

BOROUGH OF MOUNTAIN LAKES

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

BOROUGH OF MOUNTAIN LAKES

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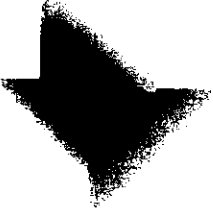
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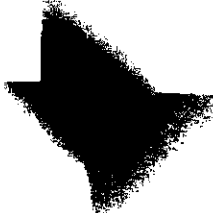
INDEPENDENT AUDITOR'S REPORT



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

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, 2011 and December 31, 2010, 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, 2011. These financial statements are the responsibility of the management of the Borough of Mountain Lakes. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note I, the Borough of Mountain Lakes prepares its financial statements in conformity with the accounting practices prescribed by 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, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

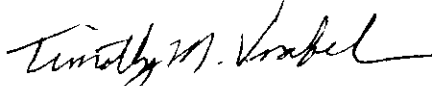
In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Mountain Lakes as of December 31, 2011 and December 31, 2010, or the results of its operations for the years then ended.

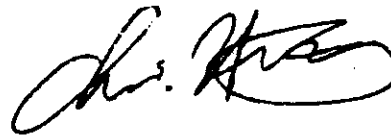
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However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Mountain Lakes as of December 31, 2011 and December 31, 2010, 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2012 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 on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Mountain Lakes, in the County of Morris, State of New Jersey, taken as a whole. The supplemental schedules presented in the Supplementary Data Section are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.


Timothy M. Vrabel
Registered Municipal Accountant
License No. CR000339


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

June 29, 2012

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>2011</u>	<u>2010</u>
General Fund:			
Cash - Treasurer	A-4	\$ 906,552.27	\$ 1,521,342.45
Change Fund	A-6	200.00	200.00
Petty Cash Fund	A-7	\$ 250.00	
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-8	<u>1,020.26</u>	<u>520.26</u>
		<u>908,022.53</u>	<u>1,522,062.71</u>
Receivables and other Assets With Full Reserves :			
Delinquent Property Taxes	A-9	254,762.43	261,287.99
Property Acquired for Taxes - Assessed Valuation	A-11	169,885.09	169,885.09
Interfunds Accounts Receivable	A-13	<u>854,100.37</u>	<u>195,358.08</u>
		<u>1,278,747.89</u>	<u>626,531.16</u>
Deferred Charges :			
Emergency Authorization	A-15	235,000.00	-
Overexpenditure of Budget Appropriations	A-15	67,653.03	-
Expenditure without Appropriation	A-15	<u>47,478.03</u>	<u>-</u>
		<u>350,131.06</u>	<u>-</u>
		<u>2,536,901.48</u>	<u>2,148,593.87</u>
Federal and State Grants Fund :			
Amount Due From Current Fund	A-26		18,757.93
Federal and State Aid Receivable	A-27	<u>84,159.04</u>	<u>69,659.04</u>
		<u>84,159.04</u>	<u>88,416.97</u>
		<u>\$ 2,621,060.52</u>	<u>\$ 2,237,010.84</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>2011</u>	<u>2010</u>
Liabilities :			
Appropriation Reserves	A-3,16	\$ 104,274.92	\$ 178,106.45
Reserve for Encumbrances	A-17	109,946.16	96,778.70
Interfunds Accounts Payable	A-18	313,853.12	49,032.93
Prepaid Taxes	A-19	140,232.93	117,885.89
Tax Overpayments	A-20	30,464.63	52,147.55
Reserve for Tax Appeals Pending	A-21	16,122.83	21,266.68
Reserve for Funds - Unappropriated	A-23	1,044.71	1,044.71
Other	A-24	1,678.00	1,476.63
		<u>717,617.30</u>	<u>517,739.54</u>
Reserve for Receivables and Other Assets		1,278,747.89	626,531.16
Fund Balance	A-1	<u>540,536.29</u>	<u>1,004,323.17</u>
		<u>2,536,901.48</u>	<u>2,148,593.87</u>
Federal and State Grants Fund :			
Amount Due To Current Fund	A-26	2,574.64	
Appropriated Reserves	A-28	72,828.91	54,618.85
Unappropriated Reserves	A-29	8,755.49	20,657.34
Reserves for Encumbrances	A-30	-	13,140.78
		<u>84,159.04</u>	<u>88,416.97</u>
		<u>\$ 2,621,060.52</u>	<u>\$ 2,237,010.84</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 2011</u>	<u>Year 2010</u>
Fund Balance Utilized	A-2	\$ 1,003,800.00	\$ 1,257,500.00
Miscellaneous Revenue Anticipated	A-2	1,517,067.40	1,458,087.32
Receipts from Delinquent Taxes	A-2	261,287.99	272,028.14
Receipts from Current Taxes	A-2	27,141,568.38	26,804,557.41
Non - Budget Revenue	A-2	172,605.68	59,488.85
Other Credits to Income :			
Unexpended Balance of Appropriation			
Reserves Lapsed	A-16	126,062.14	111,711.78
Total Income		<u>30,222,391.59</u>	<u>29,963,373.50</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	2,499,043.52	2,372,200.00
Other Expenses	A-3	2,129,614.31	1,968,872.00
Deferred Charges and Statutory			
Expenditures	A-3	551,501.25	476,416.00
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses	A-3	442,885.34	692,505.34
Capital Improvements	A-3	30,000.00	100,649.85
Debt Service	A-3	865,208.24	857,715.64

