

BOROUGH OF MOUNTAIN LAKES

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

BOROUGH OF MOUNTAIN LAKES

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INDEPENDENT AUDITOR'S REPORT

T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Mountain Lakes
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Mountain Lakes as of December 31, 2013 and December 31, 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2013 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

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for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Borough of Mountain Lakes on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, the budget laws of New Jersey, which is a basis of accounting other than accounting principals 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 of Adverse on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Mountain Lakes as of December 31, 2012, or the results of its operations for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note of the financial statements, the Borough of Mountain Lakes participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$225,221.04 and \$182,815.36 for 2013 and 2012 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects the financial position – regulatory basis of the various funds and account groups of the Borough of Mountain Lakes as of December 31, 2013 and December 31, 2012, and the results of operations and changes in fund balances – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2013, in accordance with financial reporting provisions described in Note 1.

Other Matters

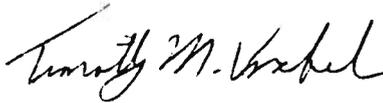
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough of Mountain Lakes, in the County of Morris, State of New Jersey, taken as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and supplemental schedules presented in the Supplementary Data Section are presented for purposes of additional analysis and are not required part of the financial statements.

The Schedules of Expenditures of Federal Awards and State Financial Assistance and the supplemental schedules presented in the Supplementary Data Section required by the Division of Local Governments Services is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated June 17, 2014 on our consideration of the Borough of Mountain Lakes' 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Borough of Mountain Lakes' internal control over financial reporting and compliance.



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Registered Municipal Accountant
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Chris C.W. Hwang
Certified Public Accountant
License No. CC033704

Montville, New Jersey
June 17, 2014

SECTION A
CURRENT FUND

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
General Fund:			
Cash - Treasurer	A-4	\$ 1,561,619.00	\$ 1,563,000.08
Change Fund	A-6	200.00	200.00
Petty Cash Fund	A-7	250.00	250.00
Special Emergency Note Receivable		400,000.00	500,000.00
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-8	<u>1,270.26</u>	<u>520.26</u>
		<u>1,963,339.26</u>	<u>2,063,970.34</u>
Receivables and other Assets With Full Reserves :			
Delinquent Property Taxes	A-9	332,524.88	388,128.34
Property Acquired for Taxes - Assessed Valuation	A-11	169,885.09	169,885.09
Interfunds Accounts Receivable	A-13	<u>5,782.01</u>	<u>8,002.00</u>
		<u>508,191.98</u>	<u>566,015.43</u>
Deferred Charges :			
Special Emergency Authorization	A-15	400,000.00	500,000.00
Expenditure without Grant Appropriation	A-15	<u>4,643.69</u>	<u>-</u>
		<u>404,643.69</u>	<u>500,000.00</u>
		<u>2,876,174.93</u>	<u>3,129,985.77</u>
Federal and State Grants Fund :			
Amount Due From Current Fund	A-26		3,743.75
Federal and State Aid Receivable	A-27	<u>80,008.72</u>	<u>84,008.72</u>
		<u>80,008.72</u>	<u>87,752.47</u>
		<u>\$ 2,956,183.65</u>	<u>\$ 3,217,738.24</u>

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Liabilities :			
Appropriation Reserves	A-3,16	\$ 166,069.20	\$ 389,988.19
Reserve for Encumbrances	A-17	123,389.87	60,615.10
Interfunds Accounts Payable	A-18	93,896.04	132,860.31
Prepaid Taxes	A-19	152,199.15	119,667.20
Tax Overpayments	A-20	102,638.26	89,195.26
Reserve for Funds - Appropriated	A-22	-	364,470.00
Reserve for Funds - Unappropriated	A-23	1,044.71	1,044.71
Other	A-24	3,301.00	1,533.00
County Taxes Payable	A-25	-	6,510.38
Special Emergency Note Payable		400,000.00	500,000.00
		<u>1,042,538.23</u>	<u>1,665,884.15</u>
Reserve for Receivables and Other Assets		508,191.98	566,015.43
Fund Balance	A-1	1,325,444.72	898,086.19
		<u>2,876,174.93</u>	<u>3,129,985.77</u>
Federal and State Grants Fund :			
Amount Due To Current Fund	A-26	2,250.99	
Appropriated Reserves	A-28	65,407.12	84,506.42
Unappropriated Reserves	A-29	12,350.61	3,246.05
		<u>80,008.72</u>	<u>87,752.47</u>
		<u>\$ 2,956,183.65</u>	<u>\$ 3,217,738.24</u>

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

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	A-2	\$ 895,000.00	\$ 189,384.97
Miscellaneous Revenue Anticipated	A-2	1,651,170.45	2,321,464.87
Receipts from Delinquent Taxes	A-2	388,128.34	254,762.43
Receipts from Current Taxes	A-2	27,940,791.60	27,258,948.66
Non - Budget Revenue	A-2	93,427.52	117,795.63
Other Credits to Income :			
Interfund Advance Returned	A13	4,598.66	2,574.64
Unexpended Balance of Appropriation			
Reserves Lapsed	A-16	<u>275,783.95</u>	<u>49,077.91</u>
Total Income		<u>31,248,900.52</u>	<u>30,194,009.11</u>
 <u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	2,523,900.00	2,507,727.00
Other Expenses	A-3	2,200,420.00	2,575,924.46
Deferred Charges and Statutory			
Expenditures	A-3	554,320.00	633,483.92
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses	A-3	429,999.02	429,280.25
Capital Improvements	A-3	32,240.00	35,000.00
Debt Service	A-3	1,175,466.94	1,116,558.51
Deferred Charges - Municipal	A-3	100,000.00	235,000.00

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
(CONCLUDED)

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Refund of Prior Year Revenue		\$ -	\$ 60,000.56
Interfund Advance	A-13	2,250.99	7,726.29
Prior Year Tax Appeals Granted	A-20	154,176.77	
Local School District Tax	A-25	19,519,078.00	19,397,814.00
County Taxes	A-25	3,081,349.71	2,948,685.09
County Open Space Preservation	A-25	144,504.52	193,363.78
County Share of Added and Omitted Taxes	A-25	8,836.04	6,510.38
Total Expenditures		<u>29,926,541.99</u>	<u>30,147,074.24</u>
Excess in Revenue		1,322,358.53	46,934.87
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which by			
Statute are Deferred Charges to Budgets of			
Succeeding Year		-	500,000.00
Fund Balance January 1	A	<u>1,322,358.53</u> <u>898,086.19</u>	<u>546,934.87</u> <u>540,536.29</u>
Decreased by :		2,220,444.72	1,087,471.16
Utilized as Anticipated Revenue	A-1	<u>895,000.00</u>	<u>189,384.97</u>
Fund Balance December 31	A	<u>\$ 1,325,444.72</u>	<u>\$ 898,086.19</u>

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated	Added by 40A.4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 895,000.00	\$ -	\$ 895,000.00	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcohol Beverages	A-12	10,400.00		11,626.00	1,226.00
Other	A-12	2,400.00		1,435.00	(965.00)
Fees and Permits:					
Construction Code Official					
Other					
Municipal Court - Fines and Costs	A-12	139,000.00		168,049.00	29,049.00
Interest and Costs on Taxes	A-2	20,400.00		22,643.14	2,243.14
Interest on Investments	A-12	33,000.00		27,805.18	(5,194.82)
Solid Waste Fees - Trash Bags	A-12	65,000.00		56,457.73	(8,542.27)
Solid Waste Fees - Board of Education	A-2	7,300.00		5,739.41	(1,560.59)
Recreation Fees and Income	A-12	180,000.00		187,172.50	7,172.50
Field Lease - Board of Education	A-12	56,000.00		54,912.45	(1,087.55)
Energy Receipts Tax	A-12	59,000.00		59,035.37	35.37
General Capital Fund Balance	A-12	45,000.00		45,000.00	-
Rent from Railroad Station	A-12	417,293.00		417,293.00	-
Cell Tower Lease - Sprint	A-12	120,000.00		120,000.00	-
Cell Tower Lease - Omnipoint/Voicestream	A-12	26,000.00		26,073.12	73.12
Reserve for Animal Control Expenses	A-12	51,000.00		42,470.56	(8,529.44)
FEMA Reimbursements	A-12	24,000.00		24,000.00	-
Developer's COAH Fee	A-12	3,000.00		-	(3,000.00)
Public and Private Revenues Off-Set with Appropriations:					
Clean Communities Grant	A-18	320,000.00	9,348.55	268,493.97	(51,506.03)
Alcohol Education and Rehabilitation Fund	A-18	100,000.00	369.42	100,000.00	-
Body Armor Replacement Fund	A-18	3,246.05	-	3,246.05	-
Total Miscellaneous Revenues	A-1	1,662,039.05	9,717.97	1,651,170.45	(40,586.57)
Receipts from Delinquent Taxes	A-1,2	388,000.00	-	388,128.34	128.34
Amount to be raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	5,469,339.93	-	6,610,941.26	1,141,601.33
Budget Totals	A-1,2	8,434,378.98	9,717.97	9,545,240.05	1,101,143.10
Non-Budget Revenues				93,427.52	93,427.52
		\$ 8,434,378.98	\$ 9,717.97	\$ 9,638,667.57	\$ 1,194,570.62

Ref. A-3 A-3

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>	
Allocation of Current Tax Collections :		
2013 Taxes Collected in 2012	A-9	\$ 119,667.20
2013 Taxes Collected in 2013	A-9	27,805,874.40
State's Share of Senior Citizens' and Veterans' Deductions	A-9	<u>15,250.00</u>
Allocated to School and County Taxes	A-1 A-25	27,940,791.60 <u>22,753,768.27</u>
Add : Reserve for Uncollected Taxes	A-3	5,187,023.33 <u>1,423,917.93</u>
Amount for Support of Municipal Budget	A-2	<u>\$ 6,610,941.26</u>
Receipts from Delinquent Taxes :		
Prior Year Taxes Collected	A-9	\$ 388,128.34
	A-2	<u>\$ 388,128.34</u>
Fees and Permits - Other :		
Clerk - Fees and Permits	A-12	\$ 5,590.00
Planning Board - Fees and Permits	A-12	1,701.73
Tax Assessor - Fees	A-12	8,340.00
Police - Fees	A-12	1,246.61
Parking Permit Fees	A-12	785.00
Smoke Detector Inspection Fees	A-12	4,100.00
Soil Fees and Permits	A-12	<u>879.80</u>
	A-2	<u>\$ 22,643.14</u>
Interest on Investments:		
Revenue Accounts Receivable	A-12	4,742.09
Interfund Accounts Receivable	A-13	<u>997.32</u>
	A-2	<u>\$ 5,739.41</u>

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
(CONCLUDED)

	<u>Ref.</u>	
<u>Analysis of Non-Budget Revenue</u>		
Interfund Accounts Receivable:		
Police Fees (Administrative and Car Usage)	A-13	19,425.00
Miscellaneous Revenue- Treasurer		
2% Administrative Fee-Senior Citizens/Veterans' Deductions	\$	290.00
Cable TV Franchise Fees		16,079.00
Uniform Fire Safety Act LEA Rebates		7,553.33
DMV Inspection Fees		50.00
Public Works Clothing Bin		1,444.20
Auction		3,804.75
Reimbursements		7,552.49
Miscellaneous		<u>37,228.75</u>
	A-4	<u>74,002.52</u>
	A-2	<u>\$ 93,427.52</u>

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP"							
GENERAL GOVERNMENT FUNCTIONS :							
General Administration	\$	147,500.00	\$ 147,500.00	\$ 147,295.03	\$ 204.37	\$ -	
Salaries and Wages		43,050.00	45,050.00	44,000.25	1,049.75		
Other Expenses							
Mayor and Council							
Other Expenses		3,800.00	2,200.00	2,199.84	0.16		
Borough Clerk							
Salaries and Wages		54,500.00	43,100.00	37,126.23	5,973.77		
Other Expenses		16,300.00	16,300.00	13,673.97	2,626.03		
Financial Administration							
Salaries and Wages		57,500.00	57,500.00	56,558.76	941.24		
Other Expenses		17,300.00	17,300.00	7,531.09	9,768.91		
Audit Services							
Other Expenses		21,500.00	21,500.00	21,200.00	300.00		
Computer Information Technology							
Other Expenses		24,500.00	24,500.00	21,213.16	3,286.84		
Collection of Taxes							
Salaries and Wages		35,500.00	35,500.00	29,399.34	6,100.66		
Other Expenses		3,000.00	3,000.00	2,765.48	234.52		
Assessment of Taxes							
Salaries and Wages		21,000.00	21,000.00	20,850.00	150.00		
Other Expenses		1,300.00	1,300.00	968.76	331.24		
Legal Services and Costs							
Other Expenses		143,000.00	73,000.00	65,772.85	7,227.15		
Engineering Services and Costs							
Other Expenses		15,000.00	20,000.00	18,412.00	1,588.00		
Historical Preservation Commission							
Other Expenses		1,000.00	1,000.00		1,000.00		
Municipal Land Use Law (N.J.S.A. 40:55D-1)							
Planning Board							
Salaries and Wages		7,850.00	7,850.00	6,903.33	946.67		
Other Expenses		10,200.00	10,200.00	8,332.96	1,867.04		
Zoning Costs							
Salaries and Wages		20,750.00	20,750.00	19,863.01	886.99		
Other Expenses		13,100.00	13,100.00	13,094.94	5.06		

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

Ref.	Budget	Appropriations		Paid or Charged	Expended	Reserved	Unexpended Balance
		Budget	Budget After Modification				
	\$	\$	\$	\$	\$	\$	\$
OPERATIONS WITHIN "CAP" (CONTINUED)							
INSURANCE:							
General Liability	68,800.00	68,800.00	68,800.00	67,155.93	1,644.07		
Worker's Compensation Insurance	67,000.00	67,000.00	67,000.00	64,193.93	2,806.07		
Group Insurance - Hospital and Medical	367,000.00	372,000.00	372,000.00	371,463.35	536.65		
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00	10,000.00			
PUBLIC SAFETY FUNCTIONS :							
Police							
Salaries and Wages	1,626,000.00	1,626,000.00	1,626,000.00	1,624,388.73	1,611.27		
Other Expenses	108,000.00	98,000.00	98,000.00	90,585.30	7,414.70		
Emergency Management Services							
Other Expenses	2,000.00	2,000.00	2,000.00	1,176.51	823.49		
Aid to Volunteer Ambulance Companies							
Other Expenses	15,000.00	15,000.00	15,000.00		15,000.00		
Fire Department							
Salaries and Wages	22,500.00	22,500.00	22,500.00	22,421.20	78.80		
Other Expenses	29,100.00	29,100.00	29,100.00	29,008.50	91.50		
Fire Safety Official							
Other Expenses	8,900.00	8,900.00	8,900.00	6,490.60	2,409.40		
PUBLIC WORKS FUNCTIONS:							
Road Repairs and Maintenance							
Salaries and Wages	248,000.00	273,000.00	273,000.00	272,788.06	211.94		
Other Expenses	246,500.00	276,500.00	276,500.00	275,505.63	994.37		
Shade Tree Commission							
Other Expenses	44,350.00	46,350.00	46,350.00	46,271.89	78.11		
Solid Waste Collection							
Salaries and Wages	60,000.00	65,100.00	65,100.00	65,001.07	98.93		
Other Expenses	479,900.00	464,900.00	464,900.00	463,272.79	1,627.21		
Public Buildings and Grounds							
Other Expenses	16,900.00	23,400.00	23,400.00	23,325.55	74.45		
Vehicle Maintenance							
Other Expenses	36,200.00	36,200.00	36,200.00	36,074.92	125.08		

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP" (CONTINUED)							
HEALTH AND HUMAN SERVICES FUNCTIONS:							
Board of Health		\$ 5,000.00	\$ 5,000.00			\$ 5,000.00	\$ -
Salaries and Wages		36,750.00	36,750.00	35,574.34		1,175.66	
Other Expenses							
Environmental Commission		4,800.00	4,800.00	1,600.00		3,200.00	
Other Expenses							
Woodlands Committee		1,000.00	1,000.00			1,000.00	
Other Expenses							
Contribution to Senior Citizens		3,000.00	3,000.00	3,000.00		-	
Other Expenses							
PARK AND RECREATION FUNCTIONS:							
Recreation Services and Programs		106,000.00	86,000.00	75,328.87		10,671.13	
Salaries and Wages		27,170.00	27,170.00	22,806.96		4,363.04	
Other Expenses							
Maintenance of Parks		100,000.00	100,000.00	92,186.74		7,813.26	
Other Expenses							
OTHER COMMON OPERATING FUNCTIONS:							
Accumulated Leave Compensation		10,000.00	10,000.00			10,000.00	
Salaries and Wages		500.00	500.00			500.00	
Other Expenses							
Celebration of Public Events							
Other Expenses							
UTILITY EXPENSES AND BULK PURCHASES:							
Electricity		46,000.00	46,000.00	45,612.52		387.48	
Street Lighting		55,000.00	91,000.00	87,172.31		3,827.69	
Telephone		28,000.00	32,000.00	31,784.47		215.53	
Natural Gas		20,000.00	20,000.00	9,758.54		10,241.46	
Diesel Fuel, Fuel Oil		69,000.00	69,000.00	63,539.56		5,460.44	
CODE ENFORCEMENT AND ADMINISTRATION:							
State Uniform Construction Code:							
Construction Official		97,000.00	103,100.00	102,860.10		239.90	
Salaries and Wages		2,600.00	2,600.00	2,290.49		309.51	
Other Expenses							
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"							
		<u>4,725,620.00</u>	<u>4,724,320.00</u>	<u>4,579,800.46</u>		<u>144,519.54</u>	
DETAIL:							
Salaries and Wages	A-1	2,519,100.00	2,523,900.00	2,480,784.33		43,115.67	
Other Expenses	A-1	2,206,520.00	2,200,420.00	2,099,016.13		101,403.87	
		<u>4,725,620.00</u>	<u>4,724,320.00</u>	<u>4,579,800.46</u>		<u>144,519.54</u>	

