

"D-7"

BOROUGH OF SOUTH PLAINFIELD
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2011	D	\$	476,190.22
Increased by:			
Sewer Charges Levied (Net)			6,552,752.99
		\$	<u>7,028,943.21</u>
Decreased by:			
Receipts	D-5	\$	6,694,501.08
Transferred To Liens	D-8		<u>335.00</u>
			<u>6,694,836.08</u>
Balance, December 31, 2012	D	\$	<u><u>334,107.13</u></u>

"D-8"

SCHEDULE OF SEWER LIENS RECEIVABLE - OPERATING FUND

Balance, December 31, 2011	D	\$	2,393.30
Increased by:			
Transferred From Receivable	D-7		<u>335.00</u>
Balance, December 31, 2012	D	\$	<u><u>2,728.30</u></u>

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ACCOUNTS PAYABLE	MODIFIED	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 17,252.32	\$	252.32	\$	252.32
Other Expenses	779.37	2,205.96	19,985.33	15,139.33	4,846.00
	<u>\$ 18,031.69</u>	<u>\$ 2,205.96</u>	<u>\$ 20,237.65</u>	<u>\$ 15,139.33</u>	<u>\$ 5,098.32</u>

REF.

D

D-10

D-5

D-1

"D-10"

BOROUGH OF SOUTH PLAINFIELD
SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2011	D	\$	27,205.96
Increased by:			
Appropriations	D-4		1,976.53
		\$	<u>29,182.49</u>
Decreased by:			
Transfer to Appropriation Reserves	D-9	\$	2,205.96
Canceled	D-1		<u>25,000.00</u>
			<u>27,205.96</u>
Balance, December 31, 2012	D	\$	<u><u>1,976.53</u></u>

"D-11"

SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2011	D	\$	5,091.54
Increased by:			
Receipts	D-5		39,225.40
		\$	<u>44,316.94</u>
Decreased by:			
Overpayments Refunded	D-5		<u>11,208.90</u>
Balance, December 31, 2012	D	\$	<u><u>33,108.04</u></u>

"D-12"

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 10,796.00
Increased by:		
Budget Appropriation for Interest	D-4	30,000.00
		<u>\$ 40,796.00</u>
Decreased by:		
Interest Paid	D-5	27,775.00
Balance, December 31, 2012	D	<u>\$ 13,021.00</u>

"D-13"

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>		<u>BALANCE DECEMBER 31, 2012 AND 2011</u>
Acquisition of South Plainfield Sewerage System		\$ 3,912,264.42
Sewerage Improvements		3,124,090.73
Sewer System Equipment		321,466.06
Membership Equity in PARSA		<u>6,200,000.00</u>
		<u>\$ 13,557,821.21</u>

REF. D

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE DECEMBER 31, 2012 AND 2011</u>
1579A	Study and Review-Sanitary Sewer System	\$	25.82
1651	Generator-Pump Station		193.00
1716	Renovation of Storm Sewer and Manholes		377.00
1803	Various Sewer Improvements		150,000.00
1877	Refunding Bond Ordinance		100,000.00
1942	Sewer Jet		<u>300,000.00</u>
		\$	<u>550,595.82</u>
		<u>REF.</u>	D

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF BONDS OUTSTANDING-DECEMBER 31, 2012</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BONDS ISSUED</u>	<u>BALANCE DECEMBER 31 2012</u>	
Sewer Utility Capital	6/15/1999	\$ 6,200,000.00	6/15/2013 \$ 440,000.00 6/15/2014 430,000.00	3.00% 3.00%	\$ 1,325,000.00	\$ 300,000.00	\$ 455,000.00	\$ 1,170,000.00
					\$ 1,325,000.00	\$ 300,000.00	\$ 455,000.00	\$ 1,170,000.00
				<u>REF.</u>	D	D-5	D-19	D

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORDINANCE</u> <u>AMOUNT</u>	<u>BALANCE DECEMBER 31, 2011</u>		<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE DECEMBER 31, 2012</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>		<u>FUNDED</u>	<u>UNFUNDED</u>
1579A	Study and Review - Sanitary Sewer System	4/14/03	\$ 50,000.00	\$ 25.82	\$	\$	25.82	\$
1651	Generator - Pump Station	3/10/04	30,000.00	30.50			30.50	
1716	Renovation of Storm Sewer and Manholes	1/17/06	25,000.00	377.00			377.00	
1803	Various Sewer Improvements	10/2/07	150,000.00		63,488.95	8,778.05		54,710.90
1877	Refunding Bond Ordinance	4/19/10	100,000.00		58,607.00			58,607.00
1942	Sewer Jet	12/05/11	300,000.00		300,000.00	299,335.87	664.13	
				<u>\$ 433.32</u>	<u>\$ 422,095.95</u>	<u>\$ 308,113.92</u>	<u>\$ 1,097.45</u>	<u>\$ 113,317.90</u>

REF.

