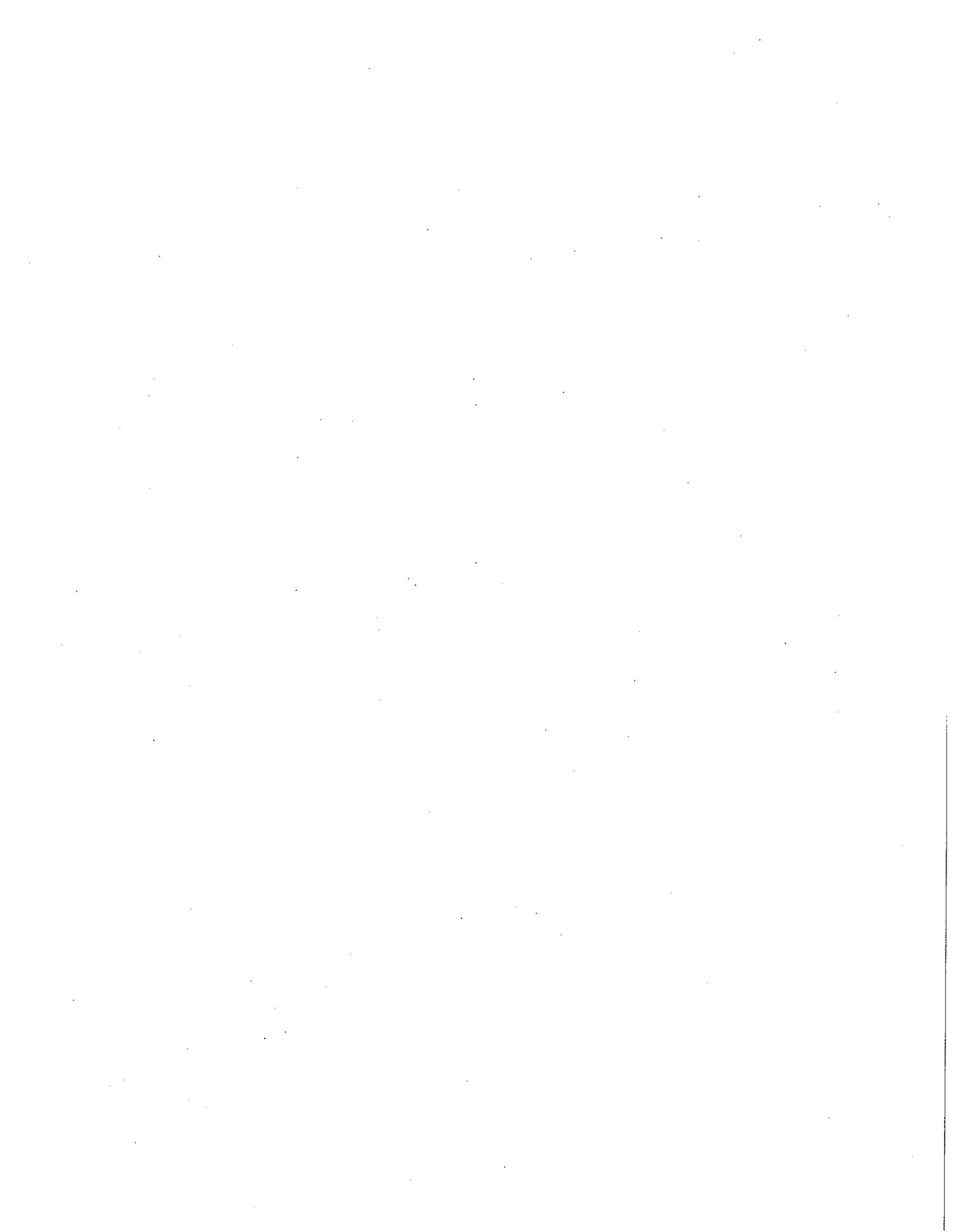
EXHIBIT A-27

STATEMENT OF DUE FROM FREE PUBLIC LIBRARY

Increased by:	
Cash Disbursements	\$ 402,143
Decreased by:	
Cash Receipts	<u>383,669</u>
Balance, December 31, 2013	<u>\$ 18,474</u>

{THIS PAGE INTENTIONALLY LEFT BLANK}

TRUST FUNDS



**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, 2012	\$ 13,301	\$ 559,653	\$ 51,839
Increased by Receipts:			
Escrow Deposits	\$ 56,901		
Interest on Investments and Deposits			\$ 43
Miscellaneous Reserves	6,875	581,019	
License Fees Collected			
Receipts from Current Fund			22,000
Receipts from Payroll Service Provider			9,809
Due to State of New Jersey	1,064		
Payroll and Payroll Deductions	<u>7,939</u>	<u>10,440,396</u>	<u>31,852</u>
	21,240	11,637,969	83,691
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	11,253		
Payment to Current Fund	3,488	22	
Escrow Deposits		59,641	
Payments to State of NJ	1,064		24,974
Payroll and Payroll Deductions Payable		10,437,106	
Miscellaneous Reserves	<u>15,805</u>	<u>499,025</u>	<u>24,974</u>
Balance, December 31, 2013	<u>\$ 5,435</u>	<u>\$ 642,175</u>	<u>\$ 58,717</u>

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

Balance, December 31, 2012	\$	22
Decreased by:		
Payments to Current Fund		22
Balance, December 31, 2013	\$	-

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2012	\$	9,667
Increased by:		
Animal Control Fees		6,875
		16,542
Decreased by:		
Cash Disbursements		11,253
Balance, December 31, 2013	\$	5,289

STATEMENT OF DUE TO STATE OF NEW JERSEY
DOG REGULATION FEES

Balance, December 31, 2012	\$	146
Increased by:		
Registration Fees - Due State of New Jersey		1,064
		1,210
Decreased by:		
Payments		1,064
Balance, December 31, 2013	\$	146

