Report of Audit

on the

Financial Statements

of the

Borough of Mountainside

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2017

BOROUGH OF MOUNTAINSIDE

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BOROUGH OF MOUNTAINSIDE

PART I

INDEPENDENT AUDITOR'S REPORT ON
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Mountainside
County of Union
Mountainside, New Jersey 07092

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Mountainside, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Mountainside as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2017 and 2016, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2018 on our consideration of the Borough of Mountainside'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 Mountainside's internal control over financial reporting and compliance.

Suplee Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

William M. Kearney
REGISTERED MUNICIPAL ACCOUNTANT NO. 419

March 15, 2018

CURRENT FUND

"A"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
A S S E T S			
Cash - Treasurer	A-4	$ 9,126,381.61	$ 4,169,605.78
Change Fund	A-7	450.00	450.00
Grants Receivable	A-24	136,277.73	21,229.57
		$ 9,263,109.34	$ 4,191,285.35
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-10	$ 230,096.90	$ 566,950.75
Tax Title Liens	A-11	27,090.75	27,090.75
Sewer Flow Charges Receivable	A-13	570.32	11,597.81
Property Acquired for Taxes-Assessed Valuation	A-6	3,875.00	3,875.00
Revenue Accounts Receivable	A-12	6,177.76	9,188.27
	A	$ 267,810.73	$ 618,702.58
		$ 9,530,920.07	$ 4,809,987.93
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:A-14	$ 580,069.60	$ 607,005.54
Senior Citizens Deductions	A-9	6,119.97	6,711.75
Reserve for:			
Miscellaneous Reserves	A-16	25,444.36	27,108.56
Grant Programs:			
Unappropriated	A-25	12,211.54	2,465.43
Appropriated	A-26	137,027.35	109,567.39
Accounts Payable	A-15	202,221.34	279,385.30
Prepaid Taxes	A-17	3,607,594.06	199,954.73
County Taxes Payable	A-20	22,548.43	19,320.74
School Taxes Payable	A-21	0.01	
State Tax Appeals	A-27	99,608.58	100,242.21
		$ 4,948,208.53	$ 1,351,761.65
Reserve for Receivables	A	267,810.73	618,702.58
Fund Balance	A-1	4,314,900.81	2,839,523.70
		$ 9,530,920.07	$ 4,809,987.93

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	$ 1,435,000.00	$ 1,435,000.00
Miscellaneous Revenue Anticipated	A-2	2,644,246.56	2,221,590.80
Receipts From Delinquent Taxes	A-2	566,968.06	411,257.01
Receipts From Current Taxes	A-2	35,495,821.88	34,379,790.94
Non-Budget Revenue	A-2	590,264.87	278,279.25
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	464,542.22	526,963.60
Total Income		$ 41,196,843.59	$ 39,252,881.60
EXPENDITURES			
Budget and Emergency Appropriations (Within "CAPS"):			
Operations (Including Contingent)	A-3	$ 7,888,011.00	$ 7,663,936.00
Deferred Charges and Statutory Expenditures-Municipal	A-3	1,033,725.00	1,017,500.00
Budget (Excluded From "CAPS"):			
Operations:			
Other Operations	A-3	1,784,366.87	1,790,204.34
Capital Improvements	A-3	10.00	96,547.00
Municipal Debt Service	A-3	1,119,188.99	1,033,375.21
County Taxes	A-19	9,612,081.19	9,502,977.46
Due County for Added and Omitted Taxes	A-20	22,548.43	19,320.74
Local District School Tax	A-21	16,814,585.00	16,304,972.00
Refund of Prior Year's Revenues	A-4	11,950.00	1,583.63
Total Expenditures		$ 38,286,466.48	$ 37,430,416.38
Excess in Revenue		$ 2,910,377.11	$ 1,822,465.22
FUND BALANCE			
Balance, January 1	A	2,839,523.70	2,452,058.48
		$ 5,749,900.81	$ 4,274,523.70
Decreased by:			
Utilized as Anticipated Revenue	A-1	1,435,000.00	1,435,000.00
Balance, December 31	A	$ 4,314,900.81	$ 2,839,523.70

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	REF.	ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	$ 1,435,000.00		$ 1,435,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	$ 20,000.00	$	$ 23,188.00	$ 3,188.00
Other	A-12	2,000.00		2,310.00	310.00
Fees and Permits:					
Other	A-2	22,500.00		51,844.00	29,344.00
Fines and Costs:					
Municipal Court	A-12	108,500.00		118,814.52	10,314.52
Interest and Costs on Taxes	A-12	54,000.00		143,741.80	89,741.80
Interest on Investments	A-12	12,000.00		50,208.75	38,208.75
Recreation Fees	A-2	106,000.00		109,204.12	3,204.12
Sewer Use Charges	A-13	185,000.00		200,429.48	15,429.48
Sale of Municipal Assets	A-16	5,000.00		5,000.00	
Cable TV Franchise Fee	A-12	111,812.65		111,812.65	
Energy Receipts Tax	A-12	767,600.00		767,600.00	
Construction Code Official	A-2	195,000.00		472,268.00	277,268.00
Recycling Tonnage Grant	A-24	8,316.61		8,316.61	
Alcohol Education Rehabilitation Grant	A-24	120.86		120.86	
Clean Communities Act	A-24		15,003.66	15,003.66	
Body Armor Replacement Fund	A-24	2,344.57		2,344.57	
State Forestry Vol. Fire Assistance	A-24		3,500.00	3,500.00	
Municipal Alliance	A-24	15,743.00		15,743.00	
Highway Safety/Safe Corridors	A-24		15,161.17	15,161.17	
Watts Mountainside Community Foundation Grant	A-24		3,000.00	3,000.00	
Infrastructure Municipal Grant Aid	A-24		50,000.00	50,000.00	
Union County Senior Focus Grant	A-24		25,000.00	25,000.00	
Union County Recreation	A-24	40,000.00		40,000.00	
Uniform Fire Safety	A-12	21,123.40		22,174.10	1,050.70
Uniform Fire Safety-Local Fees	A-12	6,200.00		32,109.00	25,909.00
Capital Surplus	A-12	21,116.00		21,116.00	
Cell Tower Rents	A-12	20,000.00		334,236.27	314,236.27
	A-1	$ 1,724,377.09	$ 111,664.83	$ 2,644,246.56	$ 808,204.64
Receipts From Delinquent Taxes	A-1	$ 206,750.00	$	$ 566,968.06	$ 360,218.06
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Budget	A-2:A-10	$ 8,715,292.95	$	$ 9,414,366.26	$ 699,073.31
Minimum Library Tax	A-2:A-10	592,241.00		592,241.00	
		$ 9,307,533.95	$	$ 10,006,607.26	$ 699,073.31
Budget Totals		$ 12,673,661.04	$ 111,664.83	$ 14,652,821.88	$ 1,867,496.01
Non-Budget Revenue	A-2			590,264.87	590,264.87
		$ 12,673,661.04	$ 111,664.83	$ 15,243,086.75	$ 2,457,760.88
	REF.	A-3	A-3		

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	REF.		
ANALYSIS OF REALIZED REVENUE			
Allocation of Current Tax Collections:			
Revenue from Collections	A-1:A-10	$	35,495,821.88
Allocated to:			
School and County Taxes			26,449,214.62
Balance for Support of Municipal Budget Appropriations		$	9,046,607.26
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		960,000.00
Amount for Support of Municipal Budget Appropriations	A-2	$	10,006,607.26
Fees and Permits - Other:			
Clerk/Health	A-12	$	15,684.00
Police	A-12		13,120.00
Health Officer	A-12		23,040.00
	A-2	$	51,844.00
Uniform Construction Code Fees and Permits:	A-12	$	472,268.00
	A-2	$	472,268.00
Recreation - Fees and Permits:	A-12	$	112,638.86
Less: Refunds	A-4		3,434.74
	A-2	$	109,204.12

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	REF.		
ANALYSIS OF NON-BUDGET REVENUE			
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Miscellaneous		$	29,605.09
Miscellaneous - Clerk			2,120.00
Miscellaneous Reimbursements			2,350.17
Sewer Connection Fee			322,965.25
Community Room Rentals			1,200.00
Inspection Fines			18,841.50
Pension Reimbursement			29,769.11
Administration Fees Developers Escrow			8,477.22
Zoning			21,295.12
Parking			46,975.76
FEMA - Snowstorm			96,969.59
Insurance Rebate			8,622.90
Senior Citizen and Veterans Administration Fee			1,073.16
	A-1:A-2:A-4	$	590,264.87

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
GENERAL GOVERNMENT					
Administrative and Executive:					
Salaries and Wages	$ 108,000.00	$ 92,800.00	$ 91,977.55	$ 822.45	$
Other Expenses	104,120.00	104,120.00	85,728.01	18,391.99	
Mayor and Council:					
Salaries and Wages	11,500.00	11,500.00	11,404.64	95.36	
Other Expenses	95.00	95.00		95.00	
Borough Clerk:					
Salaries and Wages	115,000.00	117,000.00	116,040.88	959.12	
Other Expenses	7,500.00	7,500.00	7,142.26	357.74	
Financial Administration:					
Salaries and Wages	143,000.00	143,000.00	142,827.93	172.07	
Other Expenses	1,140.00	1,140.00	473.43	666.57	
Audit	52,000.00	52,000.00	52,000.00		
Assessment of Taxes:					
Salaries and Wages	24,000.00	24,000.00	23,783.50	216.50	
Other Expenses	24,000.00	12,000.00	3,134.91	8,865.09	
Legal Services and Costs:					
Salaries and Wages	26,000.00	26,000.00	25,911.60	88.40	
Other Expenses	225,000.00	265,000.00	248,578.40	16,421.60	
Municipal Court:					
Salaries and Wages	156,000.00	156,000.00	150,550.92	5,449.08	
Other Expenses	6,935.00	6,935.00	4,183.13	2,751.87	
Public Defender:					
Salaries and Wages	4,000.00	4,000.00		4,000.00	
Planning Board:					
Salaries and Wages	3,000.00	3,000.00	2,781.46	218.54	
Other Expenses-Miscellaneous	55,000.00	40,000.00	25,292.61	14,707.39	
Insurance:					
Group Insurance Plan for Employees	925,000.00	925,000.00	841,767.63	83,232.37	
Workers Compensation	60,000.00	60,000.00	60,000.00		
Other Insurance	296,500.00	296,500.00	211,610.48	84,889.52	
Group Insurance Health Benefit Waiver	45,000.00	45,000.00	43,750.75	1,249.25	
PUBLIC SAFETY					
Fire:					
Other Expenses	90,000.00	90,000.00	87,508.03	2,491.97	
Police:					
Salaries and Wages	2,820,000.00	2,840,000.00	2,833,703.38	6,296.62	
Other Expenses - Miscellaneous	200,250.00	200,250.00	191,975.54	8,274.46	
Police Dispatchers:					
Salaries and Wages	225,000.00	222,500.00	218,003.15	4,496.85	
Other Expenses	36,000.00	36,000.00	32,832.85	3,167.15	
First Aid Organization-Contribution	35,000.00	35,000.00	35,000.00		
Emergency Management Services:					
Salaries and Wages	17,000.00	17,000.00	16,603.77	396.23	
Other Expenses	10,000.00	10,000.00	9,704.82	295.18	
Fire Prevention:					
Salaries and Wages	31,500.00	31,500.00	12,681.48	18,818.52	
Other Expenses	3,591.00	3,591.00	2,956.50	634.50	
PUBLIC WORKS					
Road Repairs and Maintenance:					
Salaries and Wages	485,000.00	485,000.00	477,939.03	7,060.97	
Other Expenses	94,000.00	104,000.00	103,186.73	813.27	
Snow Removal:					
Other Expenses	257,000.00	257,000.00	163,557.79	93,442.21	
Public Buildings and Grounds:					
Other Expenses	110,000.00	125,000.00	121,485.04	3,514.96	
Shade Tree Commission:					
Other Expenses	9,400.00	9,400.00	8,700.00	700.00	