D

D

D-5

D

D

"D-17"

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 606,569.00
Increased by:		
Receipts	D-5	<u>2,000.00</u>
		\$ <u>608,569.00</u>
Decreased by:		
Transfer Per Resolution	D-2	<u>200,000.00</u>
Balance, December 31, 2012	D	\$ <u><u>408,569.00</u></u>

"D-18"

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Increased by:		
Receipts	D-5	\$ 300,000.00
Decreased by:		
Disbursements	D-5	\$ <u><u>300,000.00</u></u>

"D-19"

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2011	D	\$ 12,113,417.03
Increased by:		
Serial Bonds Paid by Operating Budget	D-15	<u>455,000.00</u>
Balance, December 31, 2012	D	\$ <u>12,568,417.03</u>

"D-20"

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance, December 31, 2011 and December 31, 2012	D	\$ <u>115,000.00</u>
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"D-21"

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BONDS ISSUED</u>	<u>BALANCE DECEMBER 31, 2012</u>
1803	Various Sewer Improvements	\$ 140,000.00	\$	\$ 140,000.00
1877	Refunding Bond Ordinance	100,000.00		100,000.00
1942	Sewer Jet	300,000.00	300,000.00	
		<u>\$ 540,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 240,000.00</u>

"D-22"

SCHEDULE OF DUE SEWER UTILITY OPERATING FUND - SEWER UTILITY CAPITAL

Balance, December 31, 2011 (Due To)	D	\$ 1,759.96
Increased by:		
Receipts	D-5	1,190.83
		<u>\$ 2,950.79</u>
Decreased by:		
Disbursements	D-5	5,519.92
Balance, December 31, 2012 (Due From)	D	<u>\$ 2,569.13</u>

BOROUGH OF SOUTH PLAINFIELD

SEWER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	
Balance, December 31, 2011:		
Interfunds Receivable	D	\$ 33,759.96
Increased by:		
Disbursements	D-5	1,190.83
		<u>\$ 34,950.79</u>
Decreased by:		
Receipts	D-5	<u>38,394.92</u>
Balance, December 31, 2012:		
Interfunds Payable	D	<u>\$ 3,444.13</u>
Analysis of Balance:		
Due Sewer Utility Capital Fund (Due To)		\$ 2,569.13
Due General Capital Fund (Due To)		<u>875.00</u>
		<u>\$ 3,444.13</u>

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance December 31, 2011	E	\$ <u>8,128.15</u>	\$ <u>2,780.38</u>
Increased by Receipts:			
Anticipated Revenue	E-2	\$ 207,912.76	\$
Serial Bonds	E-5		203,300.00
Interfunds	E-7:E-13	38,222.52	207,000.00
Capital Improvement Fund	E-16		3,700.00
		\$ <u>246,135.28</u>	\$ <u>414,000.00</u>
		\$ <u>254,263.43</u>	\$ <u>416,780.38</u>
Decreased by Disbursements:			
Appropriations	E-3	\$ 218,916.97	\$
Appropriation Reserves	E-8	3,084.00	
Accrued Interest	E-10	1,800.00	
Bond Anticipation Notes	E-15		120,000.00
Improvement Authorizations	E-17		86,704.56
Interfunds	E-7:E-13	25,977.61	207,439.61
		\$ <u>249,778.58</u>	\$ <u>414,144.17</u>
Balance December 31, 2012	E	\$ <u>4,484.85</u>	\$ <u>2,636.21</u>