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

Balance, December 31, 2012	\$	3,488
Decreased by:		
Payments to Current Fund		3,488
Balance, December 31, 2013	\$	-

EXHIBIT B-6

STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2012	\$	48,993
Increased by:		
Cash Receipts		56,901
		105,894
Decreased by:		
Cash Disbursements		59,641
Balance, December 31, 2013	\$	46,253

EXHIBIT B-7

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES

Balance, December 31, 2012	\$	49,906
Increased by:		
Payroll Deductions	\$	9,794
Interest on Investments and Deposits		43
Current Fund Budget Appropriation		22,000
		31,837
		81,743
Decreased by:		
Unemployment Insurance Claims		24,395
Balance, December 31, 2013	\$	57,348

**BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31,			Balance, December 31,
	<u>2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>2013</u>
Fire Prevention Fees	\$ 27,798	\$ 15,486	\$ 27,991	\$ 15,293
Recreation Commission	188,372	260,481	291,960	156,893
Tax Sale Premiums	200			200
Street Openings	6,718	1,000	500	7,218
Maintenance Bond	11,155			11,155
POAA	5,517	975		6,492
Drug and Alcohol	26,666	8,800	9,984	25,482
Police Outside Services	80,158	206,788	167,596	119,350
Police Donations	426			426
Shade Tree	6,813	2,489	994	8,308
Snow Emergency	68,476	85,000	-	153,476
	<u>\$ 422,299</u>	<u>\$ 581,019</u>	<u>\$ 499,025</u>	<u>\$ 504,293</u>

EXHIBIT B-9

STATEMENT OF ACCRUED SALARIES/WAGES AND PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2012	\$ 88,339
Increased by:	
Cash Receipts	<u>10,440,396</u>
	10,528,735
Decreased by:	
Cash Disbursements	<u>10,437,106</u>
Balance, December 31, 2013	<u>\$ 91,629</u>

EXHIBIT B-10

STATEMENT OF DUE TO STATE OF NEW JERSEY UNEMPLOYMENT INSURANCE FUND

Balance, December 31, 2012	\$ 2,609
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>24,395</u>
	27,004
Decreased by:	
Unemployment Claims Paid by:	
Unemployment Insurance Account	<u>24,974</u>
Balance, December 31, 2013	<u>\$ 2,030</u>

BOROUGH OF DUMONT
STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER

Balance, December 31, 2012	\$ 676
Increased by:	
Payroll Deductions Transferred to Payroll Service Provider	<u>9,794</u>
	10,470
Decreased by:	
Cash Receipts from Payroll Service Provider	<u>9,809</u>
Balance, December 31, 2013	<u>\$ 661</u>

{THIS PAGE INTENTIONALLY LEFT BLANK}

GENERAL CAPITAL FUND



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

Balance, December 31, 2012		\$ 772,748
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 724,605	
Premium on Bond Anticipation Notes	19,469	
Grant Receipts	284,923	
Loan Proceeds	2,416,538	
Receipts from Current Fund	<u>171,388</u>	
		<u>3,616,923</u>
		4,389,671
Decreased by:		
Improvement Authorizations	1,051,605	
Contracts Payable	2,069,807	
Payment of Bond Anticipation Notes	69,605	
Payments for Preliminary Costs	25,000	
Payments to Current Fund	<u>75,051</u>	
		<u>3,291,068</u>
Balance, December 31, 2013		<u>\$ 1,098,603</u>

**BOROUGH OF DUMONT
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2013**

Fund Balance	\$ 64,675
Contracts Payable	431,238
Grants Receivable	(293,175)
Loan Receivable	(62,515)
Deferred Charges to Future Taxation - Cancelled Receivables	(23,903)
Due From Current Fund	(28)
Reserve for Payment of Notes - Excess Proceeds	180,261
Reserve for Payment of Bonds	87,310
Capital Improvement Fund	45,663

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	4,300
1311/1354/1365	Various Park Improvements	4,398
1321	Acquisition of Street Sweeper	13,690
1344/1375/1407	Various Storm Sewer Improvements	(301,995)
1353	Acquisition of a Fire Truck	11,393
1363	Resurfacing of Howard Street	28,938
1380	Park Improvements	259,004
1393	Various General Improvements	191,425
1400	Reconstruction of Short Street	64,262
1401	Reconstruction of Bussell Court	133,463
1409	Library and Sr. Ctr. Handicap Access	1,187
1416	Impvts. To Veteran's Memorial Park and Other Parks and Fields	95,394
1421	Various Capital Improvements	11,019
1431	DPW Garage Site Improvements	34,898
1432	Phase III Storm Sewer Improvements	4,680
1434	Various Capital Improvements	245,984
1436	Roosevelt Ave Flood Project	95,936
1438	Twin Boro Field Remediation	15,894
1448	Improvements to DePew Street	303
1450	Acq. And Installation of Air Quality Equipment	8,177
1456	Improvements to DePew Street Phase II	(72,122)
1460	Various Capital Improvements	(456,926)
1464	Various Park Improvements	33,219
1465	Library Window and Exterior Restoration	7,500
1466	Stormwater System Improvements Phase II	(82,576)
1467	Road Resurfacing & Repairs to Curbs/Sidewalks	316,292
		<u>\$ 1,098,603</u>