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
HEALTH AND WELFARE					
Board of Health:					
Salaries and Wages	$ 8,000.00	$ 8,000.00	$ 7,864.96	$ 135.04	$
Other Expenses	39,000.00	39,000.00	38,164.00	836.00	
Dog Regulation:					
Other Expenses	15,000.00	15,000.00	15,000.00		
Administration of Public Assistance:					
Salaries and Wages	10.00	10.00		10.00	
Other Expenses	10.00	10.00		10.00	
RECREATION AND EDUCATION					
Board of Recreation Commissioners					
(R.S. 40:12-1 et. seq.):					
Salaries and Wages	147,000.00	148,500.00	148,330.37	169.63	
Other Expenses	88,750.00	88,750.00	81,710.23	7,039.77	
Senior Citizen Services:					
Salaries and Wages	26,000.00	26,000.00	22,321.69	3,678.31	
Other Expenses	8,000.00	8,000.00	5,989.52	2,010.48	
STATE UNIFORM CONSTRUCTION CODE					
Construction Code Official:					
Salaries and Wages	167,000.00	167,000.00	139,457.75	27,542.25	
Other Expenses	3,600.00	3,600.00	2,385.57	1,214.43	
ZONING ENFORCEMENT					
Other Expenses	10.00	10.00		10.00	
UNCLASSIFIED					
Salary Adjustment	70,000.00	70,000.00		70,000.00	
Utilities:					
Fire Hydrant	195,000.00	195,000.00	187,017.60	7,982.40	
Street Lighting	50,000.00	40,000.00	28,123.03	11,876.97	
Telephone	39,000.00	39,000.00	27,657.01	11,342.99	
Electricity	97,000.00	97,000.00	79,832.61	17,167.39	
Water	12,000.00	12,000.00	10,495.19	1,504.81	
Natural Gas	27,000.00	27,000.00	12,898.32	14,101.68	
Gasoline	85,000.00	45,000.00	40,134.35	4,865.65	
	$ 7,893,911.00	$ 7,887,711.00	$ 7,312,160.40	$ 575,550.60	$
CONTINGENT	$ 300.00	$ 300.00	$	$ 300.00	$
TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPS"	$ 7,894,211.00	$ 7,888,011.00	$ 7,312,160.40	$ 575,850.60	$
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	$ 200,025.00	$ 200,025.00	$ 200,015.25	$ 9.75	$
Social Security System (O.A.S.I.)	165,000.00	171,000.00	170,815.67	184.33	
DCRP	3,500.00	3,700.00	3,536.81	163.19	
Police and Firemen's Retirement System of N.J.	659,000.00	659,000.00	658,979.83	20.17	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	$ 1,027,525.00	$ 1,033,725.00	$ 1,033,347.56	$ 377.44	$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	$ 8,921,736.00	$ 8,921,736.00	$ 8,345,507.96	$ 576,228.04	$

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
OPERATIONS EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	$ 592,241.00	$ 592,241.00	$ 592,241.00	$	$
Rahway Valley Sewerage Authority:					
Share of Costs	880,000.00	880,000.00	876,158.44	3,841.56	
Tax Appeals Pending:					
Other Expenses	130,000.00	130,000.00	130,000.00		
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES					
Municipal Alliance on Alcoholism and Drug Abuse:					
State Aid	15,743.00	15,743.00	15,743.00		
Local Match	3,936.00	3,936.00	3,936.00		
Clean Communities (N.J.S.A. 40A:4-87 + 15,003.66)		15,003.66	15,003.66		
Alcohol, Education and Rehabilitation State Aid	120.86	120.86	120.86		
UC Kids Rec Trust Grant	40,000.00	40,000.00	40,000.00		
State Forestry Vol Fire Assistance (N.J.S.A. 40A:4-87 + 3,500.00)		3,500.00	3,500.00		
Body Armor Replacement Fund	2,344.57	2,344.57	2,344.57		
Recycling Tonnage Grant	8,316.61	8,316.61	8,316.61		
Senior Focus Grant- Community Room (N.J.S.A 40A:4-87 + $25,000.00)		25,000.00	25,000.00		
Mountainside 2017 Safe Corridor (N.J.S.A. 40A:4-87 + 15,161.17)		15,161.17	15,161.17		
2017 Infrastructure Municipal Aid Grant (N.J.S.A. 40A:4-87 + 50,000.00)		50,000.00	50,000.00		
Watts Mountainside Community Foundation (N.J.S.A. 40A:4-87 + 3,000.00)		3,000.00	3,000.00		
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	$ 1,672,702.04	$ 1,784,366.87	$ 1,780,525.31	$ 3,841.56	$
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	$ 10.00	$ 10.00	$ 10.00	$	$
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	$ 10.00	$ 10.00	$ 10.00	$	$
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	$ 355,000.00	$ 355,000.00	$ 355,000.00	$	$
Payment of Bond Anticipation Notes	668,523.00	668,523.00	668,523.00		
Interest on Bonds	16,690.00	16,690.00	16,685.00		5.00
Interest on Notes	79,000.00	79,000.00	78,980.99		19.01
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	$ 1,119,213.00	$ 1,119,213.00	$ 1,119,188.99	$	$ 24.01

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

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

		APPROPRIATIONS		EXPENDED		UNEXPENDED
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
TOTAL GENERAL APPROPRIATIONS EXCLUDED FROM "CAPS"		$ 2,791,925.04	$ 2,903,589.87	$ 2,899,724.30	$ 3,841.56	$ 24.01
SUB-TOTAL GENERAL APPROPRIATIONS		$ 11,713,661.04	$ 11,825,325.87	$ 11,245,232.26	$ 580,069.60	$ 24.01
RESERVE FOR UNCOLLECTED TAXES		960,000.00	960,000.00	960,000.00		
TOTAL GENERAL APPROPRIATIONS		$ 12,673,661.04	$ 12,785,325.87	$ 12,205,232.26	$ 580,069.60	$ 24.01
	REF.	A-2		A-1	A:A-1	
Budget	A-3		$ 12,673,661.04			
Appropriation by 40A:4-87	A-2		111,664.83			
			$ 12,785,325.87			
Reserve for Tax Appeals	A-27			$ 130,000.00		
Federal and State Programs Appropriated	A-26			182,125.87		
Accounts Payable	A-15			202,221.34		
Disbursed	A-4			10,979,933.68		
Reserve for Uncollected Taxes	A-2			960,000.00		
				$ 12,454,280.89		
Less: Refunds	A-4			249,048.63		
				$ 12,205,232.26		

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

TRUST FUND

"B"

BOROUGH OF MOUNTAINSIDE

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
A S S E T S			
Dog License Fund:			
Cash	B-1	$ 5,980.51	$ 3,534.30
		$ 5,980.51	$ 3,534.30
Other Funds:			
Cash	B-1	$ 1,606,207.35	$ 472,078.04
Petty Cash		250.00	250.00
Community Development Block Grants Receivable	B-7	11,700.00	11,500.50
		$ 1,618,157.35	$ 483,828.54
		$ 1,624,137.86	$ 487,362.84
LIABILITIES, RESERVES AND FUND BALANCE			
Dog License Fund:			
Reserve for Dog Fund Expenditures	B-5	$ 5,972.51	$ 3,519.10
Due State of New Jersey	B-6	8.00	15.20
		$ 5,980.51	$ 3,534.30
Other Funds:			
Reserve for Unemployment Compensation Insurance	B-8	$ 14,380.25	$ 11,988.88
Reserve for Community Development Block Grant Fund	B-9	2,657.81	2,587.00
Various Reserves and Deposits	B-3	1,600,991.45	468,210.65
Payroll Deductions Payable	B-1	127.84	1,042.01
		$ 1,618,157.35	$ 483,828.54
		$ 1,624,137.86	$ 487,362.84

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

GENERAL CAPITAL FUND

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
A S S E T S			
Cash	C-2:C-3	$ 856,991.01	$ 1,341,013.26
State Aid Receivable	C-10	409,048.75	327,798.75
Deferred Charges to Future Taxation:			
Funded			355,000.00
Unfunded	C-5	5,546,877.00	5,265,400.00
		$ 6,812,916.76	$ 7,289,212.01
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	$	$ 355,000.00
Bond Anticipation Notes	C-12	5,546,877.00	5,265,400.00
Improvement Authorizations:			
Funded	C-8	297,228.85	269,693.21
Unfunded	C-8	376,963.61	417,991.37
Capital Improvement Fund	C-6	294,268.01	294,258.01
Contracts Payable	C-7	297,400.47	643,406.88
Reserve for Recreation			22,167.72
Fund Balance	C-1	178.82	21,294.82
		$ 6,812,916.76	$ 7,289,212.01