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF BONDS</u>		<u>INTEREST RATE</u>	<u>BONDS ISSUED</u>	<u>BALANCE DECEMBER 31, 2012</u>
			<u>DATE</u>	<u>OUTSTANDING-DECEMBER 31, 2012 AMOUNT</u>			
Swim Pool Utility Capital	6/27/2012	\$ 203,300.00	3/15/2013	\$ 2,500.00	2.000%		
			3/15/2014	2,520.00	3.000%		
			3/15/2015	5,950.00	3.000%		
			3/15/2016-17	7,700.00	4.000%		
			3/15/2018-19	9,625.00	5.000%		
			3/15/2020-21	10,500.00	5.000%		
			3/15/2022-24	11,375.00	5.000%		
			3/15/2025-26	12,250.00	3.000%		
			3/15/2027	12,250.00	3.125%		
			3/15/2028	13,125.00	3.125%		
			3/15/2029-30	13,125.00	3.250%		
			3/15/2031	13,125.00	3.375%		
			3/15/2032	13,305.00	3.500%		
						\$ 203,300.00	\$ 203,300.00

REF.

E-4

E

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY CAPITAL FUND
ANALYSIS OF SWIMMING UTILITY CAPITAL CASH

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
Bonds Payable	\$ 203,300.00
Improvement Authorizations	6,836.21
Interfunds Receivable	(2,500.00)
Amortization	629,473.14
Fixed Capital	(834,973.14)
Interfunds Payable	500.00
	<hr/>
	\$ 2,636.21
	<hr/> <hr/>
<u>REF.</u>	E

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

<u>REF.</u>	<u>TOTAL</u>	<u>SWIMMING POOL UTILITY CAPITAL FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2011				
Due From	\$ 34,922.52	\$ 439.61	\$	\$ 34,482.91
Receipts	38,222.52	939.61	1,800.00	35,482.91
Disbursements	<u>25,977.61</u>			<u>25,977.61</u>
Balance, December 31, 2012				
Due From	\$ 24,977.61	\$	\$	\$ 24,977.61
Due To	<u>2,300.00</u>	<u>500.00</u>	<u>1,800.00</u>	

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2011	ACCOUNTS PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED DUE CURRENT
Operating:					
Salaries and Wages	\$ 10,634.20	\$	10,634.20	\$	10,634.20
Other Expenses	12,478.04	375.93	12,853.97	3,425.93	9,428.04
Statutory Expenditures:					
Public Employee Retirement System	500.00		500.00		500.00
Social Security System	5,500.00		5,500.00		5,500.00
	<u>\$ 29,112.24</u>	<u>\$ 375.93</u>	<u>\$ 29,488.17</u>	<u>\$ 3,425.93</u>	<u>\$ 26,062.24</u>

REF.

E-9

E-1

Disbursements
Accounts Payable

\$	3,084.00
	<u>341.93</u>
\$	<u>3,425.93</u>

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF</u>		
Balance, December 31, 2011	E		\$ 8,375.93
Increased by:			
Appropriations	E-3	\$ 3,476.96	
Appropriation Reserves	E-8	<u>341.93</u>	
			\$ <u>3,818.89</u>
			\$ <u>12,194.82</u>
Decreased by:			
Transfer to Appropriation Reserves	E-8	\$ 375.93	
Canceled	E-1	<u>8,000.00</u>	
			<u>8,375.93</u>
Balance, December 31, 2012	E		\$ <u><u>3,818.89</u></u>

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST PAYABLE

	<u>REF</u>	
Balance, December 31, 2011	E	\$ 2,562.50
Increased by:		
Appropriations	E-3	<u>1,800.00</u>
		\$ 4,362.50
Decreased by:		
Interest Paid	E-4	<u>1,800.00</u>
Balance, December 31, 2012	E	<u>\$ 2,562.50</u>

"E-11"

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2011 and December 31, 2012	E	\$ <u>39,000.00</u>

"E-12"

SCHEDULE OF FIXED CAPITAL

Balance, December 31, 2011 and December 31, 2012	E	\$ <u>798,037.37</u>
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BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>		
Balance, December 31, 2011:			
Due From	E	\$ 2,000.00	
Due To	E	<u>(439.61)</u>	
			\$ 1,560.39
Increased by:			
Disbursements	E-4		<u>207,439.61</u>
			\$ 207,439.61
Decreased by:			
Receipts	E-4		<u>207,000.00</u>
Balance, December 31, 2012:			
Due From	E	\$ 2,500.00	
Due To	E	<u>(500.00)</u>	
			\$ <u><u>2,000.00</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2011	E	\$ 675,973.14
Decreased by:		
Improvement Authorizations	E-17	<u>85,500.00</u>
Balance, December 31, 2012	E	\$ <u><u>590,473.14</u></u>

"E-15"