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

Balance, December 31, 2012		\$ 17,938,124
Decreased by:		
Budget Appropriations		
Serial Bonds	\$ 663,000	
Green Trust Loans	9,181	
NJEIT Loan Payable	342,383	
Pension Obligation Loan	<u>48,000</u>	
		<u>1,062,564</u>
Balance, December 31, 2013		<u>\$ 16,875,560</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2012	2013 Authorizations	Grant Receipts	2013 Budget Appropriation	Cancelled By Resolution	Balance, December 31, 2013	Bond Anticipation Notes	Analysis of Balances	
								Expenditures	Unexpended Improvement Authorizations	
		\$ 4,908			\$ 25,995	90,110	4,908	\$ 4,908	500	\$ 16,500
1250	Impvts of Various Parks and Acq. Of Equip.	17,000					17,000			
1275	Refund Unfunded Pension Liab	116,103								
1323	Reconstruction of Pensing	385,000					385,000	\$ 368,005		16,995
1375	Sewer System Improvements	731,100			35,715		695,385	695,385		
1393	Various General Improvements									
1407	Acq. of Easements and Prop Relating to Storm Water	285,000					285,000			
1409	Library and Senior Center Handicap Access	73,291					73,291			
1416	Impvts to Veteran's Memorial Park and Parks and Other Fields	174,800					174,800			
1421	Various Capital Improvements	807,500					807,500			
1431	DPW Garage Site Improvements	228,000					228,000			
1432	Phase III Storm Sewer System 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					1,140,000			475
1447	Installation of New Walking Path	152,000					152,000			
1448	Improvements to DePew Street	142,850		\$ 90,151			52,699	52,699		
1450	Acq. And Installation of Air Quality Equip.	61,750					61,750	61,750		
1456	Improvements to DePew Street Phase II		\$ 155,000	82,211			72,789	72,122		667
1460	Various Capital Improvements		537,690				537,690	456,926		80,764
1465	Library Window and Exterior Restoration		176,000				176,000			176,000
1466	Stormwater System Improvements Phase II		195,000				195,000			112,424
		\$ 5,065,988	\$ 1,063,690	\$ 172,562	\$ 61,710	\$ 90,110	\$ 5,805,596	\$ 4,499,739	\$ 919,027	\$ 386,830

Bond Anticipation Notes
Less: Excess Note Proceeds
Ord. No. 1323
Ord. No. 1448

Improvement Authorizations - Unfunded

Less: Unexpended Proceeds on Bond Anticipation Notes Issued

Ord. No. 1393	\$ 191,425
Ord. No. 1409	1,187
Ord. No. 1416	95,394
Ord. No. 1421	11,019
Ord. No. 1431	34,898
Ord. No. 1432	4,680
Ord. No. 1434	245,984
Ord. No. 1436	95,936
Ord. No. 1438	15,894
Ord. No. 1448	303
Ord. No. 1450	8,177
	<u>\$ 1,091,727</u>

704,897
\$ 386,830

**BOROUGH OF DUMONT
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	<u>Grant Awards and Adjustments</u>	<u>Cash Receipts</u>	Balance, December 31, <u>2013</u>
Community Development				
Ord No. 1354 Improvements to Memorial Park & C. Deangeles Park	\$ 123,762			\$ 123,762
Bergen County Open Space				
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
Ord. No. 1464 Various Park Improvements		\$ 112,561	\$ 112,561	-
Department of Transportation				
Ord. No. 1448 Improvements to Depew Street	142,850		82,211	60,639
Ord. No. 1456 Improvements to DePew Street, Phase II		150,000	90,151	59,849
Historic Preservation Trust Fund				
Ord. No. 1465 Library Window and Exterior Restoration	-	87,400	-	87,400
	<u>\$ 501,025</u>	<u>\$ 349,961</u>	<u>\$ 284,923</u>	<u>\$ 566,063</u>
				Reserve for Receivable Pledged to Ordinance
				\$ 272,888 <u>293,175</u>
				<u>\$ 566,063</u>

EXHIBIT C-7

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN RECEIVABLE

Balance, December 31, 2012	\$ 2,479,053
Decreased by:	
Cash Receipts	<u>2,416,538</u>
Balance, December 31, 2013	<u>\$ 62,515</u>

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

Balance, December 31, 2012 (Due To)		\$ 23
Increased by:		
Anticipated as Revenue in Current Fund		
General Capital Surplus	\$ 25,000	
Reserve for Payment of Debt	50,000	
Receipts from Current Fund	<u>171,388</u>	
		<u>246,388</u>
		246,411
Decreased by:		
Budget Appropriation - Current Fund		
Note Principal	61,710	
Deferred Charges - Cancelled Receivables	54,678	
Capital Improvement Fund	55,000	
Payments to Current Fund	<u>75,051</u>	
		<u>246,439</u>
Balance, December 31, 2013 (Due From)		<u>\$ 28</u>

EXHIBIT C-9

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

Balance, December 31, 2012		\$ 78,581
Decreased by:		
2013 Budget Appropriation		<u>54,678</u>
Balance, December 31, 2013		<u>\$ 23,903</u>

EXHIBIT C-10

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2012		\$ 137,310
Decreased by:		
Payments to Current Fund		<u>50,000</u>
Balance, December 31, 2013		<u>\$ 87,310</u>

**BOROUGH OF DUMONT
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2013	Interest Rate	Balance, December 31, 2012	Decreased	Balance, December 31, 2013	
								Date
General Improvements	6/1/1999	\$ 2,973,000			\$ 403,000	\$ 403,000		
General Improvements	5/1/2003	3,250,000	5/1/2014	3.25-3.55%				
			5/1/2015					
			5/1/2016			1,950,000	160,000	1,790,000
General Improvements	7/15/2010	8,530,000	7/15/14-16	2.00%				
			7/15/2017	2.25%				
			7/15/2018	2.50%				
			7/15/2019	2.75%				
			7/15/2020	3.00%				
			7/15/2021	3.13%				
			7/15/2022	3.25%				
			7/15/2023	3.50%				
			7/15/2024	4.00%				
			7/15/2025	4.00%				
					<u>8,330,000</u>	<u>100,000</u>	<u>8,230,000</u>	
					<u>\$ 10,683,000</u>	<u>\$ 663,000</u>	<u>\$ 10,020,000</u>	