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

"C-1"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

	REF.		
Balance, December 31, 2016	C	$	21,294.82
Decreased by:			
2017 Improvement Authorization	C-8		21,116.00
Balance, December 31, 2017	C	$	178.82

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

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SWIMMING POOL UTILITY FUND

"D"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
A S S E T S			
Operating Fund:			
Cash	D-5	$ 249,768.59	$ 231,773.78
Change Fund	D-11	50.00	50.00
Total Operating Fund		$ 249,818.59	$ 231,823.78
Capital Fund:			
Fixed Capital	D-9	$ 1,122,572.60	$ 831,741.15
Fixed Capital Authorized and Uncompleted			269,996.00
Total Capital Fund		$ 1,122,572.60	$ 1,101,737.15
		$ 1,372,391.19	$ 1,333,560.93
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-7	$ 36,553.84	$ 45,090.68
Accounts Payable	D-6	28,517.84	16,755.86
Fund Balance	D-1	184,746.91	169,977.24
Total Operating Fund		$ 249,818.59	$ 231,823.78
Capital Fund:			
Reserve for Amortization	D-8	$ 1,122,572.60	$ 1,101,737.15
Total Capital Fund		$ 1,122,572.60	$ 1,101,737.15
		$ 1,372,391.19	$ 1,333,560.93

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

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY FUND

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

	REF.	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	$ 25,367.00	$ 54,123.00
Membership Fees	D-3	281,006.73	297,988.50
Utility Capital Fund Balance			1,244.00
Miscellaneous	D-3	31,791.41	32,860.77
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-7	47,338.53	40,595.61
Total Income		$ 385,503.67	$ 426,811.88
EXPENDITURES			
Operating	D-4	$ 285,257.00	$ 285,257.00
Capital Improvements	D-4	48,110.00	48,110.00
Deferred Charges and Statutory Expenditures	D-4	12,000.00	42,000.00
Total Expenditures		$ 345,367.00	$ 375,367.00
Excess in Revenue		$ 40,136.67	$ 51,444.88
Fund Balance			
Balance, January 1	D	169,977.24	172,655.36
		$ 210,113.91	$ 224,100.24
Decreased by:			
Utilization by Swimming Pool Operating Budget	D-1:D-3	$ 25,367.00	$ 54,123.00
		$ 25,367.00	$ 54,123.00
Balance, December 31	D	$ 184,746.91	$ 169,977.24

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

"D-2"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	REF.	
Balance, December 31, 2017 and December 31, 2016	D	$ 0.00

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

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	REF.	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	D-1	$ 25,367.00	$ 25,367.00	$
Membership Fees	D-1:D-5	290,000.00	281,006.73	(8,993.27)
Miscellaneous	D-1:D-3	30,000.00	31,791.41	1,791.41
		$ 345,367.00	$ 338,165.14	$ (7,201.86)
	REF.	D-4		

ANALYSIS OF REALIZED REVENUE

MISCELLANEOUS

Interest on Investments		$ 2,283.41	
Miscellaneous		29,508.00	
	D-3		$ 31,791.41

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

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

		APPROPRIATIONS		EXPENDED	
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:					
Salaries and Wages		$ 170,000.00	$ 170,000.00	$ 166,890.22	$ 3,109.78
Other Expenses - Miscellaneous		95,000.00	95,000.00	83,932.80	11,067.20
Other Expenses - Material and Supplies		20,257.00	20,257.00		20,257.00
Total Operating		$ 285,257.00	$ 285,257.00	$ 250,823.02	$ 34,433.98
Capital Improvements:					
Capital Outlay		$ 48,110.00	$ 48,110.00	$ 45,990.14	$ 2,119.86
Total Capital Improvements		$ 48,110.00	$ 48,110.00	$ 45,990.14	$ 2,119.86
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		$ 12,000.00	$ 12,000.00	$ 12,000.00	$
Total Deferred Charges and Statutory Expenditures		$ 12,000.00	$ 12,000.00	$ 12,000.00	$
		$ 345,367.00	$ 345,367.00	$ 308,813.16	$ 36,553.84
	REF.		D-3		

Accounts Payable	D-6	$ 28,517.84
Disbursements		282,895.32
Less: Refunds		2,600.00
		$ 308,813.16

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MOUNTAINSIDE

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
General Fixed Assets:		
Buildings	$ 8,750,800.00	$ 8,750,800.00
Equipment	4,027,821.14	3,827,628.14
Land	1,832,400.00	1,832,400.00
Total General Fixed Assets	$ 14,611,021.14	$ 14,410,828.14
Investment in General Fixed Assets	$ 14,611,021.14	$ 14,410,828.14

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Except as noted below, the financial statements of the Borough of Mountainside include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Mountainside, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Mountainside do not include the operations of the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Mountainside conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Mountainside are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

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

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

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

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 the Encumbrance Accounting System.

Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

General Fixed Assets - New Jersey Administrative Code (NJAC 5:30-5.6), Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of $5,000.00 or more per unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

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

Fixed Capital - Swimming Pool Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of NJAC 5:30-5.6.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.00.

The Borough of Mountainside had the following cash and cash equivalents at December 31, 2017:

FUND	Cash on Deposit	Deposits in Transit	Outstanding Checks	TOTAL
Current Fund	$ 8,381,197.73	$ 791,166.16	$ 45,982.28	$ 9,126,381.61
Animal Control Trust Fund	5,980.51			5,980.51
Trust Other Fund	1,624,141.65		17,934.30	1,606,207.35
General Capital Fund	1,140,852.28		283,861.27	856,991.01
Sewer Utility Operating Fund	251,397.40		1,628.81	249,768.59
Total December 31, 2017	$ 11,403,569.57	$ 791,166.16	$ 349,406.66	$ 11,845,329.07

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of $11,403,569.57, $326,075.98 was covered by Federal Depository Insurance, $11,077,493.59 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:

a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;

b. the custody of collateral is transferred to a third party;

c. the maturity of the agreement is not more than 30 days;

d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and

e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

NOTE 3: LONG-TERM DEBT

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

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	YEAR 2017	YEAR 2016	YEAR 2015
Issued:			
General:			
Bonds, Notes and Loans	$ 5,546,877.00	$ 5,620,400.00	$ 5,544,900.00
Net Debt Issued	5,546,877.00	5,620,400.00	5,544,900.00
	$ 5,546,877.00	$ 5,620,400.00	$ 5,544,900.00
Authorized But Not Issued			
Pool Utility:			
Bonds and Notes	$	$	$ 30,000.00
Total Authorized But Not Issued			30,000.00
Net Bonds and Notes Issued and and Authorized But Not Issued	$ 5,546,877.00	$ 5,620,400.00	$ 5,574,900.00

ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .31%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	$18,800,000.00	$18,800,000.00	-0-
General Debt	5,546,877.00		$5,546,877.00
	$24,346,877.00	$18,800,000.00	$5,546,877.00

NET DEBT $5,546,877.00 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, $1,772,293,846.67 EQUALS .31%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2017	$1,772,293,846.67
3-1/2 of Equalized Valuation Basis	62,030,284.63
Net Debt	5,546,877.00
Remaining Borrowing Power	$56,483,407.63

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Mountainside for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
SWIM POOL UTILITY PER N.J.S.40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	$	314,786.91
Deductions:		
Operating and Maintenance Cost	$	297,257.00
Excess/(Deficit) in Revenue	$	17,529.91

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2017

BOND ANTICIPATION NOTE

	Interest Rate	Issue and Maturity Dates	Amount
General Capital	1.070%	10/27/17 to 5/1/18	$5,546,877.00

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 were as follows:

Current Fund	Data not available
Swim Pool Utility Operating	Data not available

NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Prepaid Taxes	$3,607,594.06	$199,954.73

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

NOTE 6: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest alter four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2017, PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by Slate of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the cost are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to $858,995.08 for 2017, $845,283.97 for 2016, and $807,401.23 for 2015

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

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

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2017.

The State of New Jersey has not allocated or calculated the Borough of Mountainside’s proportionate share of the total net pension liability for the year ended June 30, 2017; and, therefore, the amount of the Borough net pension liability to be disclosed in the notes to the financial statement is not presently known. For note disclosure purposes only, the amount of the net pension liability remains at the measurement date of June 30, 2016.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of $4,716,203.00 for the Borough of Mountainside's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0210094589 percent, which was a decrease of 0.0011971402 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of $268,000.00 for the Borough of Mountainside's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was $183,068.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience		$112,512.00
Changes of assumptions		506,482.00
Net difference between projected and actual earnings on pension plan investments	$75,827.00	
Changes in proportion and differences between Town contributions and proportionate share of contributions	212,523.00	
	$288,350.00	$618,994.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended June 30	Amount
2016	$54,020.00
2017	$54,020.00
2018	$54,020.00
2019	$115,963.00
2020	$52,621.00

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	6/30/2015	6/30/2014
Collective deferred outflows of resources	$5,086,138,484	$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Borough's Proportion	0.0210094589%	0.0222065991%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	June 30, 2014	June 30, 2015
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

	June 30, 2015		June 30, 2014	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	100.00%		100.00%	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2015		
	1% Decrease 3.90%	At Current Discount Rate 4.90%	1% Increase 5.90%
Borough's proportionate share of the pension liability	$5,861,663.00	$4,716,203.00	$3,755,857.00

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of $12,658,220.00 for the Borough of Mountainside's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0759956153 percent, which was an increase of 0.0010000160 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of $1,255,103.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was $576,018.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	$109,181.00	
Changes of assumptions		$2,337,022.00
Net difference between projected and actual earnings on pension plan investments	220,305.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		577,224.00
	$329,486.00	$2,914,246.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2016	$517,488.00
2017	$517,488.00
2018	$517,488.00
2019	$758,159.00
2020	$274,137.00

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	6/30/2015	6/30/2014
Collective deferred outflows of resources	$3,527,123,787	$456,706,121
Collective deferred inflows of resources	466,113,435	1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Borough's proportion	0.0759956153%	0.0749955993%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age)		
2012-2021	2.60-9.48 Percent	3.95-8.62 Percent
Thereafter	3.60-10.48 Percent	4.95-9.62 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

	June 30,2015		June 30,2014	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	(0.40)%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	100.00%		100.00%	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2015		
	1% Decrease 4.79%	At Current Discount Rate 5.79%	1% Increase 6.79%
Borough's proportionate share of the PFRS pension liability	$16,687,553.00	$12,658,220.00	$9,372,660.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

NOTE 7: COMPENSATED ABSENCES

Under existing policy of the Borough, employees are allowed to accumulate unused sick leave. Management has estimated that the current cost of unused sick leave for Police personnel would approximate $481,406.00 and for all other personnel would approximate $23,995.00.