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations		Paid or Charged	Expended	Unexpended Balance Canceled
		Budget	Budget After Modification			
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"						
STATUTORY EXPENDITURES :						
Contribution to:						
Public Employees' Retirement System		124,120.00	124,120.00	124,120.00		
Social Security System (O.A.S.I.)		100,000.00	100,000.00	98,098.52	1,901.48	
Police and Firemen's Retirement System of N.J.		330,200.00	330,200.00	330,189.00	11.00	
		<u>554,320.00</u>	<u>554,320.00</u>	<u>552,407.52</u>	<u>1,912.48</u>	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"	A-1	554,320.00	554,320.00	552,407.52	1,912.48	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"						
		<u>5,279,940.00</u>	<u>5,278,640.00</u>	<u>5,132,207.98</u>	<u>146,432.02</u>	
OPERATIONS EXCLUDED FROM "CAP"						
Length of Service Awards Program (N.J.S.A. 40A:4-453j)		18,000.00	18,000.00		18,000.00	
Maintenance of Library						
Other Expenses (N.J.S.A. 40A:54-35)		232,750.00	232,750.00	232,749.96	0.04	
Recycling Tax		4,000.00	5,300.00	4,445.85	854.15	
County of Morris Dispatch Service						
Other Expenses		102,585.00	102,585.00	102,198.01	386.99	
Denville Township Court Services						
Other Expenses		58,400.00	58,400.00	58,004.00	396.00	
Public and Private Programs Offset by Revenues:						
Clean Communities Program (N.J.S.A. 40A: 4-87)			9,348.55	9,348.55	-	
Alcohol Education and Rehabilitation Fund (N.J.S.A. 40A: 4-87)			369.42	369.42	-	
Body Armor Replacement Fund		3,246.05	3,246.05	3,246.05	-	
		<u>418,981.05</u>	<u>429,999.02</u>	<u>410,361.84</u>	<u>19,637.18</u>	
TOTAL OPERATIONS EXCLUDED FROM "CAP"						
DETAIL :						
Salaries and Wages	A-1	418,981.05	429,999.02	410,361.84	19,637.18	
Other Expenses	A-1	418,981.05	429,999.02	410,361.84	19,637.18	

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
(CONTINUED)

	Ref.	Appropriations		Budget After Modification	Expended Paid or Charged	Reserved	Unexpended Balance Canceled
		Budget	Budget After Modification				
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"</u>							
Capital Improvement Fund	A-1	\$ 32,240.00	\$ 32,240.00	\$ 32,240.00	\$ 32,240.00	\$ -	\$ -
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"</u>		<u>32,240.00</u>	<u>32,240.00</u>	<u>32,240.00</u>	<u>32,240.00</u>	<u>-</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"</u>							
Payment of Bond Principal		600,000.00	600,000.00	600,000.00	600,000.00	-	-
Payment of Bond Anticipation Notes		276,825.00	276,825.00	276,825.00	276,825.00	-	-
Interest on Bonds		267,975.00	267,975.00	267,975.00	266,044.16	-	1,930.84
Interest on Notes		34,500.00	34,500.00	34,500.00	32,597.78	-	1,902.22
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"</u>	A-1	<u>1,179,300.00</u>	<u>1,179,300.00</u>	<u>1,179,300.00</u>	<u>1,175,466.94</u>	<u>-</u>	<u>3,833.06</u>
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"</u>							
DEFERRED CHARGES:							
Special Emergency Authorizations		100,000.00	100,000.00	100,000.00	100,000.00	-	-
(N.J.S.A. 40A:4-55)		100,000.00	100,000.00	100,000.00	100,000.00	-	-
<u>TOTAL DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"</u>	A-1	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>100,000.00</u>	<u>-</u>	<u>-</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"</u>		<u>1,730,521.05</u>	<u>1,741,539.02</u>	<u>1,741,539.02</u>	<u>1,718,068.78</u>	<u>19,637.18</u>	<u>3,833.06</u>
<u>SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>		<u>7,010,461.05</u>	<u>7,020,179.02</u>	<u>7,020,179.02</u>	<u>6,850,276.76</u>	<u>166,069.20</u>	<u>3,833.06</u>
		<u>1,423,917.93</u>	<u>1,423,917.93</u>	<u>1,423,917.93</u>	<u>1,423,917.93</u>	<u>-</u>	<u>-</u>
<u>TOTAL GENERAL APPROPRIATIONS</u>		<u>8,434,378.98</u>	<u>8,444,096.95</u>	<u>8,444,096.95</u>	<u>8,274,194.69</u>	<u>166,069.20</u>	<u>3,833.06</u>
Ref.							
Adopted Budget	A-2		\$ 8,434,378.98	\$ 8,434,378.98			
Added by N.J.S.A. 40A:4-87	A-2		9,717.97	9,717.97			
			\$ 8,444,096.95	\$ 8,444,096.95			
Cash Disbursed	A-4				\$ 6,613,922.87		
Deferred Charges	A-15				100,000.00		
Reserve for Encumbrances	A-17				123,389.87		
Amount Due to Federal and State Grants Fund	A-18				12,964.02		
Reserve for Uncollected Taxes	A-2				1,423,917.93		
			\$ 8,444,096.95	\$ 8,444,096.95	\$ 8,274,194.69	\$ 166,069.20	\$ 3,833.06

A

SECTION B
TRUST FUND

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal Control Fund :			
Cash - Treasurer	B-1	\$ 162.84	\$ 3,435.42
		<u>162.84</u>	<u>3,435.42</u>
Other Funds :			
Cash - Treasurer	B-1	434,871.27	517,989.31
Interfunds Accounts Receivable	B-2	23,034.51	53,059.00
		<u>457,905.78</u>	<u>571,048.31</u>
		<u>\$ 458,068.62</u>	<u>\$ 574,483.73</u>
 <u>Liabilities, Reserves and Fund Balance</u> 			
Animal Control Fund :			
Interfunds Accounts Payable	B-3	\$ 1.90	\$ 16.41
Reserve for Animal Control Fund Expenditures	B-4	167.54	3,414.21
Amount Due to State Board of Health	B-5	(6.60)	4.80
		<u>162.84</u>	<u>3,435.42</u>
Other Funds :			
Interfunds Accounts Payable	B-3	373.87	4,855.85
Reserve for Special Deposits	B-8	457,531.91	566,192.46
		<u>457,905.78</u>	<u>571,048.31</u>
		<u>\$ 458,068.62</u>	<u>\$ 574,483.73</u>

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

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Funds</u>
Balance December 31, 2012	B	\$ <u>3,435.42</u>	\$ <u>517,989.31</u>
Increased by Receipts:			
Interfund Accounts Receivable	B-2	-	55,100.00
Interfund Accounts Payable	B-3	11.65	20,235.75
2013 Dog License Fees	B-4	6,636.00	
Late Fees	B-4	650.00	
Miscellaneous	B-4	138.00	
Cat Licenses	B-4	2,176.00	
Amount Due to State Board of Health	B-5	597.00	
Reserve for Special Deposits	B-8	-	<u>757,734.64</u>
		<u>10,208.65</u>	<u>833,070.39</u>
		<u>13,644.07</u>	<u>1,351,059.70</u>
Decreased by Disbursements :			
Interfund Accounts Payable	B-3	26.16	24,717.73
Expenditures Per R.S. 4:19-15.11	B-4	12,846.67	
Amount Due to State Board of Health	B-5	608.40	
Reserve for Special Deposits	B-8	-	<u>891,470.70</u>
		<u>13,481.23</u>	<u>916,188.43</u>
Balance December 31, 2013	B	\$ <u>162.84</u>	\$ <u>434,871.27</u>

SECTION C
GENERAL CAPITAL FUND

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Cash - Treasurer	C-2	\$ 166,691.60	\$ 152,853.65
Deferred Charges to Future Taxation:			
Funded	C-4	8,116,000.00	5,681,000.00
Unfunded	C-5	612,560.00	3,311,825.00
Federal and State Aid Receivable	C-7	<u>127,296.59</u>	<u>258,546.59</u>
		<u>\$ 9,022,548.19</u>	<u>\$ 9,404,225.24</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-15	\$ 8,116,000.00	\$ 5,681,000.00
Bond Anticipation Notes	C-17	-	2,611,950.00
Improvement Authorizations :			
Funded	C-9	420,090.40	190,514.00
Unfunded	C-9	396,264.65	754,410.29
Reserve for Encumbrances	C-10	40,384.50	26,917.82
Capital Improvement Fund	C-11	16,284.91	16,284.91
Capital Reserves	C-12	834.23	834.23
Interfund Accounts Payable	C-13	27.62	2.11
Fund Balance	C-1	<u>32,661.88</u>	<u>122,311.88</u>
		<u>\$ 9,022,548.19</u>	<u>\$ 9,404,225.24</u>

There were Bonds and Notes Authorized but not Issued in the amount of \$612,560.00 at December 31, 2013 .
 See Schedule C-18 for analysis.

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

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance December 31	C	\$ 122,311.88	\$ 10,222.64
Increased by :			
Premium on Bonds	C-2	30,350.00	
Premium on Bond Anticipation Notes			7,930.00
Improvement Authorizations Canceled in 2012		<u>-</u>	<u>290,159.24</u>
		152,661.88	308,311.88
Decreased by :			
Paid to Current Fund as Budget Revenue	C-2	<u>120,000.00</u>	<u>186,000.00</u>
Fund Balance December 31	C	<u>\$ 32,661.88</u>	<u>\$ 122,311.88</u>

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

SECTION D
WATER UTILITY FUND

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Water Operating Fund:			
Cash - Treasurer	D-5	\$ 292,062.79	\$ 352,562.68
Interfunds Accounts Receivable	D-8	19,050.28	21,153.28
		<u>311,113.07</u>	<u>373,715.96</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	19,313.81	64,330.39
		<u>19,313.81</u>	<u>64,330.39</u>
Total Water Operating Fund		<u>330,426.88</u>	<u>438,046.35</u>
Water Capital Fund :			
Cash - Treasurer	D-5	8,917.93	8,900.13
Interfunds Accounts Receivable	D-8	5,000.00	-
Fixed Capital	D-12	1,726,222.78	1,724,269.39
Total Water Capital Fund		<u>1,740,140.71</u>	<u>1,733,169.52</u>
		<u>\$ 2,070,567.59</u>	<u>\$ 2,171,215.87</u>

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

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Water Operating Fund :			
Liabilities :			
Appropriation Reserves	D-4,16	\$ 70,382.44	\$ 148,939.98
Reserve for Encumbrances	D-17	42,963.56	12,037.88
Interfund Accounts Payable	D-18	7,080.85	83,549.55
Meter Deposits		<u>4,950.00</u>	<u>4,950.00</u>
		125,376.85	249,477.41
Reserve for Receivables		19,313.81	64,330.39
Fund Balance	D-1	<u>185,736.22</u>	<u>124,238.55</u>
Total Water Operating Fund		<u>330,426.88</u>	<u>438,046.35</u>
Water Capital Fund :			
Interfund Accounts Payable	D-18	40.00	22.20
Capital Improvement Fund	D-25	13,228.21	8,228.21
Reserve for Amortization	D-27	1,726,222.78	1,724,269.39
Fund Balance	D-2	<u>649.72</u>	<u>649.72</u>
Total Water Capital Fund		<u>1,740,140.71</u>	<u>1,733,169.52</u>
		<u>\$ 2,070,567.59</u>	<u>\$ 2,171,215.87</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2013.

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

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Operating Fund Balance Utilized	D-1,3	\$ 87,050.00	\$ 108,400.00
Rents	D-3	641,221.06	635,096.65
Miscellaneous Revenues	D-3	32,265.66	25,524.05
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-16	123,560.95	37,490.35
Cancelled Prior Year Encumbrances		-	3,050.00
Total Income		<u>884,097.67</u>	<u>809,561.05</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations:			
Operating	D-4	666,550.00	666,400.00
Capital Improvements	D-4	15,000.00	10,000.00
Deferred Charges and Statutory Expenditures	D-4	54,000.00	50,000.00
Total Expenditures		<u>735,550.00</u>	<u>726,400.00</u>
Excess in Revenue		148,547.67	83,161.05
Fund Balance January 1	D	<u>124,238.55</u>	<u>149,477.50</u>
		272,786.22	232,638.55
Decreased by :			
Utilization by Water Operating Budget	D-1	<u>87,050.00</u>	<u>108,400.00</u>
Fund Balance December 31	D	<u>\$ 185,736.22</u>	<u>\$ 124,238.55</u>

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

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance December 31	C	<u>\$ 649.72</u>	<u>\$ 649.72</u>
Fund Balance December 31	C	<u>\$ 649.72</u>	<u>\$ 649.72</u>

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

BOROUGH OF MOUNTAIN LAKES
 WATER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Utilized	D-1	\$ 87,050.00	\$ 87,050.00	\$ -
Rents	D-1,3	625,000.00	641,221.06	16,221.06
Miscellaneous Revenues	D-1,3	<u>23,500.00</u>	<u>32,265.66</u>	<u>8,765.66</u>
	D-4	<u>\$ 735,550.00</u>	<u>\$ 760,536.72</u>	<u>\$ 24,986.72</u>
 <u>Analysis of Realized Revenue</u>				
Water Service Charges:				
Consumer Accounts Receivable	D-9	<u>\$ 641,221.06</u>		
	D-3		<u>\$ 641,221.06</u>	
 Miscellaneous :				
Interest on Investments - Operating		\$ 896.41		
Connection Fee		4,000.00		
Meter		2,600.00		
Penalties		20,508.26		
Sprinkler		1,059.73		
Miscellaneous		<u>3,183.46</u>		
	D-5		\$ 32,247.86	
 Interfunds Accounts Receivable:				
Water Capital Fund - Interest	D-8		<u>17.80</u>	
	D-3		<u>\$ 32,265.66</u>	

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

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Expended	Reserved
Operating :							
Salaries and Wages		\$ 305,500.00	\$ 20,000.00	\$ 325,500.00	\$ 324,945.97	\$ 554.03	
Other Expenses		361,050.00	(20,000.00)	341,050.00	310,852.48	30,197.52	
Total Operating	D-1	666,550.00	-	666,550.00	635,798.45	30,751.55	
Capital Improvement :							
Capital Improvement Fund		5,000.00		5,000.00	5,000.00	-	
Capital Outlay		10,000.00		10,000.00	1,090.00	8,910.00	
Total Capital Improvement	D-1	15,000.00		15,000.00	6,090.00	8,910.00	
Statutory Expenditures :							
Contribution to:							
Public Employees Retirement System		30,000.00		30,000.00	23,279.11	30,000.00	
Social Security (O.A.S.I.)		24,000.00		24,000.00		720.89	
Total Statutory Expenditures	D-1	54,000.00		54,000.00	23,279.11	30,720.89	
		\$ 735,550.00	\$ -	\$ 735,550.00	\$ 665,167.56	\$ 70,382.44	
Ref.	D-3			Ref.		D	
			Disbursed	D-5	\$ 617,204.00		
			Encumbrances	D-17	42,963.56		
					\$ 660,167.56		

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

SECTION E
SEWER UTILITY FUND

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Sewer Operating Fund:			
Cash - Treasurer	E-5	\$ 18,540.23	\$ (3,041.41)
Interfunds Accounts Receivable	E-8	<u>16,432.97</u>	<u>100,927.50</u>
		<u>34,973.20</u>	<u>97,886.09</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	E-9	<u>20,571.72</u>	<u>29,250.26</u>
		<u>20,571.72</u>	<u>29,250.26</u>
Deferred Charges:			
Operating Deficit	E-11	<u>27,404.96</u>	<u>-</u>
Total Sewer Operating Fund		<u>82,949.88</u>	<u>127,136.35</u>
Sewer Capital Fund :			
Cash - Treasurer	E-5	24,715.00	24,665.60
Interfunds Accounts Receivable	E-8	5,000.00	-
Fixed Capital	E-12	167,959.80	167,959.80
Fixed Capital Authorized and Uncompleted	E-13	<u>5,554.00</u>	<u>5,554.00</u>
Total Sewer Capital Fund		<u>203,228.80</u>	<u>198,179.40</u>
		<u>\$ 286,178.68</u>	<u>\$ 325,315.75</u>