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

Purpose	Date of Issue	Original Issue	Maturities of Leases Outstanding	Interest Rate	Balance, December 31, 2012	Decreased	Balance, December 31, 2013
Refund of Unfunded Pension Obligation	3/1/2003	\$ 958,000		5.25%	\$ 34,000	\$ 34,000	
Refunding - Unfunded Pension Obligation	3/15/2012	882,000	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	14,000	\$ 868,000
					\$ 916,000	\$ 48,000	\$ 868,000

**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,	
						2012	2013
						Increased	Decreased
1323	Reconstruction of Pershing.	8/2/2007	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	\$ 124,000	\$ 124,000
1375/1407	Stormwater Sewer System Improvements	6/26/2013	6/26/2013	6/25/2014	1.00%	\$ 368,005	\$ 90,110
1393	Various General Improvements	12/22/2009	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	731,100	731,100
1409	Library and Senior Center Handicap	7/1/2011	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	73,291	73,291
1416	Park Improvements	7/1/2011	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	174,800	174,800
1421	Various Capital Improvements	7/1/2011	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	807,500	807,500
1431	DPW Garage Site Improvements	6/28/12	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	228,000	228,000
1432	Storm Sewer Improvements - Phase III	6/28/12	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	218,500	218,500
1434	Various Capital Improvements	6/28/12	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	414,284	414,284
1436	Various Storm Water Sewer Improvements	6/28/12	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	114,000	114,000
1438	Various Improvements - Twin Boro Field	6/28/12	6/28/2012 6/26/2013	6/27/2013 6/25/2014	1.20% 1.00%	1,139,525	1,139,525
1447	Installation of New Walking Path	6/26/13	6/26/2013	6/25/2014	1.00%	152,000	152,000
1448	Improvements to DePew Street	6/26/13	6/26/2013	6/25/2014	1.00%	142,850	142,850
1450	Acq. And Installation of Air Quality Equip.	6/26/13	6/26/2013	6/25/2014	1.00%	61,750	61,750
						\$ 4,025,000	\$ 4,025,000
						\$ 4,680,000	\$ 4,680,000
Renewals						\$ 3,955,395	\$ 3,955,395
Paid by Budget Appropriation						61,710	61,710
Excess Note Proceeds						7,895	7,895
Notes Issued						724,605	-
						\$ 4,680,000	\$ 4,025,000

**BOROUGH OF DUMONT
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2012		\$ 2,247,247
Increased by:		
Charges to Improvement Authorizations		<u>431,238</u>
		2,678,485
Decreased by:		
Payments	\$ 2,069,807	
Cancellations	<u>177,440</u>	
		<u>2,247,247</u>
Balance, December 31, 2013		<u>\$ 431,238</u>

EXHIBIT C-16

STATEMENT OF GREEN TRUST FUND LOAN PAYABLE

Balance, December 31, 2012		\$ 165,048
Decreased by:		
2013 Budget Appropriation		<u>9,181</u>
Balance, December 31, 2013		<u>\$ 155,867</u>

EXHIBIT C-17

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE**

Balance, December 31, 2012		\$ 6,174,076
Decreased by:		
2013 Budget Appropriation		<u>342,383</u>
Balance, December 31, 2013		<u>\$ 5,831,693</u>

EXHIBIT C-18

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2012		\$ 36,600
Increased by:		
Current Fund Budget Appropriation		<u>55,000</u>
		91,600
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>45,937</u>
Balance, December 31, 2013		<u>\$ 45,663</u>

BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR PRELIMINARY COSTS-
BOROUGH HALL NEEDS ASSESSMENT

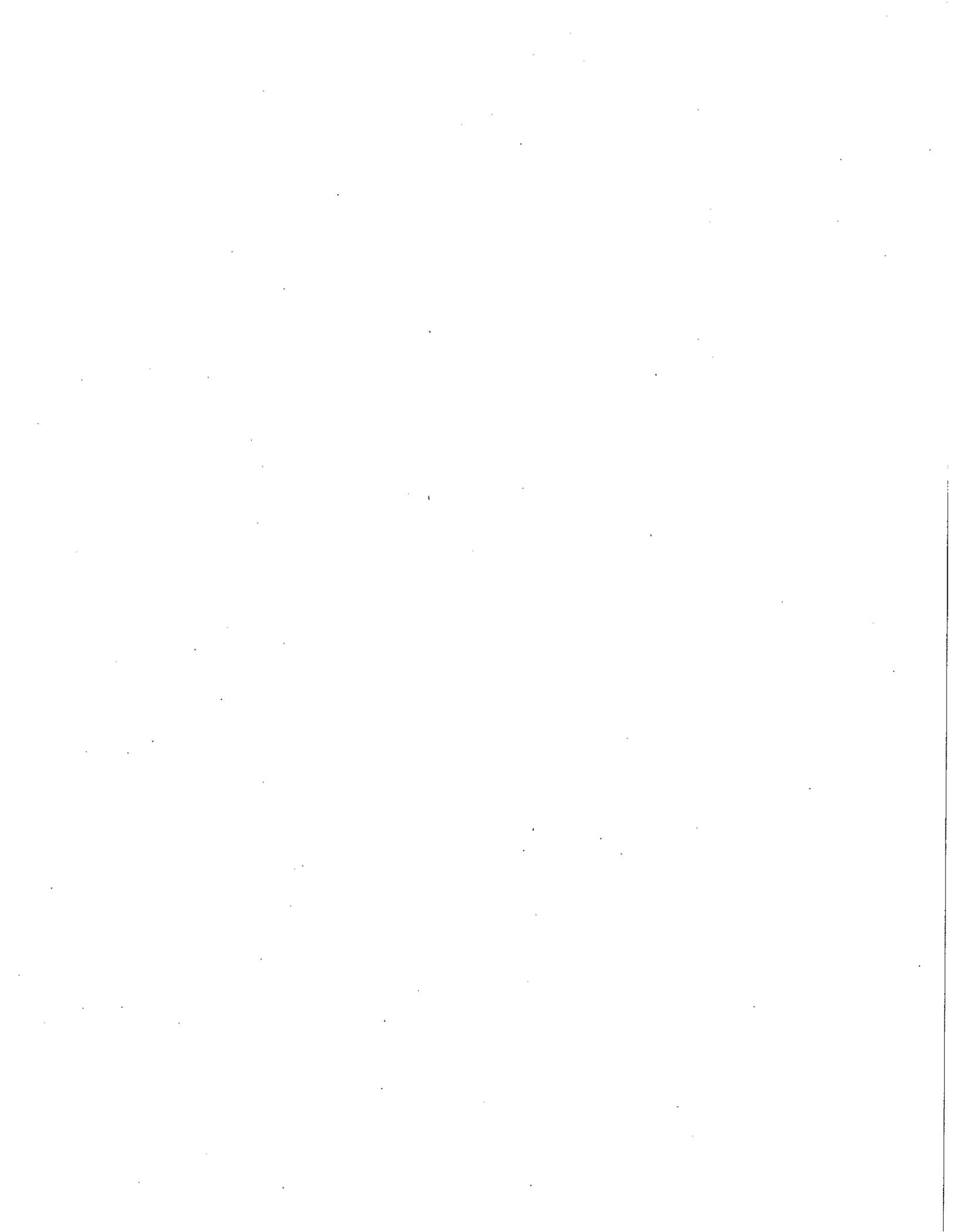
Balance, December 31, 2012	\$ 25,000
Decreased by:	
Cash Disbursements	25,000
Balance, December 31, 2013	\$ -