Effective January 1, 1999, employees of the Police Department hired prior to September 1, 1990 shall be entitled to receive, upon retirement, an amount equivalent to one hour's pay (at the rate in effect at the time of employee retirement) for each three hours of unused accumulated sick leave up to a maximum of $18,000.00. Employees of the Police Department hired after September 1, 1990 shall be entitled to receive, upon retirement, an amount equivalent to one hour's pay (at the rate in effect at the time of retirement) for each two hours of unused accumulated sick leave up to a maximum of thirty thousand ($30,000) dollars, which sum shall be paid to the employee in equal amounts over three years.

Borough employees are also allowed to accumulate unused vacation days. Accumulated vacation days that are not used by the third month of the succeeding year will expire. However, if the employees' employment with the borough ends within the first three months of the succeeding year, the employees may be compensated for the unused vacation days.

Management has estimated that the current cost of unused vacation days, for Police personnel would approximate $37,881.30 and for all other personnel would approximate $48,591.23. Police personnel are allowed to accumulate compensatory time. Upon retirement, an Officer may only "buy back" a maximum of one hundred hours of unused compensatory time. Management has estimated that the current cost of unused compensatory time is $76,884.67.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2017.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for 2017 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51, if not paid through normal operations. The Borough has made provision, from budget appropriations, in the amount of $99,608.58 for these appeals in the event tax reductions are granted.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self-insurance program through the North Jersey Intergovernmental Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

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

Year	Borough Contributions and Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2017	$115.96	$6,946.34	$4,670.93	$14,380.25
2016	30.20	6,674.18	3,756.84	11,988.88
2015	28.39	6,510.67	8,728.54	9,041.34

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances on the balance sheet at December 31, 2017.

NOTE 13: DEFERRED COMPENSATION PLAN

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

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

The Plan is administered by Nationwide Retirement Solutions, Inc., and Lincoln National Corporation.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan Activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

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

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

NOTE 15: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through March 15, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

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BOROUGH OF MOUNTAINSIDE

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	REF.	CURRENT FUND	
Balance, December 31, 2016	A		$ 4,169,605.78
Increased by Receipts:			
Collector	A-5	$ 39,780,478.20	
Revenue Accounts Receivable	A-12	2,123,726.78	
Miscellaneous Revenue Not Anticipated	A-2	590,264.87	
State of New Jersey - Senior Citizens and Veterans Deductions (Chapter 20, P.L. 1971)	A-9	53,908.22	
Petty Cash Funds Returned	A-8	300.00	
2017 Appropriations - Refunds	A-3	249,048.63	
Various Reserves	A-16	35,671.80	
Outside Liens	A-22	285,993.71	
Interfunds	A-23	685,766.24	
Grants Receivable	A-24	59,210.98	
Grants Programs - Unappropriated	A-25	12,211.54	
			43,876,580.97
			$ 48,046,186.75
Decreased by Disbursements:			
2017 Appropriations	A-3	$ 10,979,933.68	
Appropriation Reserves	A-14	421,148.62	
Refund of Tax Overpayments	A-18	20,377.65	
Local District School Tax	A-21	16,814,584.99	
County Taxes	A-19	9,612,081.19	
County Share of Added Taxes	A-20	19,320.74	
Petty Cash Fund Advances	A-8	300.00	
Various Reserves	A-16	32,336.00	
Refund of Cell Tower Rents	A-2	3,406.63	
Refund of Recreation Fees	A-2	3,434.74	
Refund of Prior Years Revenue	A-1	11,950.00	
Tax Appeals	A-27	130,633.63	
Interfunds	A-23	685,766.24	
Grants Programs Appropriated	A-26	153,900.61	
Outside Liens	A-22	30,630.42	
			38,919,805.14
Balance, December 31, 2017	A		$ 9,126,381.61

"A-5"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	REF.				
Received:					
Taxes Receivable	A-10	$	35,808,335.21		
Revenue Accounts Receivable	A-12		143,741.80		
2018 Taxes Prepaid	A-17		3,607,594.06		
Tax Overpayments	A-18		20,377.65		
Sewer Flow Charges Receivable	A-13		200,429.48		
				$	39,780,478.20
Decreased by Disbursements:					
Payments to Treasurer	A-4			$	39,780,478.20

"A-6"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES-ASSESSED VALUATION

Balance, December 31, 2017 and December 31, 2016	A	$	3,875.00

"A-7"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF CHANGE FUND

		BALANCE DECEMBER 31, 2017		BALANCE DECEMBER 31, 2016
Collector	$	100.00	$	100.00
Municipal Court		200.00		200.00
Clerk - Dog License Account		25.00		25.00
Construction and Zoning Department		25.00		25.00
Recreation Department		100.00		100.00
	$	450.00	$	450.00
REF.		A		A

"A-8"

SCHEDULE OF PETTY CASH FUNDS

		RECEIVED FROM TREASURER		RETURNED TO TREASURER
Treasurer	$	100.00	$	100.00
Police Department		100.00		100.00
Public Works Department		50.00		50.00
Recreation Department		50.00		50.00
	$	300.00	$	300.00
REF.		A-4		A-4

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

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

	REF.		
Balance, December 31, 2016 (Due To)	A		$ 6,711.75
Increased by:			
Received From State of New Jersey	A-4	$ 53,908.22	
2017 Deductions Disallowed by Tax Collector		250.00	
			54,158.22
			60,869.97
Decreased by:			
Senior Citizens Deductions Per Tax Billing		$ 1,750.00	
Veterans Deductions Per Tax Billing		51,750.00	
Senior Citizens and Veterans Deductions Allowed by Tax Collector		1,250.00	
			54,750.00
Balance, December 31, 2017 (Due To)	A		$ 6,119.97

ANALYSIS OF STATE SHARE OF 2017 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing		$ 1,750.00
Veterans Deductions Per Tax Billing		51,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector- Taxes		1,250.00
		$ 54,750.00
Less: Deductions Disallowed by Tax Collector:		
Senior Citizens		250.00
	A-10	$ 54,500.00

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2016	2017 LEVY	CASH COLLECTIONS 2016	CASH COLLECTIONS 2017	CANCELED	BALANCE DECEMBER 31, 2017
2016	$ 566,968.06	$	$	$ 566,968.06	$	$
2017		35,822,817.66	199,954.73	35,295,867.15	96,898.88	230,096.90
	$ 566,968.06	$ 35,822,817.66	$ 199,954.73	$ 35,862,835.21	$ 96,898.88	$ 230,096.90
REF.	A		A-2:A-17	A-2		A

	REF.	
Collector	A-5	$ 35,808,335.21
Senior Citizens Deductions	A-9	54,500.00
		$ 35,862,835.21

ANALYSIS OF 2017 PROPERTY TAX LEVY

	REF.			
TAX YIELD				
General Purpose Tax			$ 35,734,418.45	
Added Taxes (54:4-63.1 et. seq.)			88,399.21	
				$ 35,822,817.66
TAX LEVY				
Local District School Tax (Abstract)	A-21		$ 16,814,585.00	
County Taxes:				
County Tax (Abstract)	A-19	$ 9,612,081.19		
Due County for Added Taxes (54:4-63.1 et. seq.)	A-20	22,548.43		
			9,634,629.62	
Local Tax for Municipal Purposes (Abstract)	A-2	$ 8,715,292.95		
Minimum Library Tax	A-2	592,241.00		
Add: Additional Tax Levied		66,069.09		
Local Tax for Municipal Purposes Levied			9,373,603.04	
				$ 35,822,817.66

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	REF.	
Balance, December 31, 2016 and Balance, December 31, 2017	A	$ 27,090.75

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	BALANCE DECEMBER 31, 2016	ACCRUED IN 2017	COLLECTED BY COLLECTOR	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2017
Clerk:						
Licenses:						
Alcoholic Beverage	A-2	$	$ 23,188.00	$	$ 23,188.00	$
Other	A-2		2,310.00		2,310.00	
Fees and Permits	A-2		15,684.00		15,684.00	
Health Officer:						
Fees and Permits	A-2		23,040.00		23,040.00	
Construction Code Official:						
Fees and Permits	A-2		472,268.00		472,268.00	
Recreation:						
Fees and Permits	A-2		112,638.86		112,638.86	
Municipal Court:						
Fines and Costs	A-2	9,188.27	115,804.01		118,814.52	6,177.76
Police:						
Fees and Permits	A-2		13,120.00		13,120.00	
Cable T.V. Franchise Fee	A-2		111,812.65		111,812.65	
Interest and Costs on Taxes	A-2		143,741.80	143,741.80		
Interest on Investments	A-2		50,208.75		50,208.75	
Energy Receipts Tax	A-2		767,600.00		767,600.00	
Capital Surplus	A-2		21,116.00		21,116.00	
Uniform Fire Safety Act	A-2		22,174.10		22,174.10	
Uniform Fire Safety-Local Fees	A-2		32,109.00		32,109.00	
Cell Tower Rents	A-2		337,642.90		337,642.90	
		$ 9,188.27	$ 2,264,458.07	$ 143,741.80	$ 2,123,726.78	$ 6,177.76
	REF.	A		A-5	A-4	A

"A-13"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF SEWER FLOW CHARGES RECEIVABLE

	REF.		
Balance, December 31, 2016	A	$	11,597.81
Increased by:			
Levy			189,401.99
		$	200,999.80
Decreased by:			
Collections:			
Collector	A-5		200,429.48
Balance, December 31, 2017	A	$	570.32