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

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Sewer Operating Fund :			
Liabilities :			
Appropriation Reserves	E-4,16	\$ 29,473.53	\$ 40,960.77
Reserve for Encumbrances	E-17	26,003.02	1,023.71
Interfund Accounts Payable	E-18	5,000.00	-
		<u>60,476.55</u>	<u>41,984.48</u>
Reserve Receivables		20,571.72	29,250.26
Fund Balance	E-1	1,901.61	55,901.61
Total Sewer Operating Fund		<u>82,949.88</u>	<u>127,136.35</u>
Sewer Capital Fund :			
Interfund Accounts Payable	E-18	111.00	61.60
Improvement Authorizations - Funded	E-23	5,554.00	5,554.00
Capital Improvement Fund	E-25	24,050.00	19,050.00
Reserve for Amortization	E-27	167,959.80	167,959.80
Deferred Reserve for Amortization	E-28	5,554.00	5,554.00
Total Sewer Capital Fund		<u>203,228.80</u>	<u>198,179.40</u>
		<u>\$ 286,178.68</u>	<u>\$ 325,315.75</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2013

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

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Operating Fund Balance Utilized	E-1,3	\$ 54,000.00	\$ 24,704.36
Sewer Service Charges	E-3	560,905.05	567,966.11
Miscellaneous Revenues	E-3	18,366.07	73,527.72
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-16	<u>33,823.92</u>	<u>13,876.03</u>
Total Income		<u>667,095.04</u>	<u>680,074.22</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations:			
Operating	E-4	651,000.00	598,178.00
Capital Improvements	E-4	15,000.00	10,000.00
Statutory Expenditures	E-4	<u>28,500.00</u>	<u>28,526.36</u>
Total Expenditures		<u>694,500.00</u>	<u>636,704.36</u>
Operating Deficit	E-11	<u>(27,404.96)</u>	
Excess in Revenue			43,369.86
Fund Balance January 1	E	<u>55,901.61</u>	<u>37,236.11</u>
		55,901.61	80,605.97
Decreased by :			
Utilization by Sewer Operating Budget	E-1	<u>54,000.00</u>	<u>24,704.36</u>
Fund Balance December 31	E	<u>\$ 1,901.61</u>	<u>\$ 55,901.61</u>

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

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

NOT APPLICABLE

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

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Utilized	E-1	\$ 54,000.00	\$ 54,000.00	\$ -
Sewer Service Charges	E-1,3	567,000.00	560,905.05	(6,094.95)
Miscellaneous Revenues	E-1,3	<u>73,500.00</u>	<u>18,366.07</u>	<u>(55,133.93)</u>
	E-4	<u>\$ 694,500.00</u>	<u>\$ 633,271.12</u>	<u>\$ (61,228.88)</u>
 <u>Analysis of Realized Revenue</u>				
 Sewer Service Charges:				
Interfund Accounts Receivable	E-9	<u>\$ 560,905.05</u>		
	E-3		<u>\$ 560,905.05</u>	
 Miscellaneous :				
Interest on Investments - Operating	E-5		\$ 132.64	
 Interfund Accounts Receivable:				
Interest on Delinquencies		\$ 13,184.03		
Connection Fee		5,000.00		
Sewer Capital Fund - Interest		<u>49.40</u>		
	E-8		<u>18,233.43</u>	
	E-3		<u>\$ 18,366.07</u>	

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

SECTION F
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MOUNTAIN LAKES

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land	\$ 127,761,733.64	\$ 123,896,410.77
Buildings	1,180,954.45	1,180,954.45
Machinery and Equipment	<u>4,803,114.85</u>	<u>4,720,737.23</u>
	<u>\$ 133,745,802.94</u>	<u>\$ 129,798,102.45</u>
Investments in General Fixed Assets	<u>\$ 133,745,802.94</u>	<u>\$ 129,798,102.45</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note 1: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Borough of Mountain Lakes have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough's accounting policies are described below.

B. Reporting Entity

The Borough of Mountain Lakes is an instrumentality of the State of New Jersey, established to function as a municipality. The ?c consists of elected officials and is responsible for the fiscal control of the Borough of Mountain Lakes.

The primary criterion for including activities within the Borough's reporting entity, as set forth in section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Borough of Mountain Lakes. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Except as noted below, the financial statements of the Borough of Mountain Lakes include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Mountain Lakes, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Mountain Lakes do not include the operations of the municipal library, or volunteer fire and first aid squads. Furthermore, the Borough of Mountain Lakes is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

The accounting policies of the Borough of Mountain Lakes conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Mountain Lakes accounts for its financial transactions through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America.

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

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

Water Operating and Capital Funds – account for the operations and acquisition of capital facilities of the water utility.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note I: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the Sewer utility.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant policies follow.

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

Revenues – are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the Governing Body to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of the foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

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.

Deferred Charges – The funding of certain expenditures incurred in the current year (i.e. emergencies, overexpenditures) are deferred to subsequent years' budgets.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

Levy of Taxes – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Mountain Lakes to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after the due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest – It is the policy of the Borough of Mountain Lakes to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Fixed Assets – In accordance with N.J.A.C. 5:30-5.6, Accounting Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough of Mountain Lakes has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

No depreciation has been provided for in the financial statements.

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 capitals have not been accounted for separately.

Accounting for utility fund “fixed capital” remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water and Sewer Utility Funds are recorded in the capital accounts at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Fixed Assets(Continued)

The following schedules are a summarization of the changes in general fixed assets for the year ended December 31, 2013 and 2012:

	<u>Balance as of</u> <u>December 31, 2012</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposal /</u> <u>Transfers</u>	<u>Balance as of</u> <u>December 31, 2013</u>
Land	\$123,896,410.77	\$3,865,322.87	\$	\$127,761,733.64
Buildings	1,180,954.45			1,180,954.45
Machinery and Equipment	<u>4,720,737.23</u>	<u>107,627.62</u>	<u>25,250.00</u>	<u>4,803,114.85</u>
	<u>\$129,798,102.45</u>	<u>\$3,972,950.49</u>	<u>\$ 25,250.00</u>	<u>\$133,745,802.94</u>

	<u>Balance as of</u> <u>December 31, 2011</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposal/</u> <u>Transfers</u>	<u>Balance as of</u> <u>December 31, 2012</u>
Land	\$130,337,914.39	\$	\$6,441,503.62	\$123,896,410.77
Buildings	1,180,954.45			1,180,954.45
Machinery and Equipment	<u>4,681,470.96</u>	<u>54,266.27</u>	<u>15,000.00</u>	<u>4,720,737.23</u>
	<u>\$136,200,339.80</u>	<u>\$ 54,266.27</u>	<u>\$6,456,503.62</u>	<u>\$129,798,102.45</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note I: Summary of Significant Accounting Policies (Continued)

E. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenues and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

F. Comparative Date

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult.

G. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Governmental Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statement disclosures.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note I: Summary of Significant Accounting Policies (Continued)

H. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2013 statutory budget included a reserve for uncollected taxes in the amount of \$1,423,917.93. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2013 statutory budgets were as follows:

Current Fund	\$ 895,000.00
Water Utility Operating Fund	87,050.00
Sewer Utility Operating Fund	54,000.00

Transfers of line item amounts are permitted after November 1 and must be made by a resolution adopted by the governing body. The following significant budget transfers were approved in the 2013 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Borough Clerk – Salaries and Wages	(\$11,400.00)
Legal Services and Cost – Other Expenses	(70,000.00)
Police – Other Expenses	(10,000.00)
Road Repairs and Maintenance- Salaries and Wages	25,000.00
- Other Expense	30,000.00
Utility Expenses and Bulk Purchases	
Street Lighting	36,000.00

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2013 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Clean Communities Program	\$9,348.55
Alcohol Education and Rehabilitation Fund	369.42

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no emergency appropriations approved during the 2013 calendar year.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note II: Detailed Notes On All Funds

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2013 the Borough of Mountain Lakes' cash and cash equivalents amounted to \$2,421,106.41. Of this amount, \$ 250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,823,918.84 was covered by a collateral pool maintained by the banks as required by GUDPA. Although the individual developers' accounts are subject to F.D.I.C. coverage, it cannot be accurately determined whether the total amount of \$342,988.44 included in Developers' Escrow deposits is covered.

At December 31, 2013 the Borough of Mountain Lakes' participation in the State of New Jersey Cash Management Fund amounted to \$4,199.13.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Mountain Lakes will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2013, \$347,187.57 of the Borough of Mountain Lakes' cash and cash equivalents of \$2,421,106.41 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	342,988.44
Uninsured and collateral held by public depository or by its' trust department not in the Borough of Mountain Lakes'		<u>4,199.13</u>
	\$	<u>347,187.57</u>

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Borough of Mountain Lakes to purchase the following types of securities:

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit;

(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;

(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 the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(6) Local government investment pools;

(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

(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 a;

(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.17:9-41); and

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

The Borough of Mountain Lakes had no investments as described in Note I:F.I. at December 31, 2013

B. Property Taxes

The Borough of Mountain Lakes is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash. Property taxes receivable as of December 31, 2013 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2013	\$ 352,524.88

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note II: Detailed Notes On All Funds (Continued)

C. Interfund Receivables and Payables

As of December 31, 2013 interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Fund	\$ 5,782.01	\$ 93,896.04
Federal and State Grants Fund		2,250.99
Trust Funds:		
Animal Control Fund		1.90
Other Trust Fund	23,034.51	373.87
General Capital Fund		27.62
Water Utility Fund:		
Operating Fund	19,050.28	7,080.85
Capital Fund	5,000.00	40.00
Sewer Utility Fund:		
Operating Fund	16,432.97	5,000.00
Capital Fund	5,000.00	111.00
Payroll and Payroll Agency	34,482.50	
	<u>\$ 108,782.27</u>	<u>\$ 108,782.27</u>

The amounts due to or from the current fund and grants fund are due to the fact that there is no separate grants fund bank account. All other interfunds are due to cash being transferred between accounts. It is anticipated that all other interfunds will be liquidated during the subsequent calendar year.

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013 the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>2014 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Special Emergency			
Authorizations (40A:4-55)	\$ 400,000.00	\$ 200,000.00	\$200,000.00

The appropriations in the 2014 Budget are not less than that required by statute.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note II: Detailed Notes On All Funds (Continued)

E. Leases

The Borough of Mountain Lakes has not entered into any long-term agreements except for equipment which is being capitalized as installment purchases of fixed assets in accordance with N.J.A.C. 5:30-5.6.

The Borough of Mountain Lakes is leasing equipment totaling \$276,933.94 under capital leases. All capital leases are for terms of five to seven years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2013.

<u>Year</u>	<u>Amount</u>
2014	\$ 49,267.56
2015	46,184.66
2016	40,462.02
2017	28,341.84
2018	13,080.00
2019	13,080.00
2020	<u>8,720.00</u>
Total Minimum lease payments	193,136.08
Less: Amount representing interest	<u>22,410.63</u>
Present value of net minimum Lease payments	<u>\$ 176,725.45</u>

The Borough of Mountain Lakes has commitments to lease copying equipment under operating leases which expire in 2014. Total operating lease payments made during the year ended December 31, 2013 were \$1,898.40. Future minimum lease payments are as follows:

<u>Year ended</u>	<u>Amount</u>
December 31, 2014	\$ <u>949.20</u>
Total future minimum lease payments	<u>\$ 949.20</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

F. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Peapack and Gladstone are general obligation bonds, backed by the full faith and credit of the Borough of Peapack and Gladstone. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds Payable:					
General	\$ 5,681,000.00	\$ 3,035,000.00	\$ 600,000.00	\$ 8,116,000.00	\$ 861,000.00
Water Utility	-	-	-	-	-
Sewer Utility	-	-	-	-	-
	<u>\$ 5,681,000.00</u>	<u>\$ 3,035,000.00</u>	<u>\$ 600,000.00</u>	<u>\$ 8,116,000.00</u>	<u>\$ 861,000.00</u>
	<u>Year 2013</u>		<u>Year 2012</u>		<u>Year 2011</u>
<u>Issued</u>					
General:					
Bonds and Notes	<u>\$ 8,116,000.00</u>		<u>\$ 8,292,950.00</u>		<u>\$ 9,310,975.00</u>
Total Issued	<u>8,116,000.00</u>		<u>8,292,950.00</u>		<u>9,310,975.00</u>
<u>Less</u>					
Funds Temporarily Held to Pay					
Bonds and Notes:					
Excess Proceeds of Notes Issued					<u>212,025.00</u>
Total Deductions	<u>-</u>		<u>-</u>		<u>212,025.00</u>
Net Debt Issued	<u>8,116,000.00</u>		<u>8,292,950.00</u>		<u>9,098,950.00</u>
<u>Authorized but not Issued</u>					
General:					
Bonds and Notes	<u>612,560.00</u>		<u>699,875.00</u>		<u>-</u>
Total Authorized but Not Issued	<u>612,560.00</u>		<u>699,875.00</u>		<u>-</u>
Net Bonds and Notes Issued and					
Authorized but not Issued	<u>\$ 8,728,560.00</u>		<u>\$ 8,992,825.00</u>		<u>\$ 9,098,950.00</u>

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

Summary of Statutory Debt Condition-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 statutory net debt of 0.672 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 11,755,000.00	\$ 11,755,000.00	\$ -
General Debt	<u>8,728,560.00</u>	<u>-</u>	<u>8,728,560.00</u>
	<u>\$ 20,483,560.00</u>	<u>\$ 11,755,000.00</u>	<u>\$ 8,728,560.00</u>

Net Debt \$8,728,560.00 divided by Equalized Valuation Basis
per N.J.S.A. 40A:2-2 as amended, \$1,298,350,909.00 = 0.672%

Borrowing Power Under N.J.S.A. 40a:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 45,442,281.82
Net Debt	<u>8,728,560.00</u>
Remaining Borrowing Power	<u>\$ 36,713,721.82</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

Calculation of " Self Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$	760,536.72
Deductions:		
Operating and Maintenance Cost	\$	720,550.00
Debt Service per Water Account		-
Total Deductions		<u>720,550.00</u>
Excess in Revenue-Self Liquidating	<u>\$</u>	<u>39,986.72</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible.

Calculation of " Self Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$	633,271.12
Deductions:		
Operating and Maintenance Cost	\$	679,500.00
Debt Service per Sewer Account		-
Total Deductions		<u>679,500.00</u>
Deficit in Revenue	<u>\$</u>	<u>(46,228.88)</u>

Footnote:

If there is a "deficit in revenue", all such utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the adoption of an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Mountain Lakes are general obligation bonds.

Serial Bonds outstanding as of December 31, 2013 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General of 2007	Various	9/1	2020	\$ 2,101,000.00	\$ 1,381,000.00
General Refunding of 2007	4.00%	7/15	2022	2,915,000.00	1,790,000.00
General Refunding of 2009	Various	11/15	2020	2,965,000.00	1,910,000.00
General of 2013	Various	1/15	2025	<u>3,035,000.00</u>	<u>3,035,000.00</u>
				<u>\$ 11,016,000.00</u>	<u>\$ 8,116,000.00</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bonds Payable

Principal and interest due on serial bonds outstanding is as follows:

<u>Calendar</u> <u>Year</u>	<u>Principal</u>	<u>General</u> <u>Interest</u>	<u>Total</u>
2014	\$ 861,000.00	\$ 268,462.50	\$ 1,129,462.50
2015	890,000.00	238,212.50	1,128,212.50
2016	870,000.00	206,825.00	1,076,825.00
2017	875,000.00	174,775.00	1,049,775.00
2018	875,000.00	141,687.50	1,016,687.50
2019	880,000.00	108,725.00	988,725.00
2020	880,000.00	75,725.00	955,725.00
2021	550,000.00	41,562.50	591,562.50
2022	480,000.00	28,606.25	508,606.25
2023	315,000.00	15,556.25	330,556.25
2024	320,000.00	9,600.00	329,600.00
2025	320,000.00	3,200.00	323,200.00
	<u>\$ 8,116,000.00</u>	<u>\$ 1,312,937.50</u>	<u>\$ 9,428,937.50</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

2. Bond Anticipation Notes

There were no Bond Anticipation Notes outstanding as of December 31, 2013.

3. Bonds Authorized but not Issued

As of December 31, 2013 the Borough of Mountain Lakes had authorized but not issued bonds as follows:

General Capital Fund	\$	612,560.00
Water Utility Capital Fund		-0-
Sewer Utility Capital Fund		-0-

Short-term financing as of December 31, 2013 and 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bond Anticipation Notes:					
General	\$ 2,611,950.00	\$ -	\$ 2,611,950.00	\$ -	\$ -
	<u>\$ 2,611,950.00</u>	<u>\$ -</u>	<u>\$ 2,611,950.00</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note II: Detailed Notes On All Funds (Continued)

G. Fund Balance Appropriated

Fund balances at December 31, 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 were as follows:

Current Fund	\$1,295,000.00
Water Utility Operating Fund	168,750.00
Sewer Utility Operating Fund	-0-

Note III: Pension Plans

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS), or the Police and Fireman's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer defined benefit plans.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits.