EXHIBIT C-20

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, December 31, 2012	2013 Improvement Authorizations	Bond Anticipation Notes Issued	Grant Proceeds	Balance, December 31, 2013
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		\$ 368,005		16,995
1407	Acq. Of Easements and Prop Relating to Storm Water	285,000				285,000
1438	Twin Boro Field Remediation	475				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		-
1456	Improvements to DePew Street Phase II		\$ 155,000		\$ 82,211	72,789
1460	Various Capital Improvements		537,690			537,690
1465	Library Window and Exterior Renovation		176,000			176,000
1466	Stormwater System Improvements Phase II	-	195,000	-	-	195,000
		\$ 1,048,983	\$ 1,063,690	\$ 724,605	\$ 82,211	\$ 1,305,857

PUBLIC ASSISTANCE FUND



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

Balance, December 31, 2012		\$ 10,251
Increased by:		
Donations		608
		10,859
Decreased by:		
Expenditures	\$ 952	
Payment to Current Fund	1	
		953
Balance, December 31, 2013		\$ 9,906

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance, December 31, 2012		\$ 10,250
Increased by:		
Revenues		608
		10,858
Decreased by:		
Expenditures		952
Balance, December 31, 2013		\$ 9,906

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

Revenues	
Donations	\$ <u>608</u>
Total Revenues/Receipts	\$ <u><u>608</u></u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

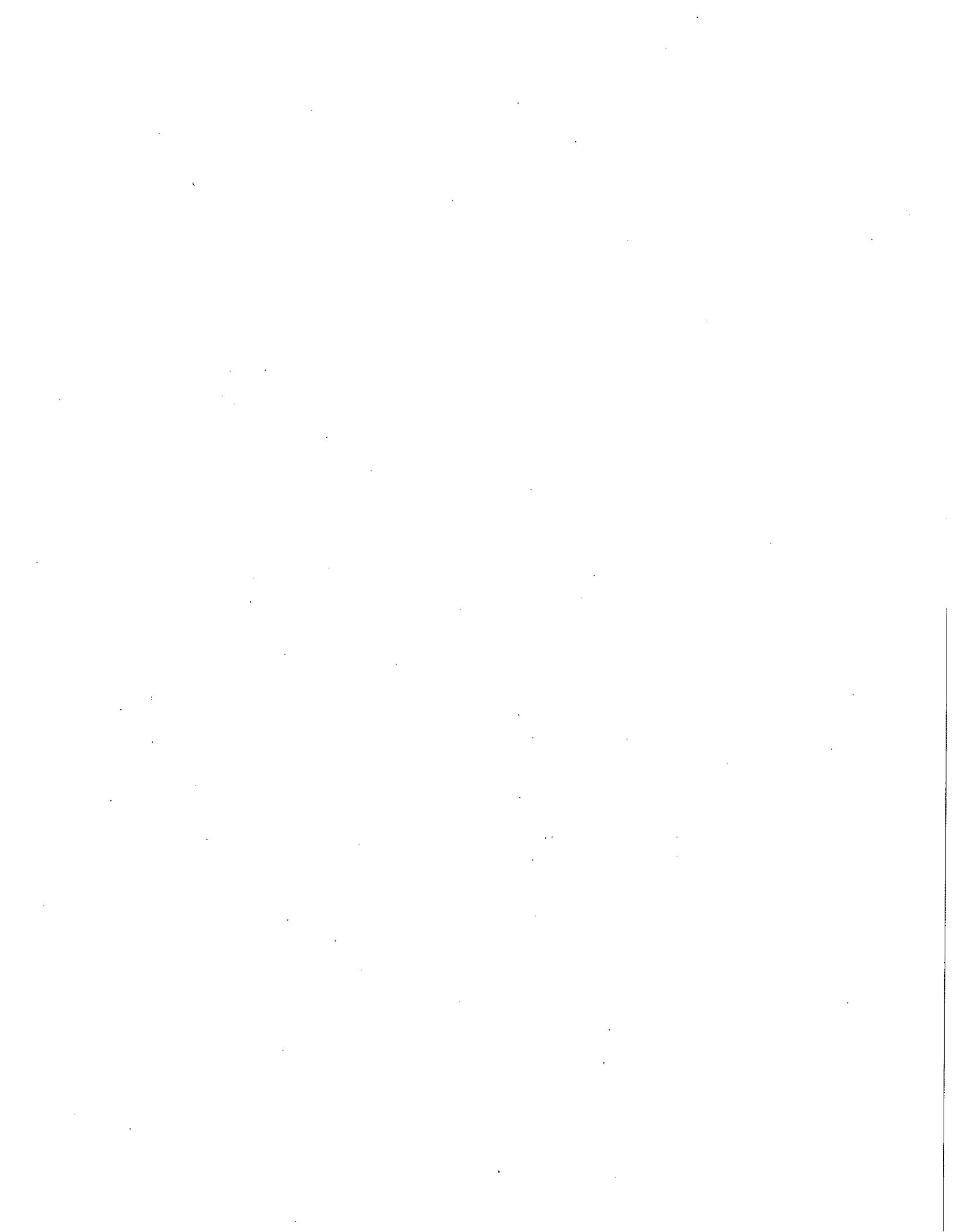
Expenditures:	
Current Year Assistance	
Non-Reimbursable Expenditures	\$ 952
Payments to Current Fund	<u>1</u>
Total Expenditures/Disbursements	\$ <u><u>953</u></u>