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2011	E	\$ 120,000.00
Decreased by:		
Disbursements	E-4	\$ <u>120,000.00</u>

"E-16"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2011	E	\$ 800.00
Increased by:		
Budget Appropriation	E-4	\$ <u>3,700.00</u>
		\$ 4,500.00
Decreased by:		
Fund New Improvement Authorization	E-17	\$ <u>4,500.00</u>

BOROUGH OF SOUTH PLAINFIELD
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>ORDINANCE AMOUNT</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>NEW AUTHORIZATIONS</u>	<u>EXPENDITURES</u>	<u>BALANCE DECEMBER 31, 2012</u>
1736	Improvements to Community Pool	06/26/06	\$ 60,000.00	\$ 935.77	\$	\$	\$ 935.77
1928	Purchase of Equipment	05/06/11	36,000.00	2,605.00			2,605.00
1951	Pool Improvements	02/21/12	90,000.00		90,000.00	86,704.56	3,295.44
				<u>\$ 3,540.77</u>	<u>\$ 90,000.00</u>	<u>\$ 86,704.56</u>	<u>\$ 6,836.21</u>
		<u>REF.</u>					
	Funded	E		2,605.00			5,900.44
	Unfunded	E		935.77			935.77
				<u>\$ 3,540.77</u>			<u>\$ 6,836.21</u>
	Reserve For Amortization	E-14			85,500.00		
	Capital Improvement Fund	E-16			<u>4,500.00</u>		
					<u>\$ 90,000.00</u>		

E-4

BOROUGH OF SOUTH PLAINFIELD

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE DECEMBER 31, 2012 & 2011</u>
		<u>DATE</u>	<u>AMOUNT</u>	
1736	Improvements to Community Pool	06/26/06	\$ 60,000.00	\$ 935.77
1928	Purchase of Equipment	05/06/11	36,000.00	<u>36,000.00</u>
				<u>\$ 36,935.77</u>

REF.

E

BOROUGH OF SOUTH PLAINFIELD
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>	<u>PUBLIC ASSISTANCE TRUST FUND I</u>	<u>FUND TOTAL</u>
Balance, December 31, 2011	F	\$ 17,399.60	\$ 17,399.60
Increased by:			
Receipts	F-2	<u>9,857.00</u>	<u>9,857.00</u>
		\$ 27,256.60	\$ 27,256.60
Decreased by:			
Disbursements	F-2	<u>10,581.02</u>	<u>10,581.02</u>
Balance, December 31, 2012	F	<u>\$ 16,675.58</u>	<u>\$ 16,675.58</u>

BOROUGH OF SOUTH PLAINFIELD

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE TRUST FUND EXPENDITURES

	<u>REF.</u>	<u>PUBLIC ASSISTANCE TRUST FUND I</u>	<u>FUND TOTAL</u>
Balance, December 31, 2011	F	\$ 17,399.60	\$ 17,399.60
Increased by:			
Donations	F-1	<u>9,857.00</u>	<u>9,857.00</u>
		\$ <u>27,256.60</u>	\$ <u>27,256.60</u>
Decreased by:			
General Assistance	F-1	<u>10,581.02</u>	<u>10,581.02</u>
Balance, December 31, 2012	F	\$ <u><u>16,675.58</u></u>	\$ <u><u>16,675.58</u></u>

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BOROUGH OF SOUTH PLAINFIELD

PART II

REPORTS 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

SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF
EXPENDITURES OF
STATE FINANCIAL ASSISTANCE



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

The Honorable Mayor and Members
of the Borough Council
Borough of South Plainfield
County of Middlesex
South Plainfield, New Jersey 07080

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of South Plainfield, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 4, 2013. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of South Plainfield prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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