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

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note III: Pension Plans (Continued)

Retirement Benefits

For PERS employees, the benefits will be 1/55 of the average of the three highest year compensation for each year of service. However, for PERS who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

For PFRS employees, the benefits will be various percentages of final compensation depending upon the number of years of service.

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: TPAF and PERS active member rates increased from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS Prosecutors Part active member rates increased from 8.5 percent to 10 percent; SPRS active member rates increased from 7.5 percent to 9 percent; and JRS active member rates increased from 3 percent to 12 percent phased-in over seven years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF, PERS and JRS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended until reactivated as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Funding Status and Funding Progress

As of July 31, 2012, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

liability for local PERS and PFRS is 76.1 percent and \$12.8 billion.

Note III: Pension Plans (Continued)

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 10.0 percent for PFRS and 6.6 percent for PERS of employees' annual compensation.

During the state fiscal year ended June 30, 2013, for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, the annual pension cost equals contributions made.

The Borough's total payroll for the year ended December 31, 2013 was \$3,512,544.77 and covered payroll was \$985,968.00 for PERS and \$1,257,130.00 for PFRS. Contributions to the PERS and PFRS for the last three years made by the employees and Borough of Mountain Lakes were as follows:

			<u>PERS</u>	Percent of Covered <u>Payroll</u>		<u>PFRS</u>	Percent of Covered <u>Payroll</u>
Employees	12/31/13	\$	72,707.31	7.39%	\$	125,713.00	10.00 %
	12/31/12		57,716.65	6.57%		137,830.90	10.00 %
	12/31/11		63,676.54	5.80%		117,258.54	8.88 %
Borough of Mountain Lakes	12/31/13		124,140.00	12.59%		330,189.00	26.26%
	12/31/12		132,989.00	15.31%		312,682.00	22.68%
	12/31/11		128,590.00	11.71%		361,916.00	27.41%

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note IV: Health Benefits and Post Retirement Medical Benefits

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

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

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State contributed \$38.0 million for the state fiscal year 2013 to provide benefits under Chapter 330 to qualified retirees.

PERS employees do not receive post-retirement medical benefits.

Note V: Risk Management

The Borough of Mountain Lakes 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 of Mountain Lakes is a member of the Morris County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and worker's compensation insurance coverage up to \$100,000 for member municipalities. The Borough of Mountain Lakes pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board; these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Mountain Lakes is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$100,000 for general liability, automobile liability and workers' compensation. The MEL also provides insurance coverage for the following: employment practices liability, non-owned aircraft, public official's liability, directors and officer's liability and Excess Faithful Performance and Employee Dishonesty Blanket Bond (\$1,000,000 limit).

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note V: Risk Management (Continued)

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

The Borough of Mountain Lakes continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note VI: Segment Information – Utility/Enterprise Funds

The Borough of Mountain Lakes maintains utility/enterprise funds which provide water, and sewer services. Segment information for the year ended December 31, 2013 was as follows:

	<u>Water Utility</u> <u>Fund</u>	<u>Sewer Utility</u> <u>Fund</u>
Operating Revenues	\$ 672,572.51	579,089.08
Operating Income or (Loss)	(47,977.49)	(100,410.92)
Operating Transfers in or (Out)	17.80	49.40
Net Income or (Loss)	148,547.67	(47,404.96)
Fixed Assets:		
Additions	1,953.39	-
Deletions	-	-
Net Working Capital	205,050.03	(4,931.63)
Total Operating Assets	330,426.88	82,949.88
Operating Fund Balance	185,736.22	1,901.61
Long Term Debt	-0-	-0-
Short Term Debt	-0-	-0-

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Note VII: Accrued Sick and Vacation Benefits

The Borough of Mountain Lakes permits the members of the Police Department to accrue a limited amount of unused vacation pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. Officers with at least 15 years of service with the Borough are permitted to bank up to a maximum of 25 vacation days.

It is estimated that the current cost of such unpaid compensation would approximate \$25,000.00. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough of Mountain Lakes budget operating expenditures in the year in which it is used.

Note VIII: Contingent Liabilities

The Borough of Mountain Lakes is a defendant in several lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Borough Tax Assessor will aggressively defend the Borough's assessments.

Note IX: Subsequent Events

The Borough of Mountain Lakes has evaluated subsequent events through June 17, 2014, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

Note X: Length of Service Awards Program (Unaudited)

During the 2002 calendar year, the voters of the Borough of Mountain Lakes approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Borough of Mountain Lakes appropriated \$18,000.00 and \$15,000.00 in 2013 and 2012 budgets, respectively, for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Borough of Mountain Lakes subject only to the claims of the Borough of Mountain Lakes general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Borough of Mountain Lakes and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Borough of Mountain Lakes believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Borough of Mountain Lakes has an obligation of due care in selecting the third party administrator. In the opinion of the Borough of Mountain Lakes legal counsel, the Borough of Mountain Lakes has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Borough of Mountain Lakes issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP.

SUPPLEMENTARY DATA

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 895,000.00	2.86%	\$ 189,384.97	0.63%
Miscellaneous-From other than Local Property Tax Levies	1,744,597.97	5.58%	2,439,260.50	8.08%
Collection of Delinquent Taxes and Tax Title Liens	388,128.34	1.24%	254,762.43	0.84%
Collection of Current Tax Levy	27,940,791.60	89.41%	27,258,948.66	90.28%
Other Credits to Income	<u>280,382.61</u>	<u>0.90%</u>	<u>51,652.55</u>	<u>0.17%</u>
Total Income	<u>31,248,900.52</u>	<u>100.00%</u>	<u>30,194,009.11</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,016,345.96	23.45%	7,532,974.14	24.99%
County Taxes	3,234,690.27	10.81%	3,148,559.25	10.44%
Local School District Taxes	19,519,078.00	65.22%	19,397,814.00	64.34%
Other Expenditures	<u>156,427.76</u>	<u>0.52%</u>	<u>67,726.85</u>	<u>0.22%</u>
Total Expenditures	<u>29,926,541.99</u>	<u>100.00%</u>	<u>30,147,074.24</u>	<u>100.00%</u>
Excess in Revenue	1,322,358.53		46,934.87	
Adjustments-Deferred charges included above which by statute are deferred charges to budgets of succeeding years	-		<u>500,000.00</u>	
	1,322,358.53		546,934.87	
Fund Balance January 1	<u>898,086.19</u>		<u>540,536.29</u>	
	2,220,444.72		1,087,471.16	
Less:				
Utilization as Anticipated Revenue	<u>895,000.00</u>		<u>189,384.97</u>	
Fund Balance December 31	<u>\$ 1,325,444.72</u>		<u>\$ 898,086.19</u>	

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 87,050.00	9.85%	\$ 108,400.00	13.38%
Collection of Water Rents	641,221.06	72.53%	635,096.65	78.45%
Miscellaneous	32,265.66	3.65%	25,524.05	3.15%
Other Credits to Income	<u>123,560.95</u>	<u>13.98%</u>	<u>40,540.35</u>	<u>5.01%</u>
Total Income	<u>884,097.67</u>	<u>100.00%</u>	<u>809,561.05</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	666,550.00	90.62%	666,400.00	91.74%
Capital Improvements	15,000.00	2.04%	10,000.00	1.38%
Deferred Charges and Statutory Expenditures	<u>54,000.00</u>	<u>7.34%</u>	<u>50,000.00</u>	<u>6.88%</u>
Total Expenditures	<u>735,550.00</u>	<u>100.00%</u>	<u>726,400.00</u>	<u>100.00%</u>
Excess in Revenue	148,547.67		83,161.05	
Fund Balance January 1	<u>124,238.55</u>		<u>149,477.50</u>	
	272,786.22		232,638.55	
Less:				
Utilization as Anticipated Revenue	<u>87,050.00</u>		<u>108,400.00</u>	
Fund Balance December 31	<u>\$ 185,736.22</u>		<u>\$ 124,238.55</u>	

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 54,000.00	8.09%	\$ 24,704.36	3.63%
Collection of Sewer Charges	560,905.05	84.08%	567,966.11	83.52%
Miscellaneous	18,366.07	2.75%	73,527.72	10.81%
Other Credits to Income	<u>33,823.92</u>	<u>5.07%</u>	<u>13,876.03</u>	<u>2.04%</u>
Total Income	<u>667,095.04</u>	<u>100.00%</u>	<u>680,074.22</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	651,000.00	93.74%	598,178.00	93.95%
Capital Improvements	15,000.00	2.16%	10,000.00	1.57%
Statutory Expenditures	<u>28,500.00</u>	<u>4.10%</u>	<u>28,526.36</u>	<u>4.48%</u>
Total Expenditures	<u>694,500.00</u>	<u>100.00%</u>	<u>636,704.36</u>	<u>100.00%</u>
Operating Deficit	<u>(27,404.96)</u>			
Excess in Revenue			43,369.86	
Fund Balance January 1	<u>55,901.61</u>		<u>37,236.11</u>	
	55,901.61		80,605.97	
Less:				
Utilization as Anticipated Revenue	<u>54,000.00</u>		<u>24,704.36</u>	
Fund Balance December 31	<u>\$ 1,901.61</u>		<u>\$ 55,901.61</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

<u>Year</u>	<u>Assessed Valuation</u>	<u>Apportionment of Tax Rate</u>			
		<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>
2013	1,182,075,500 (1)	\$ 2.387	\$ 0.462	\$ 0.274	\$ 1.651
2012	1,285,362,542	2.163	0.409	0.245	1.509
2011	1,293,069,079	2.123	0.374	0.249	1.500
2010	1,290,679,428	2.100	0.374	0.255	1.471
2009	1,284,172,607 (1)	2.109	0.368	0.263	1.478
2008	1,477,533,321	1.767	0.308	0.222	1.237
2007	1,475,160,245	1.700	0.282	0.228	1.190
2006	1,474,893,716 (2)	1.620	0.255	0.226	1.139
2005	639,917,067	3.530	0.545	0.472	2.513
2004	635,453,858	3.360	0.521	0.463	2.376

(1) Devaluation Effective in 2009 and 2013

(2) Revaluation Effective in 2006

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2013	\$ 28,293,119.20	\$ 27,940,791.60	98.75%
2012	27,859,869.58	27,258,948.66	97.84%
2011	27,495,958.87	27,141,568.38	98.71%
2010	27,142,846.44	26,804,557.41	98.75%
2009	27,096,374.49	26,796,802.02	98.89%
2008	26,170,297.00	25,862,220.00	98.82%
2007	25,160,057.00	24,903,036.00	98.97%
2006	23,919,478.00	23,655,434.00	98.89%
2005	22,699,481.00	22,588,076.00	99.50%
2004	21,425,192.00	21,304,332.00	99.43%

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 ten years.

<u>Dec. 31 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>
2013	\$ -	\$ 332,524.88	\$ 332,524.88	1.17%
2012	-	388,128.34	388,128.34	1.39%
2011	-	254,762.43	254,762.43	0.92%
2010	2,651.33	261,287.99	263,939.32	0.97%
2009	-	269,376.81	269,376.81	0.99%
2008	-	243,429.44	243,429.44	0.93%
2007	-	181,168.35	181,168.35	0.72%
2006	-	193,921.54	193,921.54	0.81%
2005	-	94,916.30	94,916.30	0.41%
2004	-	114,690.35	114,690.35	0.53%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

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

<u>Year</u>	<u>Amount</u>
2013	169,885.09
2012	169,885.09
2011	169,885.09
2010	169,885.09
2009	169,885.09
2008	169,885.09
2007	169,885.09
2006	169,885.09
2005	169,885.09
2004	169,885.09

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2013	\$ 596,204.48	\$ 641,221.06
2012	676,982.81	635,096.65
2011	590,620.63	598,721.72
2010	658,002.36	643,596.31
2009	575,708.89	575,574.99
2008	683,204.55	662,433.05
2007	670,742.22	651,831.48
2006	542,190.02	510,480.71
2005	555,154.60	531,902.73
2004	503,132.39	487,485.01

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2013	\$ 552,226.51	\$ 560,905.05
2012	576,004.27	567,966.11
2011	545,882.45	555,268.84
2010	591,759.49	576,083.42
2009	545,366.42	543,696.01
2008	564,948.67	550,580.88
2007	521,862.70	527,091.86
2006	536,615.65	529,866.90
2005	542,492.10	535,248.38
2004	493,007.54	491,288.96

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2013	\$ 1,325,444.72	\$ 1,295,000.00
	2012	898,086.19	895,000.00
	2011	540,536.29	358,500.00
	2010	1,004,323.17	1,003,800.00
	2009	1,277,454.26	1,247,500.00
	2008	1,294,391.23	1,237,500.00
	2007	1,511,543.84	1,417,000.00
	2006	1,308,078.10	1,318,000.00
	2005	1,531,944.64	1,461,944.00
	2004	1,581,567.67	1,527,000.00
Water Utility Operating Fund	2013	\$ 185,736.22	\$ 168,750.00
	2012	124,238.55	87,050.00
	2011	149,477.50	108,400.00
	2010	106,907.09	77,000.00
	2009	126,602.07	109,000.00
	2008	156,483.16	41,000.00
	2007	156,483.16	-
	2006	48,232.05	40,500.00
	2005	83,156.86	75,000.00
	2004	75,497.78	67,000.00
Sewer Utility Operating Fund	2013	\$ 1,901.61	\$ -
	2012	55,901.61	54,000.00
	2011	37,236.11	24,704.36
	2010	81,238.62	57,700.00
	2009	47,098.76	45,700.00
	2008	70,040.75	38,230.35
	2007	70,040.75	-
	2006	42,593.71	40,000.00
	2005	42,088.81	38,864.00
	2004	76,315.21	37,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Daniel Happer	Mayor	
G. Douglas McWilliams	Deputy Mayor	
Frank Borin	Councilman	
Jason Bradley	Councilman	
Blair Bravo	Councilwoman	
Peter Holmberg	Councilman	
John Lester	Councilman	
Robert Tovo	Borough Manager	
	Treasurer	
	Custodian of Water and Sewer Funds	\$ 1,000,000.00
Michelle Reilly	Borough Clerk	
D. Timothy Roberts	Acting Chief Financial Officer	
	Qualified Purchasing Agent	
Ann Purcell	Tax Collector	\$ 1,000,000.00
Melissa Mabey	Utilities Clerk	
Mark Prusina	Director of Department of Public Works	
Rita Sharp	Construction Code Official	
Russell Heiney	Building Sub Code Official	
	Fire Sub Code Official	
Giulio Monaco	Electrical Sub Code Official	
John Scialla	Plumbing Sub Code Official	
Jeffrey Montemarano	Fire Safety Officer	
	Code Enforcement Official	
	Zoning Officer	
Thomas Trapasso	Fire Prevention Official	
Ernest DelGuercio	Tax Assessor	
Martin F. Murphy	Borough Attorney	

The above bonds were in force under the Municipal Excess Liability Joint Insurance Fund.

Public Employees Dishonesty and Faithful Performance coverage of \$1,000,000.00 is in force for all other employees under the Morris County Municipal Joint Insurance Fund (\$50,000.00) and the Municipal Excess Liability Joint Insurance Fund (\$950,000.00).

The surety bonds for Tax Collector, Water and Sewer Custodian personnel were in accordance with the Local Finance Board promulgated schedule.