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2012	\$ 1
Decreased by:	
Payment to Current Fund	<u>1</u>
Balance, December 31, 2013	\$ <u><u>-</u></u>

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

**PART II
GOVERNMENT AUDITING STANDARDS
AND
SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2013**





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2014. 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 modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

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 (internal control) 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough 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 no instances of noncompliance or other matters that are 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.

However, we 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"

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

Fair Lawn, New Jersey
May 6, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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 THE 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 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 the Borough of Dumont's major state programs for the year ended December 31, 2013. The Borough of Dumont's major 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 federal and 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 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, 2013.

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 federal and 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.

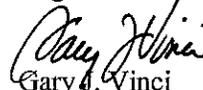
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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 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, 2013, and the related notes to the financial statements and have issued our report thereon dated May 6, 2014, 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 an 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 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 S. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
May 6, 2014

**BOROUGH OF DUMONT
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, January 1, 2013</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustments Cancelled</u>	<u>Balance, December 31, 2013</u>	<u>Cumulative Expenditures</u>
Community Development Block Grant: Improvements to Veteran's Plaza	14.218	\$ 91,200	\$ (237)	\$ 237	\$ -	\$ 38,273		\$ -	\$ 38,273
Department of Transportation Improvements to Depew Street, Phase I	20.205	82,211	\$ 82,211	\$ 124,197		(41,986)		(41,986)	124,197
Improvements to Depew Street, Phase II	20.205	90,151	90,151	127,638		(37,487)		(37,487)	127,638
Department of Environmental Protection Green Communities Grant (Consolidated Forest Management)	10.664	3,000	3,000	\$ 1,500		4,500		4,500	*
Department of Homeland Security Federal Emergency Management Agency	97.036	226,558	226,558	226,558		226,558		226,558	226,558
Federal Emergency Management Agency	97.036	65,864	1,793	1,793		1,793			65,864
			\$ 4,556	\$ 398,920	\$ 480,186	\$ 1,500	\$ 237	\$ (74,973)	

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, 2013**

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2013	Revenue	Expended	Balance, December 31, 2013	Cumulative Expenditures
Division of Criminal Justice								
Body Armor	1020-718-066-1020-001-YCJS-6120	2013	\$ 4,267	\$ 5,581	\$ 4,267	\$ 4,267	\$ 4,267	\$ 4,956
Body Armor	1020-718-066-1020-001-YCJS-6120	2012		3,397		625	3,397	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2011		563			563	*
Body Armor	1020-718-066-1020-001-YCJS-6120	2010						
Department of Law and Public Safety								
NJOEM SLAHEOP Grant	1110-448-031020-22	2004		18			18	*
Department of Environmental Protection								
Clean Communities Program	4900-765-178910-60	2013	27,794	23,673	27,794	27,794	27,794	3,337
Clean Communities Program	4900-765-178910-60	2012		22,756		2,025	20,731	*
Clean Communities Program	4900-765-178910-60	2011		21,633		14,289	7,344	*
Clean Communities Program	4900-765-178910-60	2010					22,253	
State Recycling Fund	*	2013	22,253	22,389	22,253	4,558	17,831	4,558
State Recycling Fund	*	2012		15,465			15,465	*
State Recycling Fund	*	2011		17,715			17,715	*
State Recycling Fund	*	2009		7,588			7,588	*
State Recycling Fund	*	2008		7,331		2,866	4,465	*
State Recycling Fund	*	2006		4,940		4,940		*
State Recycling Fund	*	2007		2,247			2,247	*
State Recycling Fund	*	2008		3,007			3,007	*
Stormwater Management Grant	*	2007		6,918		1,577	5,341	*
Stormwater Management Grant	*	2005	1,812,403		1,812,403	1,812,403		2,814,363
Stormwater Management Grant	4860-150-093050-60	2010						
Water Resources Planning - Wastewater								
Administrative Offices of the Courts								
Alcohol Education and Rehabilitation	9735-760-060000-60	2013	475	270	475	475	475	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2012		395		395	270	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2007		205		205	395	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2006		250		250	205	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2005		434		434	250	*
Alcohol Education and Rehabilitation	9735-760-060000-60	2002		575		575	434	*
Alcohol Education and Rehabilitation	9735-760-060000-60	1998		500		500	575	*
Domestic Violence Training	*	2008		3,500		3,500	500	*
Domestic Violence Training	*	2007		1,315			3,500	*
Domestic Violence Training	*	2005					1,315	*
Total State Financial Assistance			\$ 172,665	\$ 1,867,192	\$ 1,847,614	\$ 192,243	\$ 1,847,614	\$ 1,847,614