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

Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 4, 2013

BOROUGH OF SOUTH PLAINFIELD

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2012

STATE GRANTOR DEPARTMENT/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
DEPARTMENT OF LAW AND PUBLIC SAFETY					
Drunk Driving Enforcement Fund - Prior	1110-100-066-1110	\$ 7,525.00	\$	\$ 6,545.84	\$ 979.16
Drunk Driving Enforcement Fund	1110-100-066-1110	27,793.30		14,673.03	14,673.03
Municipal Alliance - Prior		38,898.00	33,224.90	24,038.56	38,898.00
Municipal Alliance		25,281.12		2,236.91	2,236.91
Safe & Secure Communities- Prior	1020-100-066-1020-232-YCJS-6120	44,669.00		20,000.00	34,669.00
Alcohol Education Rehabilitation Fund - Prior	9735-760-098-Y900-001	19,385.38	33,224.90	5,156.00	12,919.49
				72,650.34	104,375.59
DIVISION OF CRIMINAL JUSTICE					
Body Armor Replacement Fund	1020-718-066-1020-001	4,589.96		4,345.00	4,345.00
DEPARTMENT OF ENVIRONMENTAL PROTECTION					
Clean Communities Grant - Prior	4900-765-042-4900-004	37,648.48		20,947.63	37,648.48
Clean Communities Grant	4900-765-042-4900-004	36,997.88	36,997.88	13,441.35	13,441.35
Recycling Tonnage Grant - Prior	4900-752-042-4900-001	180,753.00		95,032.12	163,172.22
Recycling Tonnage Grant	4900-752-042-4900-001	13,154.00	13,154.00		
			50,151.88	129,421.10	214,262.05
DEPARTMENT OF TRANSPORTATION					
New Market Avenue		300,000.00	300,000.00	44,313.60	276,867.00
Various Road Improvements		225,000.00	168,750.00	200,705.82	200,705.82
			468,750.00	245,019.42	477,572.82
	TOTAL		552,126.78	451,435.86	800,555.46

BOROUGH OF SOUTH PLAINFIELD

NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all state financial assistance programs of the Borough of South Plainfield, County of Middlesex, New Jersey. All state financial assistance received directly from state agencies, as well as financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of 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 state financial report.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements, reported in the Current and General Capital funds.

Receipts:

	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 83,376.78	\$ 772.00	\$ 84,148.78
General Capital Fund	<u>468,750.00</u>	<u> </u>	<u>468,750.00</u>
	<u>\$ 552,126.78</u>	<u>\$ 772.00</u>	<u>\$ 552,898.78</u>

Expenditures:

	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 206,416.44	\$ 43,273.98	\$ 249,690.42
General Capital Fund	<u>245,019.42</u>	<u> </u>	<u>245,019.42</u>
	<u>\$ 451,435.86</u>	<u>\$ 43,273.98</u>	<u>\$ 494,709.84</u>

NOTE 5. OTHER

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

PART III

BOROUGH OF SOUTH PLAINFIELD

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

	<u>YEAR 2012</u>		<u>YEAR 2011</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 867,500.00	1.05%	\$ 1,210,000.00	1.50%
Miscellaneous - From Other Than Local Property Tax Levies	7,356,014.48	8.94%	6,810,414.96	8.46%
Collection of Delinquent Taxes and Tax Title Liens	873,113.72	1.06%	782,778.17	0.97%
Collections of Current Tax Levy	<u>73,201,661.51</u>	<u>88.95%</u>	<u>71,657,697.87</u>	<u>89.07%</u>
<u>Total Revenue</u>	<u>\$ 82,298,289.71</u>	<u>100.00%</u>	<u>\$ 80,460,891.00</u>	<u>100.00%</u>
 <u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 25,387,185.96	31.18%	\$ 24,877,779.33	31.26%
County Taxes	14,034,251.98	17.24%	13,683,653.71	17.19%
Local School District Taxes	41,945,847.50	51.52%	40,976,710.00	51.49%
Other Expenditures	<u>46,689.27</u>	<u>0.06%</u>	<u>49,770.05</u>	<u>0.06%</u>
<u>Total Expenditures</u>	<u>\$ 81,413,974.71</u>	<u>100.00%</u>	<u>\$ 79,587,913.09</u>	<u>100.00%</u>
Excess in Revenue	<u>\$ 884,315.00</u>		<u>\$ 872,977.91</u>	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>\$ 325,000.00</u>		<u>\$</u>	
Regulatory Excess to Fund Balance	<u>\$ 1,209,315.00</u>		<u>\$</u>	
Fund Balance - Beginning	<u>\$ 878,844.14</u>		<u>\$ 1,215,866.23</u>	
	<u>\$ 2,088,159.14</u>		<u>\$ 2,088,844.14</u>	
Less: Utilization as Anticipated Revenue	<u>867,500.00</u>		<u>1,210,000.00</u>	
Fund Balance, Ending	<u>\$ 1,220,659.14</u>		<u>\$ 878,844.14</u>	