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
SALARIES AND WAGES:				
Administrative and Executive	$ 1,474.29	$ 1,474.29	$	$ 1,474.29
Mayor and Council	319.04	319.04		319.04
Borough Clerk	1,216.03	1,216.03		1,216.03
Financial Administration	3,895.48	3,895.48		3,895.48
Assessment of Taxes	682.68	682.68		682.68
Legal Services and Costs	596.44	596.44		596.44
Planning Board	142.88	142.88		142.88
Police Dispatchers	7,605.68	7,605.68		7,605.68
Police	698.52	698.52		698.52
Road Repair and Maintenance	8,702.55	8,702.55		8,702.55
Emergency Management Services	158.20	158.20		158.20
Fire Prevention	7,245.30	7,245.30		7,245.30
Board of Health	406.80	406.80		406.80
Administration of Public Assistance	10.00	10.00		10.00
Board of Recreation Commissioners	970.39	970.39		970.39
Senior Citizen Services	1,955.44	1,955.44		1,955.44
Construction Code Official	4,729.49	4,729.49		4,729.49
Municipal Court	6,438.89	6,738.89	345.00	6,393.89
Public Defender	1,900.04	1,900.04		1,900.04
TOTAL SALARIES AND WAGES	$ 49,148.14	$ 49,448.14	$ 345.00	$ 49,103.14
OTHER EXPENSES:				
Administrative and Executive	$ 20,633.34	$ 25,616.04	$ 7,753.27	$ 17,862.77
Mayor and Council	95.00	95.00		95.00
Financial Administration	765.56	765.56		765.56
Assessment of Taxes	18,685.95	18,996.85	310.90	18,685.95
Legal Services and Costs	16,230.15	34,561.65	33,713.29	848.36
Planning Board	29,878.21	32,079.52	1,128.34	30,951.18
Group Insurance Plan for Employees	49,143.40	52,774.88	7,803.06	44,971.82
Other Insurance	5,858.49	77,510.46	71,385.99	6,124.47
Group Insurance Health Benefit Waiver	832.70	832.70		832.70
Fire	3,795.61	39,245.72	38,866.11	379.61
Police	58,169.60	41,986.12	35,125.19	6,860.93
Police Dispatchers	2,390.00	2,390.00		2,390.00
Emergency Management Services	370.49	1,120.49		1,120.49
Fire Prevention	3,591.00	3,591.00		3,591.00
Road Repairs and Maintenance	8,020.20	13,859.88	5,680.66	8,179.22
Snow Removal	64,455.26	76,546.51	48,364.85	28,181.66
Public Buildings and Grounds	13,052.91	32,597.35	19,365.81	13,231.54
Shade Tree Commission	4,200.00	6,000.00	900.00	5,100.00
Board of Health	106.00	106.00		106.00
Administration of Public Assistance	10.00	10.00		10.00
Board of Recreation Commissioners	4,220.16	11,618.89	7,218.38	4,400.51
Senior Citizen Services	638.09	2,709.26	2,071.17	638.09
Construction Code Official	1,501.39	2,676.80	1,175.41	1,501.39
Zoning Enforcement	10.00	10.00		10.00
Salary Adjustment	70,000.00	70,000.00		70,000.00
Fire Hydrant	7,982.40	23,567.20	15,584.80	7,982.40
Street Lighting	14,340.72	14,376.68	3,985.71	10,390.97
Telephone	13,542.46	13,641.06	973.55	12,667.51
Electricity	24,802.68	26,355.08	11,708.16	14,646.92
Water	1,419.86	2,070.85	650.99	1,419.86
Gas	13,970.91	13,970.91	3,014.51	10,956.40
Gasoline	46,632.59	37,455.47	2,822.88	34,632.59
Contingent	300.00	300.00		300.00
Municipal Court	2,336.16	2,442.16	106.00	2,336.16
Contribution to PERS	2,955.43	2,955.43		2,955.43
Contribution to Social Security System	4,678.60	4,678.60		4,678.60
DCRP	491.61	491.61		491.61
Police and Firemen's Retirement System of N.J.	760.60	760.60		760.60
Purchase of Equipment and Vehicles - DPW	6,513.50	55,000.00	51,094.59	3,905.41
Purchase of Police Equipment	2,101.51	2,101.51		2,101.51
Capital Improvement Fund		50,000.00	50,000.00	
Rahway Valley Sewerage Authority - Share of Costs	38,374.86	38,374.86		38,374.86
TOTAL OTHER EXPENSES	$ 557,857.40	$ 836,242.70	$ 420,803.62	$ 415,439.08
	$ 607,005.54	$ 885,690.84	$ 421,148.62	$ 464,542.22
REF.	A		A-4	A-1

"A-15"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	REF.			
Balance, December 31, 2016	A		$	279,385.30
Increased by:				
Charges to 2017 Appropriations	A-3	$ 202,221.34		
				202,221.34
			$	481,606.64
Decreased by:				
Transferred to Appropriation Reserves	A-14	$ 278,685.30		
Transferred to Federal and State Grants Appropriated	A-26	700.00		
				279,385.30
Balance, December 31, 2017	A		$	202,221.34

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Sale of Municipal Assets	$ 9,242.98	$ 3,085.00	$ 5,000.00	$ 7,327.98
Codification of Ordinances	7,190.58			7,190.58
Revaluation Program	10,600.00			10,600.00
Property Maintenance, DCA Fees - Due State of New Jersey		28,724.00	28,724.00	
Marriage License Fees - Due State of New Jersey	75.00	700.00	600.00	175.00
Due to Lien Holder		150.80		150.80
RVSA		3,012.00	3,012.00	
	$ 27,108.56	$ 35,671.80	$ 37,336.00	$ 25,444.36
REF.	A	A-4		A

Cash Disbursements	A-4	$ 32,336.00
Anticipated Revenue	A-2	5,000.00
		$ 37,336.00

"A-17"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	REF.		
Balance, December 31, 2016	A	$	199,954.73
Increased by:			
Collection - 2018 Taxes	A-5		3,607,594.06
		$	3,807,548.79
Decreased by:			
Applied to 2017 Taxes Receivable	A-10		199,954.73
Balance, December 31, 2017	A	$	3,607,594.06

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Increased by:			
Overpayments in 2017:			
Collector	A-5	$	20,377.65
Decreased by:			
Refunds	A-4	$	20,377.65

"A-19"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	REF.		
Increased by:			
2017 Tax Levy	A-1:A-10	$	9,612,081.19
Decreased by:			
Payments	A-4	$	9,612,081.19

"A-20"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2016	A	$	19,320.74
Increased by:			
County Share of 2017 Levy:			
Added Taxes (R.S. 54:4-63.1 et. seq.)	A-1:A-10		22,548.43
		$	41,869.17
Decreased by:			
Payments	A-4		19,320.74
Balance, December 31, 2017	A	$	22,548.43

"A-21"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	REF.		
Increased by:			
Levy Calendar Year	A-1:A-10	$	16,814,585.00
Decreased by:			
Disbursements	A-4		16,814,584.99
Balance, December 31, 2017	A	$	0.01

"A-22"

SCHEDULE OF OUTSIDE LIEN REDEMPTIONS

Increased by:			
Receipts	A-4	$	285,993.71
Decreased by:			
Disbursements	A-4		30,630.42
Balance, December 31, 2017	A	$	255,363.29

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	TRUST OTHER FUND	GENERAL CAPITAL FUND
Receipts	A-4	$ 685,766.24	$ 547,016.24	$ 138,750.00
Disbursements	A-4	$ 685,766.24	$ 547,016.24	$ 138,750.00

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

	REF.			
Balance, December 31, 2016	A		$	21,229.57
Increased by:				
2017 Anticipated Revenues	A-2			178,189.87
			$	199,419.44
Decreased by:				
Cash Receipts	A-4	$ 59,210.98		
Unappropriated Reserves	A-25	2,465.43		
Grants Receivables Canceled	A-26	1,465.30		
				63,141.71
Balance, December 31, 2017	A		$	136,277.73

ANALYSIS OF BALANCE

Municipal Alliance	$	15,743.00
Union County Recreation '13		4,977.74
Union County Recreation '17		40,000.00
Union County Senior Focus Grant		25,000.00
2017 Infrastructure Municipal Aid Grant		50,000.00
Union County Preservation		556.99
	$	136,277.73

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF GRANTS - UNAPPROPRIATED

DESCRIPTION	BALANCE DECEMBER 31, 2016	CASH RECEIPTS	UTILIZED AS ANTICIPATED REVENUE	BALANCE DECEMBER 31, 2017
Alcohol Education and Rehabilitation	$ 120.86	$	$ 120.86	$
Body Armor	2,344.57	2,347.94	2,344.57	2,347.94
Recycling Tonnage Grant		7,863.60		7,863.60
Watts Grant		2,000.00		2,000.00
	$ 2,465.43	$ 12,211.54	$ 2,465.43	$ 12,211.54
REF.	A	A-4	A-24	A

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF GRANTS - APPROPRIATED

DESCRIPTION	BALANCE DECEMBER 31, 2016	ACCOUNTS PAYABLE 31, 2016	TRANSFERRED FROM 2017 BUDGET	DECREASED	CANCELED	BALANCE DECEMBER 31, 2017
Clean Communities	$ 3,000.00	$	$ 15,003.66	$ 15,003.66	$	$ 3,000.00
County of Union - Recreation Trust Grant '17			40,000.00			40,000.00
County of Union - Recreation Trust Grant '15	4,977.75					4,977.75
County of Union - Recreation Trust Grant '16	17,041.26			17,041.26		
Municipal Alliance Grant	17,830.86			16,365.56	1,465.30	
Highway Safety/Safe Corridor	20,087.26		15,161.17	20,087.26		15,161.17
2015 Infrastructure Municipal Aid Grant	17,424.80		50,000.00	50,000.00		17,424.80
Municipal Alliance Grant '17			15,743.00	560.98		15,182.02
Municipal Alliance			3,936.00	1,239.00		2,697.00
Body Armor Replacement Fund	10,844.24	700.00	2,344.57	5,600.00		8,288.81
State Forestry Vol. Fire Assistance			3,500.00			3,500.00
Watts Union County - Senior Activities			3,000.00	2,126.11		873.89
Union County Senior Focus Grant			25,000.00	17,560.17		7,439.83
Drunk Driving Enforcement Fund	11,607.53					11,607.53
Alcohol, Education and Rehabilitation	6,196.70		120.86			6,317.56
Recycling Tonnage Grant			8,316.61	8,316.61		
Union County Preservation	556.99					556.99
	$ 109,567.39	$ 700.00	$ 182,125.87	$ 153,900.61	$ 1,465.30	$ 137,027.35
REF.	A	A-15	A-3		A-24	A
Cash Disbursements A-4				$ 153,900.61		

"A-27"

BOROUGH OF MOUNTAINSIDE

CURRENT FUND

SCHEDULE OF TAX APPEALS

	REF.		
Balance, December 31, 2016	A	$	100,242.21
Increased by:			
Budget Appropriation	A-3:A-14		130,000.00
		$	230,242.21
Decreased by:			
Cash Disbursements	A-4		130,633.63
Balance, December 31, 2017	A	$	99,608.58