* Not Available

**BOROUGH OF DUMONT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

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	\$ 226,558	\$ 54,789	\$ 281,347
General Capital Fund	<u>172,362</u>	<u>1,812,403</u>	<u>1,984,765</u>
Total Financial Awards	<u>\$ 398,920</u>	<u>\$ 1,867,192</u>	<u>\$ 2,266,112</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, 2013**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2013, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

Loan Program

Green Trust Fund	
Multi Park Improvements	\$ 155,867
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	1,355,000
Fund Loan - 2007	1,173,836
Trust Loan - 2010	860,000
Fund Loan - 2010	<u>2,442,857</u>
	<u>\$ 5,987,560</u>

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified, Presentation of Unaudited LOSAP Fund</u>
Internal control over financial reporting:	
1) Material weakness(es) identified	_____ yes <u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes <u> X </u> none
Noncompliance material to the financial statements noted?	_____ yes <u> X </u> no

Federal Awards Section

NOT APPLICABLE

State Awards Section

Dollar threshold used to distinguish type A and type B programs:	\$ <u>300,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness (es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04?	_____ yes <u> X </u> no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>4860-150-093050-60</u>	<u>NJ Department of Environmental Protection:</u>
_____	<u>Wastewater Treatment Grant</u>
_____	_____

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part II – Schedule of Financial Statement Findings

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 of *Government Auditing Standards*.

There are none.

BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2013

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

CURRENT YEAR STATE AWARDS

There are none.

**BOROUGH OF DUMONT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 201**

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 \$600,105 which were not encumbered nor reported in the Borough's year end financial statements. In addition, there were open orders in the Borough's Improvement Authorization ledger totaling \$250,276 which were not valid commitments.

Current Status

Corrective action has been taken.

{THIS PAGE INTENTIONALLY LEFT BLANK}

BOROUGH OF DUMONT

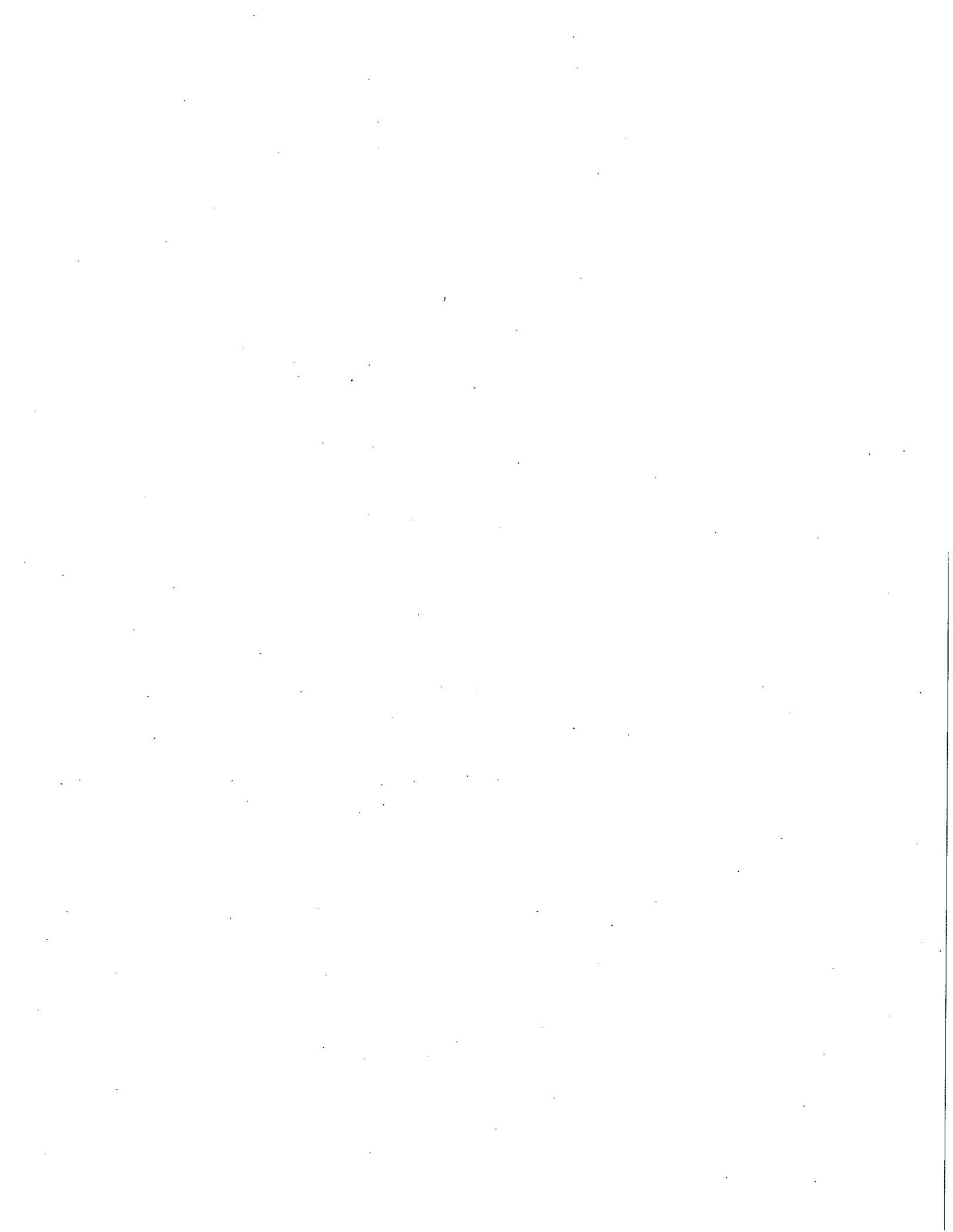
BERGEN COUNTY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013