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

	<u>YEAR 2012</u>		<u>YEAR 2011</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 247,100.00	3.40%	\$ 162,699.37	2.34%
Collection of Sewer Use Charges	6,694,501.08	92.25%	6,683,320.44	96.20%
Miscellaneous	<u>315,883.78</u>	<u>4.35%</u>	<u>101,422.45</u>	<u>1.46%</u>
<u>Total Revenue</u>	<u>\$ 7,257,484.86</u>	<u>100.00%</u>	<u>\$ 6,947,442.26</u>	<u>100.00%</u>
 <u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 6,129,925.00	92.08%	\$ 6,011,933.00	90.84%
Capital Improvements	2,000.00	0.03%	4,000.00	0.06%
Deferred Charges and Regulatory Expenditures	40,000.00	0.60%	19,766.37	0.30%
Debt Service	485,000.00	7.29%	502,000.00	7.59%
Other Charges	<u> </u>	<u> </u>	<u>80,000.00</u>	<u>1.21%</u>
<u>Total Expenditures</u>	<u>\$ 6,656,925.00</u>	<u>100.00%</u>	<u>\$ 6,617,699.37</u>	<u>100.00%</u>
Excess in Revenue	\$ 600,559.86		\$ 329,742.89	
Fund Balance - Beginning	<u>759,976.48</u>		<u>972,932.96</u>	
	\$ 1,360,536.34		\$ 1,302,675.85	
Less: Utilization as Anticipated Revenue				
Sewer Utility Operating Fund	247,100.00		162,699.37	
Current Fund	<u>375,000.00</u>		<u>380,000.00</u>	
Fund Balance - Ending	<u>\$ 738,436.34</u>		<u>\$ 759,976.48</u>	

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

	YEAR 2012		YEAR 2011		
	AMOUNT	%	AMOUNT	%	
<u>REVENUE AND OTHER INCOME REALIZED</u>					
Fund Balance Utilized	\$		\$	1,000.00	0.50%
Collection of Pool Membership and Fees	165,811.50	76.77%	181,026.86	91.15%	
Miscellaneous	50,185.89	23.23%	16,588.94	8.35%	
<u>Total Revenue</u>	\$ 215,997.39	100.00%	\$ 198,615.80	100.00%	
<u>EXPENDITURES</u>					
Budget Expenditures:					
Operating	\$ 231,675.00	95.74%	\$ 222,477.00	91.75%	
Capital Improvements	500.00	0.21%	500.00	0.21%	
Deferred Charges and Regulatory Expenditures	8,000.00	3.31%	6,000.00	2.47%	
Debt Service	1,800.00	0.74%	13,500.00	5.57%	
<u>Total Expenditures</u>	\$ 241,975.00	100.00%	\$ 242,477.00	100.00%	
Adjustment to Income Before Fund Balance:					
Realized from General Budget for Anticipated Deficit	\$ 25,977.61		\$ 43,861.23		
Excess in Revenue	- 0 -		- 0 -		
Fund Balance - Beginning	3,000.00		4,000.00		
	\$ 3,000.00		\$ 4,000.00		
Less: Utilization as Anticipated Revenue			1,000.00		
Fund Balance - Ending	\$ 3,000.00		\$ 3,000.00		

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$5.244</u>	<u>\$5.064</u>	<u>\$4.887</u>
Appointment of Tax Rate:			
Municipal	\$1.201	\$1.116	\$1.226
Municipal Library Tax	0.092	0.095	
County	0.990	0.964	0.863
Local School	<u>2.961</u>	<u>2.889</u>	<u>2.798</u>

Assessed Valuation:

Year 2012	\$ <u>1,416,666,865.00</u>		
Year 2011		\$ <u>1,418,383,801.00</u>	
Year 2010			\$ <u>1,426,894,973.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2012	\$74,436,400.81	\$73,201,661.51	98.34%
2011	\$72,686,114.47	\$71,657,697.87	98.58%
2010	\$70,232,032.83	\$69,337,975.64	98.72%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>YEAR</u>		<u>AMOUNT OF TAX TITLE LIENS</u>		<u>AMOUNT OF DELINQUENT TAXES</u>		<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2012	\$	106,948.05	\$	1,074,928.63	\$	1,181,876.68	1.59%
2011		102,092.11		898,844.59		1,000,936.70	1.38%
2010		97,356.55		774,031.43		871,387.98	1.24%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2012 by foreclosure or deed, as a result of liquidation of tax title liens. The balance at December 31, 2012 is \$4,714,000.00.