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 1,563,000.08
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 74,002.52	
Tax Collector	A-5	28,429,568.47	
Amount Due from State for Senior Citizens' and Veterans' Deductions	A-8	14,500.00	
Revenue Accounts Receivable	A-12	1,580,751.38	
Interfund Accounts Receivable	A-13	25,020.98	
Interfund Accounts Payable	A-18	56,676.17	
Other Liabilities and Reserves	A-24	<u>9,349.00</u>	
			<u>30,189,868.52</u>
			31,752,868.60
Decreased by Disbursements :			
2013 Budget Appropriations	A-3	6,613,922.87	
Interfund Accounts Receivable	A-13	2,250.99	
Expenditure without Grant Appropriation	A-15	4,643.69	
2012 Appropriation Reserves	A-16	174,819.34	
Interfund Accounts Payable	A-18	95,640.44	
Tax Overpayments Refunded	A-20	167,642.62	
Appropriated Reserves	A-22	364,470.00	
Other Liabilities and Reserves	A-24	7,581.00	
Local District School and County Taxes	A-25	<u>22,760,278.65</u>	
			<u>30,191,249.60</u>
Balance December 31, 2013	A		<u>\$ 1,561,619.00</u>

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>	
Increased by Receipts :		
Taxes Receivable	A-9	\$ 28,194,002.74
Revenue Accounts Receivable	A-12	56,457.73
Prepaid Taxes	A-19	152,199.15
Tax Overpayments	A-20	<u>26,908.85</u>
		<u>\$ 28,429,568.47</u>
Decreased by Disbursements :		
Paid to Treasurer	A-4	<u>\$ 28,429,568.47</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2013</u>
Tax Collector/Treasurer	\$ 200.00	\$ 200.00
	<u>\$ 200.00</u>	<u>\$ 200.00</u>
Ref.	A	A

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance December 31, 2012	A	<u>\$ 250.00</u>
Balance December 31, 2013	A	<u>\$ 250.00</u>

BOROUGH OF MOUNTAIN LAKES

A-8

CURRENT FUND
 SCHEDULE OF AMOUNT DUE FROM/(TO) STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2012	A	\$	520.26
Increased by :			
Senior Citizens' Deductions Per Tax Billings	A-8	\$	250.00
Veterans' Deductions Per Tax Billings	A-8		14,250.00
Veterans' Deductions Allowed by Tax Collector	A-8		<u>750.00</u>
			<u>15,250.00</u>
			15,770.26
Decreased by :			
Received in Cash from State of New Jersey	A-4		<u>14,500.00</u>
			<u>14,500.00</u>
Balance December 31, 2013	A	\$	<u>1,270.26</u>

Calculation of State's Share of
 Senior Citizens' and Veterans' Deductions

Senior Citizens' Deductions per Tax Billings	A-8	\$	250.00
Veterans' Deductions per Tax Billings	A-8		14,250.00
Veterans' Deductions Allowed by Tax Collector	A-8		<u>750.00</u>
	A-9	\$	<u>15,250.00</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2013 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2012	2013 Levy	2012	2013	State's Share of Senior Citizens' and Veterans' Deductions	Canceled	Balance Dec. 31, 2013
2012	\$ 388,128.34		\$ 119,667.20	\$ 388,128.34	\$ -	\$ -	\$ -
2013		\$ 28,293,119.20	\$ 119,667.20	\$ 27,805,874.40	\$ 15,250.00	\$ 19,802.72	\$ 332,524.88
	\$ 388,128.34	\$ 28,293,119.20	\$ 119,667.20	\$ 28,194,002.74	\$ 15,250.00	\$ 19,802.72	\$ 332,524.88

Ref. A A-2,19 A-2,5 A-2,8 A

Analysis of 2013 Property Tax Levy

Tax Yield :	
General Purpose Tax	\$ 28,185,474.82
Business Personality Tax	30,668.18
Added Taxes (54-4-63.1 et seq.)	\$ 28,216,143.00
	76,976.20
	\$ 28,293,119.20
Tax Levy :	
Regional School District Tax (Abstract)	
County Taxes (Abstract)	\$ 3,081,349.71
County Open Space Preservation (Abstract)	144,504.52
Amount Due to County for Added Taxes (54-4-63.1 et seq.)	8,836.04
Local Tax for Municipal Purposes (Abstract)	3,234,690.27
Add : Additional Tax Levied	5,539,350.93
	\$ 28,293,119.20

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

NOT APPLICABLE

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

	<u>Ref.</u>	
Balance December 31, 2012	A	<u>\$ 169,885.09</u>
Balance December 31, 2013	A	<u>\$ 169,885.09</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2013	Collector	Collected by Treasurer
Alcohol Beverage Licenses	A-2	\$ 11,626.00	\$ -	\$ 11,626.00
Board of Health - Other Licenses	A-2	1,435.00		1,435.00
Construction Code Official - Fees and Permits	A-2	168,049.00		168,049.00
Clerk - Fees and Permits	A-2	5,590.00		5,590.00
Planning Board - Fees and Permits	A-2	1,701.73		1,701.73
Tax Assessor - Fees	A-2	8,340.00		8,340.00
Police - Fees	A-2	1,246.61		1,246.61
Parking Permit Fees	A-2	785.00		785.00
Smoke Detector Inspection Fees	A-2	4,100.00		4,100.00
Soil Fees and Permits	A-2	879.80		879.80
Municipal Court - Fines and Costs	A-2	27,805.18		27,805.18
Interest and Costs on Taxes	A-2	56,457.73	56,457.73	
Interest on Investments	A-2	4,742.09		4,742.09
Solid Waste Fees - Trash Bags	A-2	187,172.50		187,172.50
Solid Waste Fees - Board of Education	A-2	54,912.45		54,912.45
Recreation Fees and Income	A-2	59,035.37		59,035.37
Field Lease - Board of Education	A-2	45,000.00		45,000.00
Energy Receipts Tax	A-2	417,293.00		417,293.00
General Capital Fund Balance	A-2	120,000.00		120,000.00
Rent from Railroad Station	A-2	26,073.12		26,073.12
Cell Tower Lease - Omniport/Voicestream	A-2	42,470.56		42,470.56
Cell Tower Lease - Sprint	A-2	24,000.00		24,000.00
FEMA Reimbursements	A-2	268,493.97		268,493.97
Developer's COAH Fee	A-2	100,000.00		100,000.00
		<u>\$ 1,637,209.11</u>	<u>\$ 56,457.73</u>	<u>\$ 1,580,751.38</u>

Ref.

A-5

A-4

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2012</u>	<u>Authorized in 2013</u>	<u>Raised in 2013 Budget</u>	<u>Balance Dec. 31, 2013</u>
12/17/12	Special Emergency (N.J.S.A. 40A:4-54): Hurricane Sandy Damage Expenditure without Grant Appropriation	500,000.00	100,000.00	\$ 500,000.00	\$ -	\$ 100,000.00	\$ 400,000.00
				<u>4,643.69</u>	<u>4,643.69</u>	<u>-</u>	<u>4,643.69</u>
				<u>\$ 500,000.00</u>	<u>\$ 4,643.69</u>	<u>\$ 100,000.00</u>	<u>\$ 404,643.69</u>
	Ref.	A	A-4	A-3	A		

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

	Balance Dec. 31, 2012	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
OPERATIONS WITHIN "CAP"						
Salaries and Wages :						
General Administration	\$ 353.05	\$ -	\$ -	\$ 353.05	\$ -	\$ 353.05
Borough Clerk	15,850.08			15,850.08		15,850.08
Financial Administration	34,760.07			34,760.07	15,000.00	19,760.07
Collection of Taxes	25,964.88		\$ 80.00	26,044.88		26,044.88
Assessment of Taxes	3.00			3.00		3.00
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board	8.49			8.49		8.49
Zoning Costs	3,912.34			3,912.34		3,912.34
Police	460.74			460.74		460.74
Fire Department	30.51			30.51		30.51
Road Repairs and Maintenance	4,773.29			4,773.29	4,536.85	236.44
Solid Waste Collection	30,047.68			30,047.68	7,136.85	22,910.83
Board of Health	666.82			666.82		666.82
Recreation Services and Programs	8,670.47		2,739.65	11,410.12		11,410.12
Accumulated Leave Compensation	10,222.00			10,222.00		10,222.00
Uniform Construction Code:						
Code Enforcement and Administration	7,584.12			7,584.12		7,584.12
Other Expenses :						
General Administration	1,809.58		2,384.70	4,194.28	2,103.69	2,090.59
Mayor and Council	1,218.24		1,271.50	2,489.74	941.50	1,548.24
Borough Clerk	6,973.26		1,603.46	8,576.72	1,556.10	7,020.62
Financial Administration	5,513.44		25.82	5,539.26	1,773.56	3,765.70
Audit Services	500.00			500.00		500.00
Computer Information Technology	1,648.25		19.50	1,667.75	19.50	1,648.25
Collection of Taxes	1,530.44			1,530.44	258.52	1,271.92
Assessment of Taxes	50.05			50.05		50.05
Legal Services and Costs	64,155.05		166.61	64,321.66	22,463.14	41,858.52
Engineering Services and Costs	1,414.26		451.00	1,865.26	1,767.50	97.76
Historical Preservation	1,000.00			1,000.00		1,000.00
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board	2,436.80		2,367.12	4,803.92	3,000.00	1,803.92
Zoning Costs	65.29			65.29		65.29

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

	Balance Dec. 31, 2012	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>Other Expenses: (Continued)</u>						
Insurance:						
General Liability	\$ 148.11	\$ -	\$ -	\$ 148.11	\$ -	\$ 148.11
Worker's Compensation	9,610.38			9,610.38	9,000.00	610.38
Group Insurance - Hospital and Medical	27,831.95			27,831.95	26,338.69	1,493.26
Police	7,195.33		6,001.45	13,196.78	8,061.73	5,135.05
Fire Department	3,221.43		3,155.49	6,376.92	3,155.49	3,221.43
Road Repairs and Maintenance	7,865.57		7,004.89	14,870.46	10,498.62	4,371.84
Shade Tree Commission	2,597.51		837.49	3,435.00	249.99	3,185.01
Solid Waste Collection	8,662.95		19,866.14	28,529.09	10,164.22	18,364.87
Public Buildings and Grounds	308.21		415.00	723.21	106.00	617.21
Vehicle Maintenance	11,253.88		1,303.06	12,556.94	1,203.11	11,353.83
Board of Health	486.74			486.74		486.74
Environmental Commission	2,769.64			2,769.64		2,769.64
Woodlands Committee	828.35			828.35		828.35
Contribution to Senior Citizens	2,000.00			2,000.00		2,000.00
Recreation Services and Programs	1,534.76		3,036.11	4,570.87	4,231.11	339.76
Maintenance of Parks	20,814.90		2,185.60	23,000.50	20,311.30	2,689.20
Prior Years Bills	266.56			266.56		266.56
Celebration of Public Events	443.66			443.66		443.66
Uniform Construction Code						
Code Enforcement and Administration	528.26		114.61	642.87	114.61	528.26
Utilities:						
Electricity	488.76			488.76		488.76
Street Lighting	50.06			50.06		50.06
Telephone and Telegraph	342.75			342.75	106.99	235.76
Natural Gas	10,866.14			10,866.14		10,866.14
Diesel Fuel, Fuel Oil	16,337.85		5,257.82	21,595.67	5,770.27	15,825.40
Social Security System (O.A.S.I.)	5,916.52			5,916.52		5,916.52
<u>OPERATIONS EXCLUDED FROM "CAP"</u>						
Other Expenses :						
Length of Service Award Program (N.J.S.A. 40A:4-453j)	15,000.00			15,000.00	14,950.00	50.00
Recycling Tax	995.72		328.08	1,323.80		1,323.80
	<u>\$ 389,988.19</u>	<u>\$ -</u>	<u>\$ 60,615.10</u>	<u>\$ 450,603.29</u>	<u>\$ 174,819.34</u>	<u>\$ 275,783.95</u>

BOROUGH OF MOUNTAIN LAKES
 CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 60,615.10
Increased by :		
2013 Budget Charges	A-3	<u>123,389.87</u>
		184,004.97
Decreased by :		
Transferred to 2012 Appropriation Reserves	A-16	<u>60,615.10</u>
Balance December 31, 2013	A	<u>\$ 123,389.87</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2012	Received in 2013	Accrued in 2013	Paid in 2013	Balance Dec. 31, 2013
Federal and State Grants Funds	\$ 3,743.75	\$ 26,068.58	\$ -	\$ 29,812.33	\$ -
Animal Control Fund-Reimbursement	-	-	-	-	-
Other Trust Funds:					
Tax Sale Premiums	48,100.00	7,000.00	-	55,100.00	-
Recreation Fees	4,959.00	18,075.51	-	-	23,034.51
General Capital Fund - Grant	-	3,139.30	-	5,260.10	-
Water Operating Fund - Received in Error	2,120.8	2,392.78	-	5,468.01	-
Sewer Operating Fund - Received in Error	3,075.23	-	-	-	-
Payroll Account - Received in Error	70,861.53	-	-	-	70,861.53
	<u>\$ 132,860.31</u>	<u>\$ 56,676.17</u>	<u>\$ -</u>	<u>\$ 95,640.44</u>	<u>\$ 93,896.04</u>

Ref.

A

A-4

A-4

A

Ref.

2013 Budget Revenue - Grants
 2013 Budget Appropriations - Grants

\$ (12,964.02)
12,964.02

\$ -

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 119,667.20
Increased by :		
2014 Taxes Paid	A-5	<u>152,199.15</u>
		271,866.35
Decreased by :		
Applied to Taxes Receivable	A-9	<u>119,667.20</u>
Balance December 31, 2013	A	<u>\$ 152,199.15</u>

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 89,195.26
Increased by:		
Prior Year Tax Appeals Granted	A-1	\$ 154,176.77
Taxes Overpaid in 2013	A-5	<u>26,908.85</u>
		<u>181,085.62</u>
		270,280.88
Decreased by:		
Refunded in 2013	A-4	<u>167,642.62</u>
		<u>167,642.62</u>
Balance December 31, 2013	A	<u>\$ 102,638.26</u>
<u>Analysis of Balance December 31, 2013</u>		
2011 Taxes		
2012 Taxes		\$ 19,856.07
2013 Taxes		55,873.34
		<u>26,908.85</u>
		<u>\$ 102,638.26</u>

A-21

SCHEDULE OF RESERVE FOR TAX APPEALS PENDING

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF RESERVES FOR FUNDS - APPROPRIATED

	<u>Ref.</u>	<u>Hurricane Sandy Damage</u>
Balance December 31, 2012	A	
Decreased by:		
Paid in 2013	A-4	
		<u>\$ 364,470.00</u>
		<u>\$ 364,470.00</u>

SCHEDULE OF RESERVE FOR FUNDS - UNAPPROPRIATED

	<u>Ref.</u>	<u>Total</u>	<u>Police Equipment</u>	<u>Exterminating Pests Donation</u>
Balance December 31, 2012	A	<u>\$ 1,044.71</u>	<u>\$ 744.71</u>	<u>\$ 300.00</u>
Balance December 31, 2013	A	<u>\$ 1,044.71</u>	<u>\$ 744.71</u>	<u>\$ 300.00</u>

BOROUGH OF MOUNTAIN LAKES
 CURRENT FUND
SCHEDULE OF OTHER LIABILITIES AND RESERVES

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Received</u> <u>in 2013</u>	<u>Paid</u> <u>in 2013</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Amount Due to State - UCC Fees	\$ 1,483.00	\$ 9,099.00	\$ 7,356.00	\$ 3,226.00
Amount Due to State - Marriage License Fees	<u>50.00</u>	<u>250.00</u>	<u>225.00</u>	<u>75.00</u>
	<u>\$ 1,533.00</u>	<u>\$ 9,349.00</u>	<u>\$ 7,581.00</u>	<u>\$ 3,301.00</u>
Ref.	A	A-4	A-4	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND

SCHEDULE OF LOCAL OPEN SPACE, REGIONAL SCHOOL DISTRICT AND COUNTY TAXES

	Ref.	Balance <u>Dec. 31, 2012</u>	2013 Levy	Paid in 2013	Balance <u>Dec. 31, 2013</u>
Local School District Tax	A-2	\$ -	\$ 19,519,078.00	\$ 19,519,078.00	\$ -
County Tax	A-2		3,081,349.71	3,081,349.71	-
County Open Space Preservation	A-2		144,504.52	144,504.52	-
Amount Due County for Added and Omitted Taxes - 2013 - 2012	A-2		8,836.04	8,836.04	-
		<u>6,510.38</u>	<u>-</u>	<u>6,510.38</u>	<u>-</u>
		<u>\$ 6,510.38</u>	<u>\$ 22,753,768.27</u>	<u>\$ 22,760,278.65</u>	<u>\$ -</u>

A-1

A-4

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
 SCHEDULE OF AMOUNT DUE FROM/(TO) CURRENT FUND
TO FEDERAL AND STATE GRANTS FUND