**BOROUGH OF DUMONT
SUPPORTING DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,178,971	1.99 %	\$ 1,314,000	2.26 %
Miscellaneous - From Other Than Local				
Property Tax Levies	2,878,334	4.86	2,802,352	4.81
Collection of Delinquent Taxes and Tax Title Liens	557,666	0.94	525,752	0.90
Collection of Current Tax Levy	54,359,041	91.75	53,201,423	91.35
Other Credits	<u>270,040</u>	<u>0.46</u>	<u>397,845</u>	<u>0.68</u>
 Total Income	 <u>59,244,052</u>	 <u>100.00 %</u>	 <u>58,241,372</u>	 <u>100.00 %</u>
EXPENDITURES				
Municipal Budget	19,728,820	34.08 %	19,640,649	34.41 %
County Taxes	4,408,036	7.61	4,080,449	7.15
Local District School Taxes	33,738,464	58.28	33,334,772	58.41
Other Expenditures	<u>18,711</u>	<u>0.03</u>	<u>18,765</u>	<u>0.03</u>
 Total Expenditures	 <u>57,894,031</u>	 <u>100.00 %</u>	 <u>57,074,635</u>	 <u>100.00 %</u>
 Less: Expenditures to be Raised by Future Revenue	 <u>100,000</u>		 <u>4,728</u>	
 Total Adjusted Expenditures	 <u>57,794,031</u>		 <u>57,069,907</u>	
 Excess in Revenue	 1,450,021		 1,171,465	
 Fund Balance, January 1	 <u>1,473,635</u>		 <u>1,616,170</u>	
	 2,923,656		 2,787,635	
 Less Utilization as Anticipated Revenue	 <u>1,178,971</u>		 <u>1,314,000</u>	
 Fund Balance, December 31	 <u>\$ 1,744,685</u>		 <u>\$ 1,473,635</u>	

**BOROUGH OF DUMONT
SUPPORTING DATA**

Comparative Schedule Of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	\$3.248	\$3.182	\$2.541
 <u>Apportionment of Tax Rate</u>			
Municipal	.952	.928	.719
County	.261	.242	.213
Local School	1.997	1.972	1.575
Library	.038	.040	.034

Assessed Valuation

2013	\$1,689,590,654	
2012*		\$1,690,897,900
2011		\$2,090,990,103

* 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>
2013	\$ 54,892,984	\$ 54,359,041	99.02%
2012	53,810,186	53,201,423	98.87%
2011	53,153,045	52,438,395	98.66%

**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>
2013	\$ 503,103	\$ 5,013	\$ 508,116	0.93%
2012	570,874	4,331	575,205	1.07%
2011	528,428	3,663	532,091	1.00%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2013 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>
2013	\$79,526
2012	79,526
2011	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	2013	\$1,744,585	\$1,200,000
	2012	1,473,635	1,178,971
	2011	1,616,170	1,314,000

The above fund balance amount utilized in budget of succeeding year represents the surplus anticipated in the 2014 introduced municipal budget.

**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		
Rafael Riquelme	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		
Remington & Vernick Engineers, Inc.	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 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 integrated with the Borough's financial accounting software.

Our audit of the Police Department 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 Police Department be deposited within forty-eight hours of receipt.

Current Year

Our audit of the General Capital Fund revealed that there remains uncollected grant receivable balances totaling approximately \$293,000 for projects which have been previously completed. It is recommended that action be taken to collect the outstanding General Capital Fund grant receivable balances or clear them of record.

Recreation deposits could not be audited for proper fee charged or timeliness of deposit due to lack of organization of the records provided. It is recommended that recreation deposits be supported by registration forms and a detailed listing by registrant for all monies collected.

Our audit noted that bids or quotes were not obtained for athletic field service and recreation uniforms, equipment, etc. It is recommended that the Borough comply with the Local Public Contracts Law regarding the solicitation of quotes or bids.

Our audit of payroll tax remittances revealed that the Borough is not verifying that the payroll service provider has made the federal withholding tax payments by the required due dates. It is recommended that the Borough verify on a monthly basis that the various federal and state taxes have been paid by the Borough's payroll service provider by the required due dates.

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.

BOROUGH OF DUMONT

GENERAL COMMENTS

Contracts and Contracts Required To Be Advertised For NJS 40A:11-4 (Continued)

The minutes indicated that bids were received for the following items:

- DPW Generator
- West Shore Avenue Project
- DePew Street – Phase I
- DePew Street – Phase II
- 2013 High Lift 524K Wheel Loader
- Resurfacing Hockey Rink
- Fencing of Tennis Courts, Major League and Babe Ruth Fields
- Resurfacing of Tennis Courts

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 2, 2013 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 2013 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 1st, May 1st, August 1st, and November 1st there shall be no interest. If the office of the Tax Collector is closed on the 10th day of February, May, August or November this shall be extended to include the first business day thereafter.

2. For the year 2013 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 28, 2013.

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:

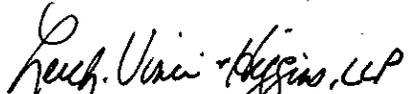
- * 1. The Borough review its procedures relating to developers escrow to ensure that the procedures comply with New Jersey Statutes.
- * 2. The encumbrance system be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- * 3. All fees collected by the Police Department be deposited within forty-eight hours of receipt.
- * 4. The Borough's fixed asset accounting records be integrated with the Borough's financial accounting software.
- 5. Action be taken to collect the outstanding General Capital Fund grant receivable balances or clear them of record.
- 6. Recreation deposits be supported by registration forms and a detailed listing by registrant for all monies collected.
- 7. The Borough comply with the Local Public Contacts Law regarding the solicitation of quotes or bids.
- 8. The Borough verify on a monthly basis that the various federal and state taxes have been paid by the Borough's payroll service provider by the required due dates.

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