COMPARISON OF UTILITY LEVIES

<u>YEAR</u>		<u>LEVY</u>		<u>COLLECTIONS*</u>
2012	\$	6,557,118.70	\$	6,699,201.79
2011		6,908,503.97		6,683,635.44
2010		6,852,880.90		6,746,650.53

*Includes collections of prior year levies

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2012	\$ 1,220,659.14	\$ 880,000.00
	2011	878,844.14	867,500.00
	2010	1,215,866.23	1,210,000.00
	TY 2009	1,472,981.44	1,465,000.00
	FY 2009	1,917,204.89	1,165,000.00
Sewer Utility Operating Fund	2012	\$ 738,436.34	\$ 128,100.00
	2011	759,976.48	175,000.00
	2010	972,932.96	162,699.37
	TY 2009	259,073.65	5,000.00
	FY 2009	354,800.48	125,000.00
Swimming Pool Utility Operating Fund	2012	\$ 3,000.00	\$
	2011	3,000.00	
	2010	4,000.00	1,000.00
	TY 2009	6,559.66	2,559.66
	FY 2009	6,559.66	

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Matthew Anesh	Mayor	
Raymond Rusnak	Council Member	
Alex Barletta	Council Member	
Robert Bengivenga Jr.	Council Member	
Richard "Dick" Frank	Council Member	
Timothy McConville	Council Member	
Derryck C. White	Council Member	
Glenn Cullen	Administrator/CMFO	*
Amy Antonides	Borough Clerk	*
Kimberly Clifford	Tax Collector	*
Mary Frances Hildebrandt	Tax Assessor	*
Robert Capparelli	Superintendent of Public Works	*
Spencer B. Robbins	Municipal Court Judge	*
Karen Constantino	Court Administrator	*

*All officials and employees handling and collecting Borough funds are covered under a special multi-peril policy public employees blanket coverage endorsement for \$1,000,000.00.

All of the bonds were examined and were properly executed and were in accordance with the state promulgated schedule.

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 January 1, 2010, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Council's opinion should be sought before a commitment is made.

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

- Catch Basin and Sewer Cleaning Truck
- Brush Chipper
- Garbage Trucks
- Pool Improvements
- Fire Pumper Truck
- Road Resurfacing Program
- Pump Replacement-Cedarbrook Pump Station

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

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any material, supplies or services, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-6."

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

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

Borough Attorney
Borough Auditor
Borough Prosecutor
Borough Planner
Insurance Broker/Consultant
Bond Counsel
Appraisal Services
Engineering and Architectural Services
Other Consulting Services

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 7, 2012, adopted the following resolution pursuant to the provisions of R.S. 54:4-67 fixing the rate of delinquent taxes and assessments and on sanitary sewer service charges at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after the due date and if the delinquency is in excess of \$10,000.00 and remains in arrears beyond the end of the year, an additional penalty of 6% shall be charged if payment of any installment is made within ten days after the date upon which the same becomes payable.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on March 29, 2012 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2012	6
2011	6
2010	6

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:

<u>Type</u>	
Information Tax Positive Confirmation	50
Delinquent Tax Positive Confirmation	25
Information Utility Positive Confirmation	20
Delinquent Utility Positive Confirmation	10

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which require 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.

Purchasing

Our audit of purchasing procedures disclosed that professional service contracts awarded at the reorganization meeting and certain other meetings do not specify an exact or not-to-exceed amount in the minutes/resolutions.

Our test of paid vouchers disclosed the following instances of noncompliance. We noted that numerous purchase orders are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order. In effect, the controls that minimize the possibility of over-expenditures and unauthorized purchases are not in operation.

Municipal Court

The analysis of the bail account revealed that not all receipts and disbursements are being entered into the State provided computer system, resulting monthly cash proofs/bank reconciliations not matching the "cash bail on account" per the computer.

Other Departments

Our test of the recreation/pool department turnovers revealed that receipts are not being turned over within 48 hours.

RECOMMENDATIONS

*That professional service contracts awarded by the governing body, include an exact or not-to-exceed amount.

*That the practice of issuing confirming orders be discontinued.

*That the court administrator enters all bail receipts and disbursements into the court software, and verify that monthly cash proofs/bank reconciliations match to the "cash bail on account" per court software.

*That the recreation/pool department turn over their daily receipts within 48 hours.

*Unresolved 2011 Audit Recommendations