"B-1"

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF TRUST CASH

	REF.	ANIMAL CONTROL		OTHER	
Balance, December 31, 2016	B		$ 3,534.30		$ 472,078.04
Increased by Receipts:					
Dog License Fees	B-5	$ 7,281.80		$	
State Registration Fees	B-6	745.20			
2017 Budget Appropriation	B-5	15,000.00			
County of Union-Community Development Block Grants	B-7			10,222.12	
Various Reserves and Deposits	B-3			1,923,193.47	
Unemployment Compensation Insurance	B-8			7,062.30	
Due Current Fund	B-4			9,565.08	
Payroll Deductions Payable	B-2			13,349.58	
			23,027.00		1,963,392.55
			$ 26,561.30		$ 2,435,470.59
Decreased by Disbursements:					
Expenditures Under R.S. 4:19-15.11	B-5	$ 19,828.39		$	
State Registration Fees	B-6	752.40			
Various Reserves and Deposits	B-3			790,412.67	
Unemployment Compensation Insurance	B-8			4,670.93	
Due Current Fund	B-4			9,565.08	
Community Development Block Grant	B-9			10,350.81	
Payroll Deductions Payable	B-2			14,263.75	
			20,580.79		829,263.24
Balance, December 31, 2017	B		$ 5,980.51		$ 1,606,207.35

"B-2"

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

	REF.		
Balance, December 31, 2016	B	$	1,042.01
Increased by:			
Cash Receipts	B-1		13,349.58
		$	14,391.59
Decreased by:			
Cash Disbursements	B-1		14,263.75
Balance, December 31, 2017	B	$	127.84

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

		BALANCE DECEMBER 31, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2017
Street Opening Deposits	$	37,923.00	$ 5,000.00	$ 6,250.00	$ 36,673.00
Construction Code State Training Fees		6,519.00	28,724.00	30,494.00	4,749.00
Forfeited Property		32,243.13	2,495.01		34,738.14
Parking Offense Adjudication Act		1,406.60	70.00		1,476.60
Swim Team		5,060.34	6,858.10	6,916.10	5,002.34
Recycling		13,188.31			13,188.31
Municipal Alliance-Donations		1,305.44			1,305.44
Security Deposits		5,678.88		200.00	5,478.88
Escrow/Performance Deposits		60,334.15	244,535.04	240,202.80	64,666.39
Builders Escrow		100,799.78	143,562.84	168,286.64	76,075.98
Premium on Tax Sale		50,100.00	1,210,500.00	50,100.00	1,210,500.00
Public Defender		1,938.10	4,230.04	3,600.00	2,568.14
Fire Fines and Penalties		3,929.43		1,359.00	2,570.43
Police Donations		5,624.81	1,950.00		7,574.81
Recreation Commission			3,427.00	3,427.00	
Police Outside Overtime		10,000.00	100,567.02	94,193.50	16,373.52
Police Miscellaneous		13,874.07	25.00	4,588.95	9,310.12
Police Vests		2,770.00			2,770.00
Accumulated Absences		46,555.53		19,328.23	27,227.30
Federal Confiscated Funds		9,766.82	70.97		9,837.79
Recreation - Healthy Bones		438.00	696.00	864.00	270.00
Recreation/Credit Card		235.09	160,482.45	160,602.45	115.09
Snow Removal		58,520.17			58,520.17
Barnes Tract Sale			10,000.00		10,000.00
	$	468,210.65	$ 1,923,193.47	$ 790,412.67	$ 1,600,991.45
REF.		B	B-1	B-1	B

"B-4"

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-TRUST OTHER FUNDS

	REF.		
Increased by:			
Cash Receipts	B-1	$	9,565.08
Decreased by:			
Cash Disbursements	B-1	$	9,565.08

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	REF.		
Balance, December 31, 2016	B		$ 3,519.10
Increased by:			
2017 Budget Appropriations	B-1	$ 15,000.00	
License Fees Collected	B-1	7,281.80	
			22,281.80
			$ 25,800.90
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1		19,828.39
Balance, December 31, 2017	B		$ 5,972.51

LICENSE FEES COLLECTED

YEAR	AMOUNT
2016	$ 7,084.40
2015	6,901.80
	$ 13,986.20

"B-6"

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF STATE REGISTRATION FEES
ANIMAL CONTROL FUND

	REF.		
Balance, December 31, 2016	B	$	15.20
Increased by:			
Registration Fees	B-1		745.20
			760.40
Decreased by:			
Cash Disbursements	B-1		752.40
Balance, December 31, 2017	B	$	8.00

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

PROGRAM	PROGRAM NUMBER	BALANCE DECEMBER 31, 2016	ALLOTMENTS	RECEIPTS	CANCELED	BALANCE DECEMBER 31, 2017
Senior Citizens Transportation	017-240	$	$ 9,700.00	$	$	$ 9,700.00
Senior Citizens Handyman	017-431		2,000.00			2,000.00
Senior Citizens Transportation	016-240	9,700.00		9,700.00		
Senior Citizens Handyman	016-431	1,800.50		522.12	1,278.38	
		$ 11,500.50	$ 11,700.00	$ 10,222.12	$ 1,278.38	$ 11,700.00
	REF.	B	B-9	B-1	B-9	B

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR
UNEMPLOYMENT COMPENSATION INSURANCE

	REF.		
Balance, December 31, 2016	B		$ 11,988.88
Increased by:			
Employee Contributions		$ 6,946.34	
Interest on Investments		115.96	
	B-1		7,062.30
			19,051.18
Decreased by:			
Cash Disbursements	B-1		4,670.93
Balance, December 31, 2017	B		$ 14,380.25

BOROUGH OF MOUNTAINSIDE

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

PROGRAM	PROGRAM NUMBER	BALANCE DECEMBER 31, 2016	ALLOTMENTS	DISBURSEMENTS	CANCELED	BALANCE DECEMBER 31, 2017
Senior Citizens Transportation	017-240	$	$ 9,700.00	$ 8,683.66	$	$ 1,016.34
Senior Citizens Handyman	017-431		2,000.00	358.53		1,641.47
Senior Citizens Transportation	016-240	843.50		843.50		
Senior Citizens Handyman	016-431	1,743.50		465.12	1,278.38	
		$ 2,587.00	$ 11,700.00	$ 10,350.81	$ 1,278.38	$ 2,657.81
	REF.	B	B-7	B-1	B-7	B

"C-2"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH

	REF.			
Balance, December 31, 2016	C		$	1,341,013.26
Increased by Receipts:				
Budget Appropriations:				
Capital Improvement Fund	C-6	$ 50,010.00		
Refunds	C-7	648.31		
State Aid Receivable	C-10	138,750.00		
Bond Anticipation Notes	C-12	5,546,877.00		
				5,736,285.31
			$	7,077,298.57
Decreased by Disbursements:				
Due Current Fund	C-4	$ 0.00		
Contracts Payable	C-7	1,580,146.84		
Reserve for Recreation	C-11	22,167.72		
Fund Balance Anticipated as Current Fund Revenue	C-1	21,116.00		
Bond Anticipation Notes	C-12	4,596,877.00		
				6,220,307.56
Balance, December 31, 2017	C		$	856,991.01

"C-3"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

		BALANCE DECEMBER 31, 2017
Fund Balance	$	178.82
Capital Improvement Fund		294,268.01
Improvement Authorizations Funded as Set Forth on "C-8"		297,228.85
Contracts Payable		297,400.47
State Aid Receivable		(409,048.75)
Unexpended Proceeds of Bond Anticipation Note - Listed on "C-5"		376,963.61
	$	856,991.01
REF.		C

"C-4"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - FUNDED

	REF.	
Balance, December 31, 2016	C	$ 355,000.00
Decreased by:		
2017 Budget Appropriation to Pay Bonds	C-9	$ 355,000.00

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	REDUCED BY: NOTES PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2017	ANALYSIS OF BALANCE - DECEMBER 31, 2017 BOND ANTICIPATION NOTE
	General Improvements:					
	Various Capital Improvements -					
1131-07	Phase III of the Borough-Wide Road Improvement Program	$ 1,485,360.00	$	$ 573,077.00	$ 912,283.00	$ 912,283.00
1199-12	Various Infrastructure Improvements	450,640.00		12,180.00	438,460.00	438,460.00
1212-13	Various Public Improvements	1,761,900.00		83,266.00	1,678,634.00	1,678,634.00
1239-15	Various Infrastructure Improvements	522,500.00			522,500.00	522,500.00
1246-16	Improvements to Wood Valley Road	190,000.00			190,000.00	190,000.00
1250-16	Various Public Improvements	855,000.00			855,000.00	855,000.00
1256-17	Various Public Improvements		950,000.00		950,000.00	950,000.00
		$ 5,265,400.00	$ 950,000.00	$ 668,523.00	$ 5,546,877.00	$ 5,546,877.00
	REF.	C	C-8	C-12	C	C-12

"C-6"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	REF.		
Balance, December 31, 2016	C		$ 294,258.01
Increased by:			
2017 Budget Appropriation	C-2		50,010.00
			$ 344,268.01
Decreased by:			
2017 Improvement Authorizations	C-8		50,000.00
Balance, December 31, 2017	C		$ 294,268.01

"C-7"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2016	C		$ 643,406.88
Increased by:			
Refunds	C-2	$ 648.31	
Charges to Improvement Authorizations	C-8	1,233,492.12	
			1,234,140.43
			$ 1,877,547.31
Decreased by:			
Cash Disbursements	C-2		1,580,146.84
Balance, December 31, 2017	C		$ 297,400.47