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 2011</u>	<u>Year 2010</u>
Refund of Prior Year Revenue	A-4	\$ 1,160.37	\$ 55,617.12
Interfund Advance	A-13	853,168.13	195,353.85
Local School District Tax	A-25	19,398,097.00	18,981,184.00
County Taxes	A-25	2,970,412.59	2,949,429.45
County Open Space Preservation	A-25	238,768.14	324,376.82
County Share of Added and Omitted Taxes	A-25	5,172.61	4,684.52
Total Expenditures		<u>29,985,031.50</u>	<u>28,979,004.59</u>
Excess in Revenue		237,360.09	984,368.91
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which by			
Statute are Deferred Charges to Budgets of			
Succeeding Year		<u>302,653.03</u>	<u>-</u>
		540,013.12	984,368.91
Fund Balance January 1	A	<u>1,004,323.17</u>	<u>1,277,454.26</u>
		1,544,336.29	2,261,823.17
Decreased by :			
Utilized as Anticipated Revenue	A-1	<u>1,003,800.00</u>	<u>1,257,500.00</u>
Fund Balance December 31	A	<u>\$ 540,536.29</u>	<u>\$ 1,004,323.17</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	\$ 1,003,800.00	\$ -	\$ 1,003,800.00	\$ -
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-12	10,372.00		10,372.00	-
Other	A-12	4,350.00		2,325.00	(2,025.00)
Fees and Permits :					
Construction Code Official	A-12	105,900.00		139,107.00	33,207.00
Other	A-2	20,356.00		22,930.95	2,574.95
Municipal Court - Fines and Costs	A-12	59,200.00		51,597.13	(7,602.87)
Interest and Costs on Taxes	A-12	67,000.00		65,718.19	(1,281.81)
Interest on Investments	A-2	7,000.00		5,242.26	(1,757.74)
Solid Waste Fees - Trash Bags	A-12	192,800.00		211,233.50	18,433.50
Solid Waste Fees - Board of Education	A-12	52,970.00		52,970.00	-
Recreation Fees and Income	A-12	58,300.00		55,248.75	(3,051.25)
Field Lease - Board of Education	A-12	45,000.00		45,000.00	-
Consolidated Municipal Property Tax Relief Aid	A-12	1,013.00		1,013.00	-
Energy Receipts Tax	A-12	416,280.00		416,280.00	-
General Capital Fund Balance	A-12	80,000.00		80,000.00	-
Rent from Railroad Station	A-12	25,916.00		23,405.36	(2,510.64)
Cell Tower Lease - Omnipoint/Voicestream	A-12	48,076.31		49,999.36	1,923.05
Cell Tower Lease - Sprint	A-12	17,948.24		18,613.71	665.47
Reserve for Animal Control Expenses	A-12	5,000.00		5,000.00	-
Historical Preservation Committee Contribution	A-12	25,000.00		25,000.00	-
Interfunds Accounts Receivable:					
Water Operating Fund	A-13	79,524.92		79,524.92	-
Sewer Operating Fund	A-13	115,828.93		115,828.93	-
Public and Private Revenues Off-Set with Appropriations:					
Recycling Tonnage Grant	A-18	5,441.74		5,441.74	-
Clean Communities Grant	A-18	8,488.01		8,488.01	-
Alcohol Education and Rehabilitation Fund	A-18	502.73		502.73	-
Body Armor Replacement Fund	A-18	2,366.86		2,366.86	-
Click It or Ticket	A-18	3,858.00		3,858.00	-
Morris County-Historic Preservation Grant	A-18	16,000.00		16,000.00	-
Mountain Lakes Bd. Of Ed.-Historic Preservation Grant	A-18	4,000.00		4,000.00	-
Total Miscellaneous Revenues	A-1	1,478,492.74	-	1,517,067.40	38,574.66
Receipts from Delinquent Taxes	A-1,2	260,000.00	-	261,287.99	1,287.99
Amount to be raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	4,839,274.38	-	5,895,022.27	1,055,747.89
Budget Totals	A-1,2	7,581,567.12	-	8,677,177.66	1,095,610.54
Non-Budget Revenues		-	-	172,605.68	172,605.68
		\$ 7,581,567.12	\$ -	\$ 8,849,783.34	\$ 1,268,216.22