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 3,743.75
Increased by :		
Received in Current Fund		
- State Aid Receivable	A-27	\$ 13,717.97
- Unappropriated Reserves	A-29	12,350.61
2013 Budget Appropriations	A-28	<u>12,964.02</u>
		<u>39,032.60</u>
Decreased by :		42,776.35
2013 Budget Revenues		
- State Aid Receivable	A-27	9,717.97
- Unappropriated Reserves	A-29	3,246.05
Expended in Current Fund		
- Appropriated Reserves	A-28	<u>32,063.32</u>
		<u>45,027.34</u>
Balance December 31, 2013	A	<u>\$ (2,250.99)</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Budget</u> <u>Revenues</u>	<u>Received</u> <u>in Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Clean Communities Program	\$ -	\$ 9,348.55	\$ 9,348.55	\$ -
Alcohol Education and Rehabilitation Fund	-	369.42	369.42	-
Municipal Alliance on Alcoholism and Drug Abuse	11,729.92			11,729.92
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500.00			2,500.00
Click It or Ticket	49.68			49.68
Morris County-Historic Preservation Grant	16,000.00			16,000.00
Mountain Lakes Bd. Of Ed.-Historic Preservation Grant	3,800.00			3,800.00
Green Communities Grant	3,000.00			3,000.00
BSF Forestry Grant	1,500.00			1,500.00
Highlands Plan Conformance Grant	39,779.36			39,779.36
ANJEC Smart Growth Planning Assistance Grant	4,000.00		4,000.00	-
Reduction in Speed Grant - 2008	<u>1,649.76</u>	<u>-</u>	<u>-</u>	<u>1,649.76</u>
	<u>\$ 84,008.72</u>	<u>\$ 9,717.97</u>	<u>\$ 13,717.97</u>	<u>\$ 80,008.72</u>
Ref.	A	A-26	A-26	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Budget</u> <u>Appropriations</u>	<u>Expenditures</u> <u>in Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Recycling Tonnage Grant	\$ 19,699.79	\$ -	\$ 14,743.68	\$ 4,956.11
Drunk Driving Enforcement Fund	5,121.20	-	-	5,121.20
Clean Communities Program	7,971.09	9,348.55	17,319.64	-
Alcohol Education and Rehabilitation Fund	3,310.16	369.42	-	3,679.58
Municipal Alliance on Alcoholism and Drug Abuse	16,796.98	-	-	16,796.98
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500.00	-	-	2,500.00
Body Armor Replacement Fund	3,736.09	3,246.05	-	6,982.14
Click it or Ticket	7,858.00	-	-	7,858.00
Community Forestry Grant	3,000.00	-	-	3,000.00
Green Communities Grant	3,000.00	-	-	3,000.00
BSF Forestry Grant	1,500.00	-	-	1,500.00
Highlands Plan Conformance Grant	5,946.06	-	-	5,946.06
Reduction in Speed Grant - 2008	607.33	-	-	607.33
Bulletproof Vest Program - Federal - 2004	1,054.00	-	-	1,054.00
Office of Emergency Management - 2004	2,405.72	-	-	2,405.72
	<u>\$ 84,506.42</u>	<u>\$ 12,964.02</u>	<u>\$ 32,063.32</u>	<u>\$ 65,407.12</u>
Ref.	A	A-26	A-26	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2012	Received in Current Fund	Utilized as 2013 Budget Revenue	Current Fund	Balance Dec. 31, 2013
Recycling Tonnage Grant	\$ -	\$ 8,366.46		\$ 8,366.46	
Body Armor Replacement Fund	3,246.05	1,984.15		3,246.05	1,984.15
Sustainable Jersey Grant	-	2,000.00		-	2,000.00
	<u>\$ 3,246.05</u>	<u>\$ 12,350.61</u>		<u>\$ 3,246.05</u>	<u>\$ 12,350.61</u>

Ref. A A-26 A-26 A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES FOR FEDERAL AND STATE GRANTS

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

B-2

TRUST FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Received in 2013	Accrued in 2013	Paid in 2013	Balance Dec. 31, 2013
Other Trust Funds:					
Current Fund:					
Tax Sale Premiums	48,100.00	55,100.00	7,000.00	-	-
Recreation Fees	4,959.00	-	18,075.51	-	23,034.51
	<u>53,059.00</u>	<u>55,100.00</u>	<u>25,075.51</u>	<u>-</u>	<u>23,034.51</u>
	<u>\$ 53,059.00</u>	<u>\$ 55,100.00</u>	<u>\$ 25,075.51</u>	<u>\$ -</u>	<u>\$ 23,034.51</u>
Ref.	B	B-1	B-8		B

B-3

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2012	Received in 2013	Accrued in 2013	Paid in 2013	Balance Dec. 31, 2013
Animal Control Fund:					
Current Fund - Interest	<u>\$ 16.41</u>	<u>\$ 11.65</u>	<u>\$ -</u>	<u>\$ 26.16</u>	<u>\$ 1.90</u>
Other Trust Funds:					
Current Fund:					
Police Outside Employment - Interest	49.66	466.92		397.34	119.24
Police Forfeited Assets- Interest	31.54	25.32		52.63	4.23
Developers' Escrow - Interest	69.83	181.44		225.81	25.46
Municipal Alliance - interest	47.11	34.76			81.87
Recreation Trust - Interest	21.60	32.00			53.60
Flexible Spending - Interest	1.92	5.09		5.81	1.20
Shade Tree- Interest	6.23	7.51		12.48	1.26
COAH- Interest	29.30	57.71			87.01
Police Outside Employment - Fees	-	19,425.00		19,425.00	-
Police Forfeited Assets- Advance	3,521.16			3,521.16	-
Flexible Spending- Advance	828.50			828.50	-
Shade Tree- Advance	249.00	-	-	249.00	-
	<u>4,855.85</u>	<u>20,235.75</u>	<u>-</u>	<u>24,717.73</u>	<u>373.87</u>
	<u>\$ 4,872.28</u>	<u>\$ 20,247.40</u>	<u>\$ -</u>	<u>\$ 24,743.89</u>	<u>\$ 375.77</u>
Ref.	B	B-1		B-1	B

BOROUGH OF MOUNTAIN LAKES
 TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 3,414.21
Increased by :		
2013 Dog License Fees	B-1	\$ 6,636.00
Late Fees	B-1	650.00
Miscellaneous	B-1	138.00
Cat Licenses	B-1	<u>2,176.00</u>
		<u>9,600.00</u>
		13,014.21
Decreased by :		
Expenditures Per R.S. 4:19-15.11	B-1	<u>12,846.67</u>
Balance December 31, 2013	B	<u>\$ 167.54</u>

Animal Control Fees Collected

<u>Year</u>	<u>Amount</u>
2011	12,439.60
2012	<u>11,395.80</u>
	<u>\$ 23,835.40</u>

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE BOARD OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 4.80
Increased by :		
Fees Collected in 2013	B-1	<u>597.00</u>
		601.80
Decreased by :		
Paid to State Board of Health	B-1	<u>608.40</u>
Balance December 31, 2013	B	<u>\$ (6.60)</u>

SCHEDULE OF PREPAID LICENSE FEES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
RESERVE FOR SPECIAL DEPOSITS

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Received in</u> <u>2013</u>	<u>Interest</u> <u>Earnings</u>	<u>Accrued</u> <u>in 2013</u>	<u>Paid in</u> <u>in 2013</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
State Unemployment Compensation Insurance	\$ 2,410.08	\$ 10,000.00	\$ 6.29	\$ -	\$ 5,108.27	\$ 7,308.10
Police Outside Employment	21,960.36	466,011.16			397,575.00	90,396.52
Police Forfeited Assets	9,081.42				3,926.81	5,154.61
Developers' Escrow	341,683.67	83,552.66			248,267.68	176,968.65
Parking Offenses Adjudication Act Fines	190.69					190.69
Municipal Alliance	18,127.17				1,500.00	16,627.17
Recreation Trust	108,344.98	158,454.86		18,075.51	181,052.67	103,822.68
Flexible Spending	13.83	19,709.67			18,640.27	1,083.23
Shade Tree Donations	3,482.59					3,482.59
COAH	12,797.67	20,000.00				32,797.67
Tax Sale Premiums	48,100.00	-	-	7,000.00	35,400.00	19,700.00
	<u>\$ 566,192.46</u>	<u>\$ 757,728.35</u>	<u>\$ 6.29</u>	<u>\$ 25,075.51</u>	<u>\$ 891,470.70</u>	<u>\$ 457,531.91</u>
Ref.	B	B-1	B-1	B-2	B-1	B

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2012	C		\$ 152,853.65
Increased by Receipts:			
Premium on Bond Anticipation Notes	C-1	\$ 30,350.00	
Federal and State Aid	C-7	131,250.00	
Capital Improvement Fund	C-11	32,240.00	
Interfund Accounts Payable	C-13	302.60	
Serial Bonds Issued	C-15	<u>3,035,000.00</u>	
			<u>3,229,142.60</u>
			3,381,996.25
Decreased by Disbursements :			
Paid to Current Fund as Budget Revenue	C-1	120,000.00	
Improvement Authorizations	C-9	732,984.74	
Reserve for Encumbrances	C-10	26,917.82	
Interfund Accounts Payable	C-13	277.09	
Bond Anticipation Notes	C-17	<u>2,335,125.00</u>	
			<u>3,215,304.65</u>
Balance December 31, 2013	C		<u>\$ 166,691.60</u>

BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements			Transfers From	Balance or (Deficit) Dec. 31, 2013
	Balance or (Deficit) Dec. 31, 2012	Serial Bonds	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations		
Improvement Authorizations:								
10-07 Various Capital Improvements								
05-08 Various Capital Improvements								
06-09 Various Capital Improvements:								
Fire Truck								
DPW Equipment								
Vehicles								
Infrastructure Repair/Maintenance								
Buildings and Grounds Repair/Maintenance								
Lakes Management								
17-09 Fire Truck (Supplements Ord. 06-09)								
07-10 Various Capital Improvements:								
Riding Lawn Mower and Generator								
Various Vehicles								
Infrastructure Repair/ Maintenance								
Buildings and Grounds Repair/Maintenance								
Dam Rehabilitation and Repair								
06-11 Various Capital Improvements:								
Administration Equipment								
Fire Department Equipment								
Police Equipment								
Public Works Equipment								
Infrastructure Repair/ Maintenance								
Buildings and Grounds Repair/Maintenance								
Water/Sewer Utility Equipment								
Lakes Management								
17-12 Various Capital Improvements:								
Police, Fire and Public Works								
Departments Equipment								
Buildings and Grounds Repair/Maintenance								
Administrative Computer Equipment								
Improvement of Various Roads								
Construction of Curbs and Sidewalks								
Improvement of Storm Water Drainage System and Distribution System								
01-13 Various Capital Improvements:								
Police, Fire, Public Works and Administration Departments Equipment								
Buildings and Grounds Repair/Maintenance								
Improvement of Various Roads								
Construction of Curbs and Sidewalks								
Improvement of Storm Water Drainage System and Distribution System								
Refurbishment of Front-End Loader								
Reserve for Encumbrances								
Capital Improvement Fund								
Capital Reserves								
Interfund Accounts Payable								
Fund Balance								
Federal and State Aid Receivable								
	\$ 6,045.22	\$ 713,950.00	\$ -	\$ -	\$ 713,950.00	\$ 3,535.56	\$ 3,535.56	\$ 6,045.22
	12,353.75	213,750.00			213,750.00			
	1,131.38	42,275.00			42,275.00			
	24,983.00	105,592.50			105,592.50			
		94,700.00			94,700.00			
		35,007.50			35,007.50			
		23,750.00			23,750.00			
	4,689.40							
	988.06	20,900.00			20,900.00			
	5.00	122,075.00			122,075.00			
	1,740.48	308,750.00			308,750.00			
	262.21	71,250.00			71,250.00			
	646.11	23,750.00			23,750.00			
		14,250.00			14,250.00			
	3,420.50	23,750.00			23,750.00			
	3,806.50	33,250.00			33,250.00			
	1,921.00	12,825.00			12,825.00			
	11,194.57	313,500.00			313,500.00			
	16,946.88	82,000.00			82,000.00			
	27,056.85	46,550.00			46,550.00			
	29,619.65	33,250.00			33,250.00			
		88,825.00						
	(14,349.27)	192,000.00						
	10,000.00	14,250.00						
	(2,485.00)	104,500.00						
	175,500.00	104,500.00						
	(14,200.00)	61,800.00						
	(61,241.00)							
	5,014.00	134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						
		88,825.00						
		192,000.00						
		14,250.00						
		104,500.00						
		104,500.00						
		61,800.00						
		134,000.00						

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 5,681,000.00
Increased by:		
Serial Bonds Issued	C-5	<u>3,035,000.00</u>
		8,716,000.00
Decreased by:		
Serial Bonds Paid:		
2013 Budget Appropriation	C-15	<u>600,000.00</u>
Balance December 31, 2013	C	<u>\$ 8,116,000.00</u>

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Notes Paid by Budget Appropriation	Serial Bonds Issued	Balance Dec. 31, 2013	Analysis of Balance December 31, 2013	
							Expenditures	Unexpended Balance
05-08	Various Capital Improvements:	\$ 713,950.00	\$ -	\$ -	\$ 713,950.00	\$ -	\$ -	\$ -
06-09	Various Capital Improvements:							
	Fire Truck	213,750.00			213,750.00			
	DPW Equipment	42,275.00			42,275.00			
	Vehicles	105,592.50			105,592.50			
	Infrastructure Repair/ Maintenance	351,025.00	256,325.00		94,700.00			
	Buildings and Grounds Repair/Maintenance	35,007.50			35,007.50			
	Lakes Management	23,750.00			23,750.00			
17-09	Fire Truck (Supplements Ord. 06-09)	20,500.00		20,500.00				
07-10	Various Capital Improvements:							
	Various Capital Improvements:							
	Riding Lawn Mower and Generator	20,900.00			20,900.00			
	Various Vehicles	122,075.00			122,075.00			
	Infrastructure Repair/ Maintenance	308,750.00			308,750.00			
	Buildings and Grounds Repair/Maintenance	71,250.00			71,250.00			
	Dam Rehabilitation and Repair	23,750.00			23,750.00			
06-11	Various Capital Improvements:							
	Administration Equipment	14,250.00			14,250.00			
	Fire Department Equipment	23,750.00			23,750.00			
	Police Equipment	33,250.00			33,250.00			
	Public Works Equipment	12,825.00			12,825.00			
	Infrastructure Repair/ Maintenance	313,500.00			313,500.00			
	Buildings and Grounds Repair/Maintenance	82,000.00			82,000.00			
	Water/Sewer Utility Equipment	46,550.00			46,550.00			
	Lakes Management	33,250.00			33,250.00			
17-12	Various Capital Improvements:							
	Police, Fire and Public Works							
	Departments Equipment	88,825.00			88,825.00			
	Buildings and Grounds Repair/Maintenance	192,000.00			192,000.00			
	Administrative Computer Equipment	14,250.00			14,250.00			
	Improvement of Various Roads	104,500.00			104,500.00			
	Construction of Curbs and Sidewalks	104,500.00			104,500.00			
	Improvement of Storm Water Drainage System	61,800.00			61,800.00			
	Improvement of Water Supply and Distribution System	134,000.00			134,000.00			
01-13	Various Capital Improvements:							
	Police, Fire, Public Works and Administration Departments Equipment	87,200.00	87,200.00			87,200.00	34,615.47	52,584.53
	Buildings and Grounds Repair/Maintenance	163,480.00	163,480.00			163,480.00	114,769.14	48,720.86
	Improvement of Various Roads	104,500.00	104,500.00			104,500.00	5,110.74	99,389.26
	Construction of Curbs and Sidewalks	104,500.00	104,500.00			104,500.00	-	104,500.00
	Improvement of Storm Water Drainage System	61,800.00	61,800.00			61,800.00	61,800.00	-
	Improvement of Water Supply and Distribution System	75,700.00	75,700.00			75,700.00	-	75,700.00
	Refurbishment of Front-End Loader	15,370.00	15,370.00			15,370.00	-	15,370.00
		\$ 3,311,825.00	\$ 612,560.00	\$ 276,825.00	\$ 3,035,000.00	\$ 612,560.00	\$ 216,295.35	\$ 396,264.65

Ref. C C-8 C-17 C-4 C Improvement Authorizations - Unfunded \$ 396,264.65

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION -
EXPENDITURES WITHOUT ORDINANCE APPROPRIATION

NOT APPLICABLE

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 258,546.59
Decreased by :		
Received in 2013	C-8	<u>131,250.00</u>
Balance December 31, 2013	C	<u>\$ 127,296.59</u>

Analysis of Balance December 31, 2013

NJDOT Grant (Ordinance 17-12d)	\$ 43,750.00
Energy Efficiency and Conservation Block Grant (Ordinance 06-11f)	20,000.00
Clean Energy Incentive Grant (Ordinance 06-11f)	<u>63,546.59</u>
	<u>\$ 127,296.59</u>

BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

NOT APPLICABLE

**BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2012		2013 Authorizations		Deferred Charges - Unfunded	Paid or Charged	Encumbrances	Balance Dec. 31, 2013	
				Funded	Unfunded	Funded	Unfunded				Funded	Unfunded
10-07	Various Capital Improvements	5/29/07	\$ 699,450.00	-	\$ 6,045.22	\$ 3,535.56	\$ -	\$ 3,535.56	-	\$ -	6,045.22	\$ -
05-08	Various Capital Improvements	5/12/08	786,000.00	-	-	-	-	-	-	-	-	-
06-09	Various Capital Improvements: DPW Equipment Vehicles	5/11/09	44,500.00 111,150.00 369,500.00 225,000.00	-	12,353.75 1,131.38 24,983.00 4,689.40	(7,256.99)	-	5,000.00	-	-	96.76 1,131.38 5,126.31 4,689.40	-
17-09	Fire Truck (Supplements Ord. 06-09)	10/13/09	22,000.00	-	988.06	-	-	19,856.69	-	-	988.06	-
07-10	Various Capital Improvements: Riding Lawn Mower and Generator Various Vehicles	6/28/10	128,500.00 325,000.00 75,000.00 25,000.00	-	5.00 1,740.48 262.21 646.11	-	-	372.00	-	-	5.00 1,740.48 262.21 274.11	-
06-11	Dam Rehabilitation and Repair Various Capital Improvements: Fire Department Equipment Police Equipment Public Works Equipment	9/12/11	25,000.00 35,000.00 13,500.00	-	3,420.50 3,806.50 1,921.00	-	-	-	-	-	3,420.50 3,806.50 674.00	-
06-11	Infrastructure Repair/ Maintenance Buildings and Grounds Repair/Maintenance		530,000.00 169,999.59 49,000.00 35,000.00	-	11,194.57 16,946.88 27,056.85 29,619.65	2,770.43	-	1,247.00 12,885.00 12,688.00 26,203.00 27,751.00	-	1,080.00 3,312.00	-	-
17-12	Water/Sewer Utility Equipment Lakes Management Various Capital Improvements: Police, Fire and Public Works Departments Equipment	9/10/12	93,425.00 202,000.00 15,000.00	-	74,475.73 192,000.00 11,765.00	-	-	37,707.17 17,952.45 4,701.98	-	6,600.00	30,168.56 184,047.55 5,646.02	-
01-13	Improvement of Various Roads Construction of Curbs and Sidewalks Improvement of Storm Water Drainage System Improvement of Water Supply and Distribution System Various Capital Improvements: Police, Fire, Public Works and Administration Departments Equipment	5/13/13	285,000.00 110,000.00 65,000.00 79,500.00 17,000.00	175,500.00 - - 5,014.00	104,500.00 90,300.00 559.00 134,000.00	-	-	252,525.48 90,090.00 1,357.50 906.56	-	1,417.00 8,423.00	19,051.52 210.00 - 138,107.44	-
01-13	Buildings and Grounds Repair/Maintenance Improvement of Various Roads Construction of Curbs and Sidewalks Improvement of Storm Water Drainage System Improvement of Water Supply and Distribution System Returbishment of Front-End Loader		91,600.00 171,700.00 110,000.00 110,000.00 65,000.00	4,400.00 8,210.00 5,500.00 5,500.00 3,200.00	87,200.00 163,490.00 104,500.00 104,500.00 61,800.00	-	-	39,015.47 103,579.14 10,610.74 65,000.00	-	19,400.00	52,584.53 48,720.86 99,389.26 104,500.00	-
			79,500.00 17,000.00	3,800.00 1,630.00	75,700.00 15,370.00	-	-	3,800.00 1,630.00	-	-	3,800.00 1,630.00	75,700.00 15,370.00
			\$ 190,514.00	\$ 754,410.29	\$ 32,240.00	\$ 612,560.00	\$ 732,984.74	\$ 40,384.50	\$ 420,090.40	\$ 396,264.65		

Ref.