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2016 FUNDED	BALANCE DECEMBER 31, 2016 UNFUNDED	2017 AUTHORIZATIONS	NET PAID OR CHARGED	CONTRACTS PAYABLE CANCELED	BALANCE DECEMBER 31, 2017 FUNDED	BALANCE DECEMBER 31, 2017 UNFUNDED
	General Improvements:									
1026-00	Drainage and Storm Sewer Repairs	04/18/00	600,000.00	$ 7,630.40	$	$	$	$	$ 7,630.40	$
1131-07	Phase III of Borough - Wide Road Improvement Program	9/18/07	3,000,000.00					924.99		924.99
1199-12	Various Infrastructure Improvements	5/15/12	500,000.00					2,602.80		2,602.80
1208-13	Improvements to Recreation Facilities	4/16/13	57,000.00	47,832.28			7,464.36		40,367.92	
1212-13	Various Public Improvements	11/26/13	2,000,000.00		85,666.83		57,042.32			28,624.51
1218-14	Various Road Improvements	6/17/14	169,530.75	15,955.09					15,955.09	
1229-14	Purchase of Two Police Vehicles	10/21/14	73,000.00	13,275.44					13,275.44	
1239-15	Various Infrastructure Improvements	8/18/15	550,000.00		12,982.47					12,982.47
1246-16	Improvements to Wood Valley Road	4/19/16	200,000.00		70,317.77					70,317.77
1248-16	Resurfacing of Forest Hill Way	6/21/16	185,000.00	185,000.00			185,000.00			
1250-16	Various Public Improvements	6/21/16	975,000.00		249,024.30		139,020.28			110,004.02
1256-17	Various Public Improvements	5/16/17	1,000,000.00			1,000,000.00	848,492.95			151,507.05
1259-17	Resurfacing of Meeting House Lane	7/18/17	220,000.00			220,000.00			220,000.00	
				$ 262,062.81	$ 417,991.37	$ 1,220,000.00	$ 1,237,019.91	$ 3,527.79	$ 297,228.85	$ 376,963.61
			REF.	C	C		C-7	C-7	C:C-3	C:C-5

Deferred Charges to Future Taxation - Unfunded	C-5	$ 950,000.00
Capital Improvement Fund	C-6	50,000.00
State Aid Receivable	C-10	220,000.00
		$ 1,220,000.00

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2017 DATE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2017 AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2016	DECREASED
General Improvement	8/01/01	$ 5,000,000.00		$		$ 355,000.00	$ 355,000.00
						$ 355,000.00	$ 355,000.00
					REF.	C	C-4

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF STATE AID RECEIVABLE

	REF.	
Balance, December 31, 2016	C	$ 327,798.75
Increased by:		
Grant Awarded	C-8	220,000.00
		$ 547,798.75
Decreased by:		
Received	C-2	138,750.00
Balance, December 31, 2017	C	$ 409,048.75

ANALYSIS OF BALANCE

New Jersey Department of Transportation:	
Ordinance #1185-11	$ 47,500.00
Ordinance #1222-14	50,298.75
Ordinance #1238-15	45,000.00
Ordinance #1248-16	185,000.00
Ordinance #1259-17	81,250.00
	$ 409,048.75

"C-11"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR RECREATION

	REF.	
Balance, December 31, 2016	C	$ 22,167.72
Decreased by:		
Cash Disbursements	C-2	$ 22,167.72

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
	General Improvements:								
1131-07	Phase III of Borough-Wide Road Improvement Program	11/09/07	10/27/17	5/01/18	1.07%	$ 1,485,360.00	$ 912,283.00	$ 1,485,360.00	$ 912,283.00
1199-12	Various Infrastructure Improvements	11/02/12	10/27/17	5/01/18	1.07%	450,640.00	438,460.00	450,640.00	438,460.00
1212-13	Various Public Improvements	10/30/14	10/27/17	5/01/18	1.07%	1,761,900.00	1,678,634.00	1,761,900.00	1,678,634.00
1239-15	Various Infrastructure Improvements	10/30/15	10/27/17	5/01/18	1.07%	522,500.00	522,500.00	522,500.00	522,500.00
1246-16	Improvements to Wood Valley Road	10/27/16	10/27/17	5/01/18	1.07%	190,000.00	190,000.00	190,000.00	190,000.00
1250-16	Various Public Improvements	10/27/16	10/27/17	5/01/18	1.07%	855,000.00	855,000.00	855,000.00	855,000.00
1256-17	Various Public Improvements	10/27/17	10/27/17	5/01/18	1.07%		950,000.00		950,000.00
						$ 5,265,400.00	$ 5,546,877.00	$ 5,265,400.00	$ 5,546,877.00
					REF.	C	C-2		C:C-5
			Paid by Budget Appropriation		C-5			$ 668,523.00	
			Cash Disbursements		C-2			4,596,877.00	
								$ 5,265,400.00	

"C-13"

BOROUGH OF MOUNTAINSIDE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017
		$ 0.00

"D-5"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY FUND

SCHEDULE OF SWIMMING POOL UTILITY CASH

	REF.	OPERATING	CAPITAL
Balance, December 31, 2016	D	$ 231,773.78	$ -
Increased by Receipts:			
Membership Fees	D-3	$ 281,006.73	$
Miscellaneous	D-3	31,791.41	
Appropriation Refunds	D-4	2,600.00	
		$ 315,398.14	$
Decreased by Disbursements:			
2017 Appropriations	D-4	$ 282,895.32	$
2016 Appropriation Reserves	D-7	14,508.01	
		$ 297,403.33	$
Balance, December 31, 2017	D	$ 249,768.59	$ -

"D-6"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF ACCOUNTS PAYABLE

	REF.		
Balance, December 31, 2016	D	$	16,755.86
Increased by:			
Charges to 2017 Budget	D-4		28,517.84
			45,273.70
Decreased by:			
Transferred to Appropriation Reserves	D-7		16,755.86
Balance, December 31, 2017	D	$	28,517.84

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

		BALANCE DECEMBER 31, 2016	ACCOUNTS PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:						
Salaries and Wages	$	16,846.47	$	$ 16,846.47	$	$ 16,846.47
Other Expenses		25,091.18	7,316.48	32,407.66	5,788.63	26,619.03
Operating Total	$	41,937.65	$ 7,316.48	$ 49,254.13	$ 5,788.63	$ 43,465.50
Capital Improvements:						
Capital Outlay		3,153.03	9,439.38	12,592.41	8,719.38	3,873.03
	$	45,090.68	$ 16,755.86	$ 61,846.54	$ 14,508.01	$ 47,338.53
REF.		D	D-6		D-5	D-1

"D-8"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	REF.	
Balance, December 31, 2016	D	$ 1,101,737.15
Increased by:		
Capital Outlay:		
By Operating Budgets	D-9	20,835.45
Balance, December 31, 2017	D	$ 1,122,572.60

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

	REF.		
Balance, December 31, 2016	D		$ 831,741.15
Increased by:			
By Budget Capital Outlay	D-8	$ 20,835.45	
Ordinance 1097-2005	D-10	269,996.00	
			290,831.45
Balance, December 31, 2017	D		$ 1,122,572.60

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2016 UNFUNDED	COSTS TO FIXED CAPITAL	BALANCE DECEMBER 31, 2017 UNFUNDED
1097-2005	Improvement to Municipal Swimming Pool	09/20/2005	$ 269,996.00	$ 269,996.00	$ 269,996.00	$ 0.00
				$ 269,996.00	$ 269,996.00	$ 0.00
			REF.	D	D-9	D

"D-11"

BOROUGH OF MOUNTAINSIDE

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF CHANGE FUND

	REF.	
Balance, December 31, 2016 and December 31, 2017	D	$ 50.00

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BOROUGH OF MOUNTAINSIDE

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

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

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

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

The Honorable Mayor and Members
of the Borough Committee
Borough of Mountainside
County of Union
Mountainside, New Jersey 07092

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Mountainside, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated March 15, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Mountainside prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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 of Mountainside's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Mountainside'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 Mountainside's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suplee, Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

William M. Kenny
REGISTERED MUNICIPAL ACCOUNTANT NO. 419

March 15, 2018

SCHEDULE 1

BOROUGH OF MOUNTAINSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2017
U.S. Department of Housing and Urban Development								
Pass Through County of Union:								
Community Development Block Grant-Transportation	17.218	17-240	9/1/17	8/31/18	$ 9,700.00	$	$ 8,683.66	$ 8,683.66
Community Development Block Grant-Handyman	17.218	17-431	9/1/17	8/31/18	2,000.00		358.53	358.53
Community Development Block Grant-Transportation	16.218	16-240	9/1/16	8/31/17	9,700.00	9,700.00	843.50	9,700.00
Community Development Block Grant-Handyman	16.218	16-431	9/1/16	8/31/17	721.62	522.12	465.12	721.62
						$ 10,222.12	$ 10,350.81	$ 19,463.81
	TOTAL					$ 10,222.12	$ 10,350.81	$ 19,463.81

SCHEDULE 2

BOROUGH OF MOUNTAINSIDE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	FROM	TO	GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2017
Department of Environmental Protection							
Clean Communities Program	4900-765-004-2007-178900	1/1/17	12/31/17	$ 15,003.66	$ 15,003.66	$ 15,003.66	$ 15,003.66
Clean Communities Program	4900-765-004-2007-178900	1/1/15	12/31/15	15,505.02			12,505.02
Recycling Tonnage Grant	4900-752-001-2007-178810	1/1/17	12/31/17	8,316.61	8,316.61	8,316.61	8,316.61
					$ 23,320.27	$ 23,320.27	$ 35,825.29
Department of Law and Public Safety							
Drunk Driving Enforcement Fund	6400-100-078-YYYY	1/1/11	12/31/11	5,516.00	$	$	$ 3,697.14
Drunk Driving Enforcement Fund	6400-100-078-YYYY	1/1/14	12/31/14	4,409.66			
Drunk Driving Enforcement Fund	6400-100-078-YYYY	1/1/16	12/31/16	5,379.01			
					$	$	$ 3,697.14
Department of Health							
Alcohol, Education, Rehabilitation and Enforcement-Prior Years	9735-750-060000-60	1/1/00	12/31/11	8,750.47	$	$	$ 4,093.20
Alcohol, Education, Rehabilitation and Enforcement	9735-750-060000-60	1/1/12	12/31/12	593.28			
Alcohol, Education, Rehabilitation and Enforcement	9735-750-060000-60	1/1/13	12/31/13	592.40			
Alcohol, Education, Rehabilitation and Enforcement	9735-750-060000-60	1/1/15	12/31/15	59.08			
Alcohol, Education, Rehabilitation and Enforcement	9735-750-060000-60	1/1/16	12/31/16	294.67			
Alcohol, Education, Rehabilitation and Enforcement	9735-750-060000-60	1/1/17	12/31/17	120.86	120.86		
					$ 120.86	$	$ 4,093.20
Department of Health							
Municipal Alliance Grant	15-ALL-115.	1/1/15	12/31/15	14,115.68	$	$ 2,087.86	$ 14,115.68
Municipal Alliance Grant	16-ALL-115.	1/1/16	12/31/16	14,277.70	14,229.54	14,277.70	14,277.70
Municipal Alliance Grant	17-ALL-115.	1/1/17	12/31/17	15,743.00		560.98	560.98
					$ 14,229.54	$ 16,926.54	$ 28,954.36
Division of Criminal Justice							
Body Armor Replacement Fund-Prior Years	020-718-066-1020-001-YCJS-6120	7/1/06	6/30/12	9,844.68	$	$ 1,166.68	$ 9,844.68
Body Armor Replacement Fund	020-718-066-1020-001-YCJS-6120	7/1/12	6/30/13	2,374.56		2,374.56	2,374.56
Body Armor Replacement Fund	020-718-066-1020-001-YCJS-6120	7/1/13	6/30/14	2,426.45		1,358.76	1,358.76
Body Armor Replacement Fund	020-718-066-1020-001-YCJS-6120	7/1/14	6/30/15	2,440.08			
Body Armor Replacement Fund	020-718-066-1020-001-YCJS-6120	7/1/15	6/30/16	2,436.47			
Body Armor Replacement Fund	020-718-066-1020-001-YCJS-6120	7/1/16	6/30/17	2,344.57	2,344.57		
					$ 2,344.57	$ 4,900.00	$ 13,578.00
Department of Transportation							
State Aid Projects:							
Resurfacing of Pembrook Road				190,000.00	$	$	$ 190,000.00
Resurfacing of Cedar Avenue				201,195.00			201,195.00
Resurfacing of Woof Valley Road				180,000.00			180,000.00
Resurfacing of Forest Hill Road				185,000.00		185,000.00	185,000.00
Resurfacing of Meeting House Lane				81,250.00			
Highway Safety/Safe Corridor				15,161.17	15,161.17		
Highway Safety/Safe Corridor				20,087.26		20,087.26	20,087.26
					$ 15,161.17	$ 205,087.26	$ 776,282.26
		Total State Financial Assistance			$ 55,176.41	$ 250,234.07	$ 862,430.25