C C C C-11 C-5 C-2 C-10 C C

BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 26,917.82
Increased by :		
Improvement Authorization Charges	C-9	<u>40,384.50</u>
		67,302.32
Decreased by :		
Paid in 2013	C-2	<u>26,917.82</u>
Balance December 31, 2013	C	<u>\$ 40,384.50</u>

C-11

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 16,284.91
Increased by :		
2013 Budget Appropriation	C-2	<u>32,240.00</u>
		48,524.91
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-9	<u>32,240.00</u>
Balance December 31, 2013	C	<u>\$ 16,284.91</u>

BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Appropriated Purchase of Defibrillator</u>
Balance December 31, 2012	C	<u>\$ 834.23</u>	<u>\$ 834.23</u>
Balance December 31, 2013	C	<u>\$ 834.23</u>	<u>\$ 834.23</u>

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance Dec. 31, 2012</u>	<u>Received in 2013</u>	<u>Paid in 2013</u>	<u>Balance Dec. 31, 2013</u>
Current Fund - Interest	\$ 2.11	\$ 302.60	\$ 277.09	\$ 27.62
	<u>\$ 2.11</u>	<u>\$ 302.60</u>	<u>\$ 277.09</u>	<u>\$ 27.62</u>
Ref.	C	C-2	C-2	C

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
 GENERAL CAPITAL FUND
 SCHEDULE OF SERIAL BONDS

Purpose	Date	Original Issue Amount	Annual Maturities of Bonds Outstanding Dec. 31, 2013	Interest Rate	Balance		Issued	Paid	Balance Dec. 31, 2013
					Dec. 31, 2012	Dec. 31, 2013			
General Improvements	9/1/07	\$ 2,101,000.00	\$ 181,000.00	5.000%	\$ 1,531,000.00	\$ 150,000.00	\$ 1,381,000.00		
			200,000.00	5.000%					
			200,000.00	4.000%					
General Improvement Refunding	11/20/07	2,915,000.00	195,000.00	4.00%	1,980,000.00	190,000.00	1,790,000.00		
			200,000.00	4.00%					
			205,000.00	4.00%					
			200,000.00	4.00%					
General Improvement Refunding	12/30/09	2,965,000.00	255,000.00	4.00%	2,170,000.00	260,000.00	1,910,000.00		
			255,000.00	4.00%					
			280,000.00	4.00%					
General Improvements	1/29/13	3,035,000.00	280,000.00	5.00%					
			230,000.00	1.25%					
			235,000.00	1.50%			3,035,000.00		3,035,000.00
			190,000.00	1.50%					
			190,000.00	1.50%					
			195,000.00	1.50%					
			200,000.00	1.50%					
			200,000.00	1.50%					
			355,000.00	1.50%					
			285,000.00	1.75%					
			315,000.00	1.75%					
		320,000.00	2.00%						
		320,000.00	2.00%						
					\$ 5,681,000.00	\$ 600,000.00	\$ 3,035,000.00	\$ 600,000.00	\$ 8,116,000.00

Ref. C C-2 C-4 C

BOROUGH OF MOUNTAIN LAKES

**GENERAL CAPITAL FUND
SCHEDULE OF LOANS**

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Original Notes		Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
		Date of Issue	Amount Issued								
05-08	Various Capital Improvements	2/13/09	\$ 746,700.00	2/9/12	2/8/13	1.25%	\$ 713,950.00	\$ -	\$ 713,950.00	\$ -	
06-09	Various Capital Improvements	2/12/10	771,400.00	2/9/12	2/8/13	1.25%	771,400.00	-	771,400.00	-	
17-09	Fire Truck (Supplements Ord. 06-09)	10/14/11	213,750.00	10/12/12	10/11/13	1.25%	20,500.00	20,500.00	-	-	
07-10	Various Capital Improvements	10/14/11	546,725.00	10/12/12	10/11/13	1.25%	546,725.00	-	546,725.00	-	
06-11	Various Capital Improvements	10/14/11	559,375.00	10/12/12	10/11/13	1.25%	559,375.00	-	559,375.00	-	
							<u>\$ 2,611,950.00</u>	<u>\$ -</u>	<u>\$ 2,611,950.00</u>	<u>\$ -</u>	

Ref. C

Ref.

Cash	\$ -	\$ 2,335,125.00
Budget Appropriation	-	276,825.00
	<u>\$ -</u>	<u>\$ 2,611,950.00</u>

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Bonds and Notes		Balance Dec. 31, 2013
				Canceled	Issued	
17-12	Various Capital Improvements: Police, Fire and Public Works Departments Equipment Buildings and Grounds Repair/Maintenance Administrative Computer Equipment Improvement of Various Roads Construction of Curbs and Sidewalks Improvement of Storm Water Drainage System Improvement of Water Supply and Distribution System	\$ 88,825.00 192,000.00 14,250.00 104,500.00 104,500.00 61,800.00	\$ -	\$ -	\$ 88,825.00 192,000.00 14,250.00 104,500.00 104,500.00 61,800.00	\$ - - - - - -
01-13	Various Capital Improvements: Police, Fire, Public Works and Administration Departments Equipment Buildings and Grounds Repair/Maintenance Improvement of Various Roads Construction of Curbs and Sidewalks Improvement of Storm Water Drainage System Improvement of Water Supply and Distribution System Refurbishment of Front-End Loader	134,000.00			134,000.00	-
		\$ 699,875.00	\$ 612,560.00	\$ -	\$ 699,875.00	\$ 612,560.00

BOROUGH OF MOUNTAIN LAKES
 WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	D	\$ 352,562.68	\$ 8,900.13
Increased by Receipts:			
Miscellaneous Revenue	D-3	32,247.86	
Water Collector	D-7	641,221.06	
Interfunds Accounts Receivable	D-8	5,260.10	-
Interfunds Accounts Payable	D-18	<u>576,696.30</u>	<u>17.80</u>
		<u>1,255,425.32</u>	<u>17.80</u>
		<u>1,607,988.00</u>	<u>8,917.93</u>
Decreased by Disbursements :			
2013 Budget Appropriations	D-4	617,204.00	
Interfunds Accounts Receivable	D-8	3,139.30	-
2012 Appropriation Reserves	D-16	25,379.03	
Reserve for Encumbrances	D-17	12,037.88	
Interfunds Accounts Payable	D-18	<u>658,165.00</u>	-
		<u>1,315,925.21</u>	<u>-</u>
Balance December 31, 2013	D	\$ 292,062.79	\$ 8,917.93

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
ANALYSIS OF WATER CAPITAL CASH

	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2013		
	Budget Appropriation	Serial Bonds and Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous		To	Transfers From
Interfund Accounts Receivable									
Interfund Accounts Payable									
Capital Improvement Fund									
Fund Balance									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00	\$ (5,000.00)
	22.20		17.80						40.00
	8,228.21						5,000.00		13,228.21
	649.72								649.72
	\$ 8,900.13	\$ -	\$ 17.80	\$ -	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ 8,917.93

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF CASH - WATER COLLECTOR

	<u>Ref.</u>	
Increased by Receipts:		
Consumers' Accounts Receivable	D-9	<u>\$ 641,221.06</u>
Decreased by Disbursements :		
Amount Paid to Treasurer:		
Water Operating Fund	D-5	<u>\$ 641,221.06</u>

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Paid in 2013	Accrued in 2013	Received in 2013	Balance Dec. 31, 2013	
Water Operating Fund:						
Currunt Fund	\$ 2,120.80	\$ 3,139.30		\$ 5,260.10	\$ -	
Water Capital Fund - Interest	22.20		17.80		40.00	
Sewer Operating	-				-	
Payroll Agency	<u>19,010.28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,010.28</u>	
	<u>21,153.28</u>	<u>3,139.30</u>	<u>17.80</u>	<u>5,260.10</u>	<u>19,050.28</u>	
Water Capital Fund:						
Water Operating Fund	-	-	5,000.00	-	5,000.00	
	<u>-</u>	<u>-</u>	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>	
	<u>\$21,153.28</u>	<u>\$ 3,139.30</u>	<u>\$ 5,017.80</u>	<u>\$ 5,260.10</u>	<u>\$ 24,050.28</u>	
Ref.	D	D-5	D-3,25	D-5		D

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF WATER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 64,330.39
Increased by :		
2013 Charges		<u>596,204.48</u>
		660,534.87
Decreased by :		
Received in 2013	D-3,7	<u>641,221.06</u>
Balance December 31, 2013	D	<u>\$ 19,313.81</u>

D-10

SCHEDULE OF WATER LIENS RECEIVABLE

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF DEFERRED CHARGES-OPERATING DEFICIT

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF FIXED CAPITAL

	Balance <u>Dec. 31, 2012</u>	2013 Additions by <u>Budgets</u>	Balance <u>Dec. 31, 2013</u>
Organization and Intangible Costs	\$ 2,539.92	\$ -	\$ 2,539.92
Pumping System, Land and Improvements	11,044.28		11,044.28
Storage Reservoir, Land	4,798.81		4,798.81
Other Distribution System, Land	1,000.00		1,000.00
Springs, Wells and Collection Reservoirs	150,743.31		150,743.31
Aeration and Chemical Treatment Plant	5,916.89		5,916.89
Pumping Station Structures	44,839.27		44,839.27
Electric Power Pumping Equipment	109,957.25		109,957.25
Transmission Mains and Accessories	53,098.59		53,098.59
Storage Reservoir, Tanks and Stand Pipe	164,439.66		164,439.66
Distribution Mains and Accessories	655,122.86		655,122.86
Service Pipes and Stops	28,643.58		28,643.58
Meters, Meter Boxes and Vaults	109,705.07		109,705.07
Fire Hydrants and Fire Cisterns	34,571.28		34,571.28
General Structures	7,005.08		7,005.08
General Equipment	188,669.52	1953.39	190,622.91
Backhoe/Tractor	61,772.00		61,772.00
Pneumatic Torpedo	4,000.00		4,000.00
Pneumatic Tools	4,025.41		4,025.41
Trash Dump	5,100.00		5,100.00
Vehicles	39,578.40		39,578.40
Sewer Jet Truck	19,790.00		19,790.00
Water Flowmeter	480.00		480.00
Sewer Jet	17,428.21		17,428.21
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,724,269.39</u>	<u>\$ 1,953.39</u>	<u>\$ 1,726,222.78</u>

Ref.

D

D-27

D

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND

SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS RECEIVABLE

NOT APPLICABLE

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

D-16

WATER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 30,787.38	\$ -	\$ 7,136.85	\$ 23,650.53
Other Expenses	77,080.23		17,378.79	59,701.44
Capital Improvement:				
Capital Outlay	10,000.00		863.39	9,136.61
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	10,954.57			10,954.57
Social Security System (O.A.S.I.)	20,117.80	-	-	20,117.80
	<u>\$ 148,939.98</u>	<u>\$ -</u>	<u>\$ 25,379.03</u>	<u>\$ 123,560.95</u>
Ref.	D		D-5	D-1

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 12,037.88
Increased by :		
Charges to 2013 Budget Appropriations	D-4	<u>42,963.56</u>
		55,001.44
Decreased by :		
Paid in 2013	D-5	<u>12,037.88</u>
Balance December 31, 2013	D	<u>\$ 42,963.56</u>

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2012	Received in 2013	Accrued in 2013	Paid in 2013	Balance Dec. 31, 2013
\$	-	\$ -	\$ 5,000.00	\$ -	\$ 5,000.00
Water Operating Fund:					
Water Capital Fund:					
2013 Budget Appropriation	83,549.55	576,696.30	-	658,165.00	2,080.85
Sewer Operating Fund:					
Sewer User Charges	83,549.55	576,696.30	5,000.00	658,165.00	7,080.85
Water Capital Fund:					
Water Operating Fund:					
Interest on Investments	22.20	17.80	-	-	40.00
	22.20	17.80	-	-	40.00
\$	83,571.75	\$ 576,714.10	\$ 5,000.00	\$ 658,165.00	\$ 7,120.85

Ref. D D-5 D-4 D-5 D

D-19

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

NOT APPLICABLE

D-20

SCHEDULE OF ACCRUED INTEREST ON BONDS

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON LOANS

NOT APPLICABLE

SCHEDULE OF ACCRUED INTEREST ON NOTES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
 WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 8,228.21
Increased by:		
2013 Budget Appropriation	D-8	<u>5,000.00</u>
Balance December 31, 2013	D	<u>\$ 13,228.21</u>

SCHEDULE OF CAPITAL RESERVES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
 WATER UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2012	D	\$ 1,724,269.39
Increased by :		
Addition to Fixed Capital	D-12	<u>1,953.39</u>
Balance December 31, 2013	D	<u>\$ 1,726,222.78</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

NOT APPLICABLE

D-29

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

D-30

SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT
FINANCING PROGRAM LOAN PAYABLE

NOT APPLICABLE

D-31

SCHEDULE OF BOND ANTICIPATION NOTES

NOT APPLICABLE

D-32

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
Operating :								
Salaries and Wages		\$ 189,000.00	\$ 3,500.00	\$ 192,500.00	\$ 191,529.40	\$ 970.60		\$ -
Other Expenses		462,000.00	(3,500.00)	458,500.00	455,295.24	3,204.76		
Total Operating	E-1	651,000.00	-	651,000.00	646,824.64	4,175.36		
Capital Improvement :								
Capital improvement Fund		5,000.00		5,000.00	5,000.00			
Capital Outlay		10,000.00		10,000.00		10,000.00		
Total Capital Improvement	E-1	15,000.00		15,000.00	5,000.00	10,000.00		
Deferred Charges and Statutory Expenditures:								
Statutory Expenditures :								
Contribution to:								
Public Employees Retirement System		15,000.00		15,000.00		15,000.00		
Social Security (O.A.S.I.)		13,500.00		13,500.00	13,201.83	298.17		
Total Statutory Expenditures	E-1	28,500.00	-	28,500.00	13,201.83	15,298.17		
		\$ 694,500.00	\$ -	\$ 694,500.00	\$ 665,026.47	\$ 29,473.53		\$ -
Ref.	E-3			Ref.		E		
			Disbursed	E-5	\$ 634,023.45			
			Encumbrances	E-17	26,003.02			
			Interfund Payable	E-18	5,000.00			
					\$ 665,026.47			

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

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	E	\$ (3,041.41)	\$ 24,665.60
Increased by Receipts:			
Sewer User Charges	E-3	-	
Miscellaneous Revenue	E-3	132.64	
Sewer Collector	E-7	-	
Interfunds Accounts Receivable	E-8	663,633.01	
Interfunds Accounts Payable	E-18	-	49.40
		<u>663,765.65</u>	<u>49.40</u>
		<u>660,724.24</u>	<u>24,715.00</u>
Decreased by Disbursements :			
2013 Budget Appropriations	E-4	634,023.45	
2012 Appropriation Reserves	E-16	7,136.85	
Reserve for Encumbrances	E-17	1,023.71	
		<u>642,184.01</u>	<u>-</u>
Balance December 31, 2013	E	\$ 18,540.23	\$ 24,715.00

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
ANALYSIS OF SEWER CAPITAL CASH

	Balance or (Deficit) Dec. 31, 2012	Receipts			Disbursements			Transfers From	Balance or (Deficit) Dec. 31, 2013
		Budget Appropriation	Serial Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	To		
\$ 5,554.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,554.00	
19,050.00	-	-	-	-	-	5,000.00	-	24,050.00	
61.60	-	-	49.40	-	-	-	-	111.00	
-	-	-	-	-	-	-	5,000.00	(5,000.00)	
<u>\$ 24,665.60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49.40</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 24,715.00</u>	

Improvement Authorizations:
Ord. No.