BOROUGH OF MOUNTAINSIDE

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

YEAR ENDED DECEMBER 31, 2017

NOTE 1. GENERAL

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state financial assistance programs of the Borough of Mountainside, County of Union, New Jersey. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules of expenditures agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in either the Current Fund, General Capital Fund, or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

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

Revenues:

	Federal	State	Other	Total
Current Fund	$	$ 55,176.41	$ 6,500.00	$ 61,676.41
Trust Other Fund	10,222.12			10,222.12
	$ 10,222.12	$ 55,176.41	$ 6,500.00	$ 71,898.53

Expenditures:

	Federal	State	Other	Total
Current Fund	$	$ 65,234.07	$ 87,966.54	$ 153,200.61
General Capital Fund		185,000.00		185,000.00
Trust Other Fund	10,350.81			10,350.81
	$ 10,350.81	$ 250,234.07	$ 87,966.54	$ 348,551.42

NOTE 5. OTHER

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

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PART III

BOROUGH OF MOUNTAINSIDE

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

	YEAR 2017		YEAR 2016	
	AMOUNT	%	AMOUNT	%
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 1,435,000.00	3.48%	$ 1,435,000.00	3.66%
Miscellaneous - From Other Than Local Property Tax Levies	3,699,053.65	8.98%	3,026,833.65	7.71%
Collection of Delinquent Taxes and Tax Title Liens	566,968.06	1.38%	411,257.01	1.05%
Collection of Current Tax Levy	35,495,821.88	86.16%	34,379,790.94	87.59%
Total Income	$ 41,196,843.59	100.00%	$ 39,252,881.60	100.00%
EXPENDITURES				
Budget Expenditures:				
Municipal Purposes	$ 11,825,301.86	30.89%	$ 11,601,562.55	31.00%
County Taxes	9,634,629.62	25.16%	9,522,298.20	25.44%
Local School Taxes	16,814,585.00	43.92%	16,304,972.00	43.56%
Other Expenditures	11,950.00	0.03%	1,583.63	0.00%
Total Expenditures	$ 38,286,466.48	100.00%	$ 37,430,416.38	100.00%
Excess in Revenue	$ 2,910,377.11		$ 1,822,465.22	
Fund Balance, January 1	2,839,523.70		2,452,058.48	
	$ 5,749,900.81		$ 4,274,523.70	
Less: Utilization as Anticipated Revenue	1,435,000.00		1,435,000.00	
Fund Balance, December 31	$ 4,314,900.81		$ 2,839,523.70	

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

	YEAR 2017		YEAR 2016	
	AMOUNT	%	AMOUNT	%
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 25,367.00	6.58%	$ 54,123.00	12.68%
Membership Fees	281,006.73	72.89%	297,988.50	69.82%
Miscellaneous From Other Than Membership Fees	79,129.94	20.53%	74,700.38	17.50%
Total Income	$ 385,503.67	100.00%	$ 426,811.88	100.00%
EXPENDITURES				
Budget Expenditures:				
Operating	$ 285,257.00	82.60%	$ 285,257.00	75.99%
Capital Improvement	48,110.00	13.93%	48,110.00	12.82%
Deferred Charges and Statutory Expenditures	12,000.00	3.47%	42,000.00	11.19%
Total Expenditures	$ 345,367.00	100.00%	$ 375,367.00	100.00%
Excess in Revenue	$ 40,136.67		$ 51,444.88	
Fund Balance:				
Balance, January 1	169,977.24		172,655.36	
	$ 210,113.91		$ 224,100.24	
Decreased by:				
Utilized by Swimming Pool Operating Budget	25,367.00		54,123.00	
Fund Balance, December 31	$ 184,746.91		$ 169,977.24	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2017	2016	2015
Tax Rate	$7.473	$7.303	$7.164
Appointment of Tax Rate:			
Municipal	1.823	1.787	1.771
Municipal Library	0.124	0.122	0.119
County	1.954	1.931	1.854
County Open Space	0.056	0.055	0.054
Local School	3.516	3.408	3.366

Assessed Valuation:

Year 2017	$ 478,180,362.00		
Year 2016		$ 478,426,658.00	
Year 2015			$ 477,795,347.00

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.

		CURRENTLY	
YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2017	$ 35,822,817.66	$ 35,495,821.88	99.09%
2016	$ 35,035,977.89	$ 34,379,790.94	98.13%
2015	$ 34,307,065.02	$ 33,830,436.02	98.61%

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.

DECEMBER 31, YEAR	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2017	$ 27,090.75	$ 230,096.90	$ 257,187.65	0.72%
2016	$ 27,090.75	$ 566,968.06	$ 594,058.81	1.70%
2015	$ 27,090.75	$ 411,257.01	$ 438,347.76	1.28%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

YEAR	AMOUNT
2017	$ 3,875.00
2016	$ 3,875.00
2015	$ 3,875.00

EQUALIZED VALUATIONS – REAL PROPERTY

YEAR	AMOUNT
2017	$ 1,790,711,769.00
2016	$ 1,776,301,003.00
2015	$ 1,749,868,768.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	YEAR		BALANCE DECEMBER 31		UTILIZED IN BUDGET OF SUCCEEDING YEAR
	2017	$	4,314,900.81	$	*
	2016	$	2,839,523.70	$	1,435,000.00
	2015	$	2,452,058.48	$	1,435,000.00
Current Fund	2014	$	2,189,600.20	$	1,435,000.00
	2013	$	2,186,052.01	$	1,435,000.00
	2017	$	184,746.91	$	*
	2016	$	169,977.24	$	25,367.00
	2015	$	172,655.36	$	54,123.00
Swim Pool Utility Operating Fund	2014	$	149,353.13	$	55,367.00
	2013	$	117,517.04	$	50,867.00

* Budget not adopted as of date of this report.

OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	TITLE	AMOUNT OF BOND	NAME OF SURETY
Paul N. Mirabelli	Mayor		
Rene Dierkes	Councilman		
Robert W. Messler	Councilman		
Glenn Mortimer	Councilman		
Keith C. Turner	Councilman		
Wendy Fech-Caccamo	Councilwoman		
Deanna Andre	Councilwoman		
James J. Debbie, Jr.	Administrator	*	
Jill Goode	Tax Collector	$1,000,000.00	Municipal Essex Liability Joint Insurance Fund
Martha Lopez	Borough Clerk, Registrar of of Vital Statistics	*	
Jill Goode	Chief Financial Officer, Treasurer	$1,000,000.00	Municipal Essex Liability Joint Insurance Fund
Cynthia West	Court Administrator	**	Municipal Essex Liability Joint Insurance Fund
Alan Attanasio	Police Chief	*	

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

NAME	TITLE	AMOUNT OF BOND	NAME OF SURETY
Frank Sahaj	Municipal Judge	**	Municipal Essex Liability Joint Insurance Fund
James Foerst	Municipal Prosecutor	**	Municipal Essex Liability Joint Insurance Fund
John N. Post, Esq.	Borough Attorney	*	
Ronald Romak	DPW Manager	*	
Jerry Eger	Construction Official	*	
Michael Frangella	Tax Assessor	*	
Frank Masella	Recreation Director	*	

All of the Bonds were examined and were properly executed.

*Public employees bonded by blanket position bond, from the Municipal Essex Liability Joint Insurance Fund, in force covering each employee for $1,000,000.

**Municipal Court employees bonded by blanket position bond, from the Municipal Essex Liability Joint Insurance Fund, in force covering each employee for $1,000,000.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

"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 by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is $17,500.00 or up to $40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has elected to increase its bid threshold to $40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed $40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Various Infrastructure Improvements
Resurfacing of Roads

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

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of $40,000.00 "for the performance of any work or the furnishing or hiring of any material or supplies," other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2017 for the following professional services:

Auditor
Attorney
Engineer

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

Police Vehicles

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 3, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

> "BE IT RESOLVED by the Governing Body of the Borough of Mountainside that the rate of interest on delinquent taxes and assessments owed to the said Borough of Mountainside, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars ($1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars ($1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."
>
> "BE IT FURTHER RESOLVED there will be a six percent (6%) penalty on delinquency of Ten Thousand Dollars ($10,000.00) or more at the end of the calendar year."

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

DELINQUENT TAXES AND TAX TITLE LIENS

A tax sale was held on December 13, 2017.

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

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

YEAR	NUMBER OF LIENS
2017	3
2016	3
2015	3

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

TYPE	
Payments of 2016 Taxes	25
Payments of 2017 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfunds

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

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

RECOMMENDATIONS

NONE