- 11-05 Various Improvements
- Capital Improvement Fund
- Interfund Accounts Payable
- Interfund Accounts Receivable

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF CASH - SEWER COLLECTOR

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Paid in 2013	Accrued in 2013	Received in 2013	Balance Dec. 31, 2013
Sewer Operating Fund:					
Current Fund	\$ 3,075.23	-	\$ 2,392.78	\$ 5,468.01	\$ -
Water Operating Fund	83,549.55	-	576,696.30	658,165.00	2,080.85
Sewer Capital Fund	61.60	-	49.40	-	111.00
Payroll Agency Account	14,241.12	-	-	-	14,241.12
	<u>100,927.50</u>	<u>-</u>	<u>579,138.48</u>	<u>663,633.01</u>	<u>16,432.97</u>
Sewer Capital Fund:					
Sewer Operating Fund	-	-	5,000.00	-	5,000.00
	<u>-</u>	<u>-</u>	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>
	<u>\$ 100,927.50</u>	<u>\$ -</u>	<u>\$ 584,138.48</u>	<u>\$ 663,633.01</u>	<u>\$ 21,432.97</u>

Ref. E E-5 E

Ref.

Interest on Delinquencies			\$ 13,184.03		
Connection Fee	E-3		5,000.00		
Sewer Capital Fund - Interest	E-3		49.40		
Sewer Service Charges	E-9		560,905.05		
			<u>579,138.48</u>		
2013 Budget Appropriation		E-25	<u>5,000.00</u>		

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF SEWER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

<u>Year</u>	<u>Balance</u> Dec. 31, 2012	<u>Billings</u> in 2013	<u>Collections</u> 2013	<u>Balance</u> Dec. 31, 2013
2013	\$ 29,250.26	\$ 552,226.51	\$ 560,905.05	\$ 20,571.72
	<u>\$ 29,250.26</u>	<u>\$ 552,226.51</u>	<u>\$ 560,905.05</u>	<u>\$ 20,571.72</u>

Ref. E E-3,8 E

Current Fund	\$ 2,392.78
Water Operating Fund	<u>558,512.27</u>
	<u>\$ 560,905.05</u>

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

E-10

NOT APPLICABLE

SCHEDULE OF DEFERRED CHARGES-OPERATING DEFICIT

E-11

	<u>Ref.</u>	
Increased by:		
Operating Deficit as a Result of Current Year Operations	E-1	<u>\$ 27,404.96</u>
Balance December 31, 2013	E	<u>\$ 27,404.96</u>

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL

	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2013</u>
General Equipment	\$ 64,471.40	\$ 64,471.40
Vehicles	27,000.00	27,000.00
Sewer Jet	68,276.80	68,276.80
Sewer Camera	<u>8,211.60</u>	<u>8,211.60</u>
	<u>\$ 167,959.80</u>	<u>\$ 167,959.80</u>
Ref.	E	E

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>		
	<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2013</u>
Various Improvements	11-05	6/27/2005	\$ 12,950.00	\$ 5,554.00	\$ 5,554.00
				\$ 5,554.00	\$ 5,554.00
				Ref. E	E

E-14

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF NJEIT RECEIVABLE

NOT APPLICABLE

E-15

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

E-16

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2012

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 16,448.64	\$ -	\$ 7,136.85	\$ 9,311.79
Other Expenses	91.18			91.18
Capital Improvement:				
Capital Outlay	10,000.00			10,000.00
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	14,000.00			14,000.00
Social Security System (O.A.S.I.)	420.95	-	-	420.95
	<u>\$ 40,960.77</u>	<u>\$ -</u>	<u>\$ 7,136.85</u>	<u>\$ 33,823.92</u>
Ref.	E		E-5	E-1

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 1,023.71
Increased by :		
Charges to 2013 Budget Appropriations	E-4	<u>26,003.02</u>
		27,026.73
Decreased by :		
Paid in 2013	E-5	<u>1,023.71</u>
Balance December 31, 2013	E	<u>\$ 26,003.02</u>

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2012	Received in 2013	Accrued in 2013	Balance Dec. 31, 2013
Sewer Operating Fund:				
Sewer Capital Fund	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00
Total Sewer Operating Fund	-	-	5,000.00	5,000.00
Sewer Capital Fund:				
Sewer Operating Fund	61.60	49.40	-	111.00
Total Sewer Capital Fund	61.60	49.40	-	111.00
	\$ 61.60	\$ 49.40	\$ 5,000.00	\$ 5,111.00

Ref. E E-5 E-4 E

E-19

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

NOT APPLICABLE

E-20

SCHEDULE OF ACCRUED INTEREST ON BONDS

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON LOANS

NOT APPLICABLE

SCHEDULE OF ACCRUED INTEREST ON NOTES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2012</u>		<u>Balance Dec. 31, 2013</u>	
				<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
11-05	Various Improvements	6/27/2005	\$ 12,950.00	\$ 5,554.00	\$ -	\$ 5,554.00	\$ -
				<u>\$ 5,554.00</u>	<u>\$ -</u>	<u>\$ 5,554.00</u>	<u>\$ -</u>

Ref. E

E

E

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 19,050.00
Increased by:		
2013 Budget Appropriation	E-8	<u>5,000.00</u>
Balance December 31, 2013	E	<u>\$ 24,050.00</u>

SCHEDULE OF CAPITAL RESERVES

NOT APPLICABLE

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2012	E	<u>\$ 167,959.80</u>
Balance December 31, 2013	E	<u>\$ 167,959.80</u>

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2013</u>
11-05	Various Improvements	\$ 12,950.00	6/27/2005	\$ 5,554.00	\$ 5,554.00
				\$ 5,554.00	\$ 5,554.00
			Ref.	E	E

E-29

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE

NOT APPLICABLE

E-30

SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT
FINANCING PROGRAM LOAN PAYABLE

NOT APPLICABLE

E-31

SCHEDULE OF BOND ANTICIPATION NOTES

NOT APPLICABLE

E-32

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

NOT APPLICABLE

REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS

T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

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

INDEPENDENT AUDITOR REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Mountain Lakes
County of Morris, New Jersey

We have audited the financial statements of the Borough of Mountain Lakes as of and for the years ended December 31, 2013 and December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2014. In our report our opinion was qualified because the Borough of Mountain Lakes prepares its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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 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.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2013-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Mountain Lakes' financial statements are free of 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 result 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.



Timothy M. Vrabel
Registered Municipal Accountant
License No. CR000339



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

Montville, New Jersey
June 17, 2014

BOROUGH OF MOUNTAIN LAKES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Funding Department	Federal Program	CFDA No.	Federal Grant (Award) Number	Grant Award Amount	Total	Amount of Receipts		Accounts Receivable Dec. 31, 2013	Amount of Expenditures		Unexpended Balance Dec. 31, 2013
						Prior Year	Current Year		Prior Year	Current Year (1)	
Justice	Bulletproof Vest Program			\$ 2,988 83		\$ 2,988 83	\$ -	\$ -	\$ 1,934 83	\$ -	\$ 1,054 00
						\$ 2,988 83	\$ -	\$ -	\$ 1,934 83	\$ -	\$ 1,054 00

(1) Represents total expenditures (grant activity) subject to audit.

BOROUGH OF MOUNTAIN LAKES

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

State Program	State Account Number	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2013	Amount of Expenditures		Unexpended Balance Dec. 31, 2013
			From	To	Prior Years	Current Year		Prior Years	Current Year (1)	
Department of Transportation: N.J. Transportation Trust Fund: Ordinance No. 17-12d		\$ 175,000.00			\$ -	\$ 131,250.00	\$ 43,750.00	\$ 5,000.00	\$ 170,000.00	\$ -
Energy Efficiency and Conservation Block Grant (Ordinance No. 06-11f)		20,000.00					20,000.00	20,000.00		-
Clean Energy Incentive Grant (Ordinance No. 06-11f)		63,546.59					63,546.59	63,546.59		-
Recycling Tonnage Grant	4900-752-178810-60	28,066.25			19,699.79	8,366.46	-		14,743.68	13,322.57
Drunk Driving Enforcement Fund	1110-448-031020-60	5,121.20			5,121.20		-			5,121.20
Clean Communities Grant	4900-765-178810-60	17,319.64			7,971.09	9,348.55	-			-
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	3,679.58			3,310.16	369.42	-		17,319.64	-
Municipal Alliance on Alcoholism and Drug Abuse		19,296.98			5,067.06		14,229.92			3,679.58
Body Armor Replacement Fund		8,966.28			6,982.14	1,984.15	-			19,296.98
Click It or Ticket		7,858.00			7,808.32		49.68			7,858.00
Community Forestry Grant		3,000.00			3,000.00		-			3,000.00
Sustainable Jersey Grant		2,000.00				2,000.00	-			2,000.00
Green Communities Grant		3,000.00					3,000.00			3,000.00
BSF Forestry Grant		7,000.00			5,500.00		1,500.00	5,500.00		1,500.00
Highlands Plan Performance Grant		50,000.00			10,220.64		39,779.36	44,053.94		5,946.06
ANJEC Smart Growth Planning Assistance Grant		4,000.00				4,000.00	-	4,000.00		-
Reduction in Speed Grant		26,508.00	2008		24,858.24		1,649.76	25,900.67		607.33
OEM Grant		2,405.72	2004		2,405.72		-	-		2,405.72
					\$ 101,944.36	\$ 157,318.58	\$ 187,505.31	\$ 168,001.20	\$ 202,063.32	\$ 76,703.73

(1) Represents total expenditures (grant activity) subject to audit.

BOROUGH OF MOUNTAIN LAKES

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Mountain Lakes . The municipality is defined in Note 1:B. to the Borough financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting as described in Notes 1:D. to the Borough of Mountain Lakes' financial statements.

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough of Mountain Lakes' financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 4: Relationship to Federal and State Financial Reports

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

BOROUGH OF MOUNTAIN LAKES

SCHEDULE OF FINDINGS AND RESPONSES OR QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Part I – Summary of Auditor’s Report

Financial Statement Section

- | | | |
|---|------------|---------------------|
| A) Type of auditor’s report issued: | Qualified | |
| B) Internal Control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____yes | ___X___no |
| 2) Were significant deficiencies identified
that were not considered to be material
weaknesses? | ___X___yes | ___none
reported |
| C) Noncompliance material to general-purpose
financial statements noted? | _____yes | ___X___no |

BOROUGH OF MOUNTAIN LAKES

SCHEDULE OF FINDINGS AND RESPONSES OR QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Finding 2013-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists, that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Borough Office are handled by one person.

Questioned Costs:

Not Applicable

Context:

While this situation is not unusual in operations the size of the Borough, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our Audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Recommendation:

Not Applicable

Management's Response

This finding was evaluated; however, due to budgetary constraints, the Borough does not have the resources currently available to adequately segregate related duties.

BOROUGH OF MOUNTAIN LAKES

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

This section identifies the status of prior-year findings related to the general-purpose financial statements and federal awards and state financial assistance that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING 2012-1

Condition

Segregation of duties deficiency.

Current Status

See Finding 2013-1

BOROUGH OF MOUNTAIN LAKES

PART II

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2013**

GENERAL COMMENTS

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

Effective April 17, 2000 N.J.S.A. 40A:11-1 et seq. (Local Public Contracts Law) was revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519). The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of the law.

Effective April 17, 2000 the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) was \$17,500.00. Effective July 1, 2005 the threshold was raised to \$ 21,000.00. Effective July 1, 2010 the threshold was raised to \$26,000.00.

It is pointed out that the governing body of the Borough has the responsibility of determining whether commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Borough Attorney's opinion should be sought before commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments by categories for the performance of any work or the furnishings 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. None were disclosed.

The results of my examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory limit where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 40A:11-4.

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 Auditor, Attorney, Consulting Engineers, Bond Counsel, Risk Management Consultant, Water Quality Management, Dam Consultant, and Lake Management.

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

Road Improvement, Solid Waste Collection and Rehabilitation of Well Facility.

The system of records is not required to provide and therefore did not provide for an accumulation of purchases for which the Borough used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. My examination revealed the following purchases made through the use of State contracts: Bulk Salt.

The Borough entered into a cooperative purchasing program with the County of Morris Pricing Council for the following items:

Milling and Paving and Pressure Washing and Cleaning.

COLLECTIONS OF INTEREST ON DELINQUENT TAXES, ASSESSMENTS, WATER AND SEWER CHARGES

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

The governing body on January 2, 2013, adopted the following resolution authorizing interest and 6% penalty to be charged on delinquent taxes and assessments:

WHEREAS, N.J.A.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement of discount for the late payment of taxes as provided by law; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of Mountain Lakes, County of Morris, State of New Jersey, as follows:

1. Property Taxes shall be due and payable quarterly on February 1st, May 1st, August 1st and November 1st of each year, with a ten-day grace period, after which dates if unpaid shall become delinquent, with interest charged as set forth below and reverting back to the due rate on any quarterly taxes.
2. The rate of interest for delinquent property taxes is fixed at 8% per annum on the first \$1,500.00 of delinquency and 18% per annum on any amount of taxes in excess of \$1,500.00.
3. A 6% year-end penalty will be assessed on the last day of the fiscal year on delinquent property tax accounts when in excess of \$10,000.00.
4. That a penalty on delinquent water and sewer payments be set at 8% per quarter on the outstanding balance. This penalty shall be charged following a thirty (30) day grace period for each quarter or portion thereof.
5. This resolution shall be published in its entirety once in an Official Newspaper of Borough of Mountain Lakes.
6. A certified copy of this resolution shall be provided by the Office of the Clerk to the Tax Collector, Utility Billing Clerk, Borough Attorney, and Borough Auditor.

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

Tax Collector

There were numerous posting errors to the individual tax records resulting in a material misstatement of delinquent taxes receivable at December 31, 2013. This situation was corrected in 2014 resulting in the proper amount of delinquent taxes being recorded.

There were numerous instances of deposits not being made within 48 hours of the receipt thereof in accordance with N.J.S.A. 40A; 5-15.

DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2013 include taxes for only 2013.

The last tax sale was held on December 11, 2013 and was complete.

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 receivable on December 31:

<u>Year</u>	<u>Number of Liens</u>
2013	0
2012	0
2011	0
2010	0
2009	1
2008	0
2007	0
2006	0
2005	0
2004	0

VERIFICATION OF 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, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 Taxes	25
Payments of 2013 Taxes	25
Delinquent Taxes	25
Payments of Water Charges	25
Delinquent Water Charges	25
Payments of Sewer Charges	25
Delinquent Sewer Charges	25

The result of the test, which was made as of December 31, 2013, is not yet fully known, however the items that were returned were checked and in agreement with the Borough's records and for items not returned either a second request was made or the open items were traced to subsequent collection. If any irregularities are discovered as a result of our second request a separate report will be issued.

OTHER COMMENTS

TREASURER

A review of the expenditures indicated that minor transfers were required to provide sufficient appropriation balances to meet expenses.

TECHNICAL ACCOUNTING DIRECTIVES

The Division of Local Government Services has established three systems which are required by all local units. They are as follows:

1. Encumbrance accounting system (N.J.A.C. 5:30-5.2)
2. Fixed asset accounting and reporting system (N.J.A.C. 5:30-5.6)
3. General Ledger accounting and record system (N.J.A.C. 5:30-5.7)

The Borough has complied by implementing all three directives.

RECOMMENDATIONS

That all tax postings be properly recorded and agreed to the bank deposits and general ledger.

That all monies be deposited within 48 hours after the receipt thereof in accordance with N.J.S.A. 40A:5-15

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS:

Not Applicable

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

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Borough Officials during the course of the audit.



Timothy M. Vrabel
Registered Municipal Accountant
License No. CR000339



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

June 17, 2014

RECOMMENDATIONS

That interest on delinquent taxes be properly collected in accordance with the authorizing resolution.

That all tax postings be properly recorded and agreed to the bank deposits and general ledger.

That all monies be deposited within 48 hours after the receipt thereof in accordance with N.J.S.A. 40A:5-15

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS:

Not Applicable

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

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Borough Officials during the course of the audit.



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June 17, 2014