Ref. 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>Ref.</u>		
<u>Analysis of Realized Revenue</u>			
Allocation of Current Tax Collections :			
2011 Taxes Collected in 2010	A-9	\$ 117,885.89	
2011 Taxes Collected in 2011	A-9	26,939,577.48	
State's Share of Senior Citizens' and Veterans' Deductions	A-9	19,750.00	
Tax Overpayments Applied	A-9	64,355.01	
	A-1	27,141,568.38	
Allocated to School and County Taxes	A-25	22,612,450.34	
		4,529,118.04	
Add : Reserve for Uncollected Taxes	A-3	1,365,904.23	
Amount for Support of Municipal Budget	A-2		<u>\$ 5,895,022.27</u>
Receipts from Delinquent Taxes :			
Prior Year Taxes Collected	A-9	\$ 261,287.99	
Tax Title Lien Collected	A-10	-	
	A-2		<u>\$ 261,287.99</u>
Fees and Permits - Other :			
Clerk - Fees and Permits	A-12	\$ 4,621.00	
Planning Board - Fees and Permits	A-12	751.03	
Board of Adjustment - Fees and Permits	A-12	3,900.00	
Tax Assessor - Fees	A-12	250.00	
Police - Fees	A-12	2,083.82	
Parking Permit Fees	A-12	2,125.00	
Smoke Detector Inspection Fees	A-12	2,850.00	
Tree Removal Permit	A-12	4,750.00	
Soil Fees and Permits	A-12	1,600.10	
	A-2		<u>\$ 22,930.95</u>
Interest on Investments:			
Revenue Accounts Receivable	A-12	5,028.90	
Interfund Accounts Receivable	A-13	213.36	
	A-2		<u>\$ 5,242.26</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	24,831.14
Miscellaneous Revenue- Treasurer		
2% Administrative Fee-Senior Citizens/Veterans' Deductions	\$	385.00
Cable TV Franchise Fees		15,955.84
Uniform Fire Safety Act LEA Rebates		6,423.95
DMV Inspection Fees		700.00
FEMA (Spring 2010 Storm)		26,399.25
Tax Collector		9,060.01
Auction		24,150.00
Payroll and Payroll Agency Accounts Excess		28,166.13
Miscellaneous		<u>36,534.36</u>
	A-4	<u>147,774.54</u>
	A-2	<u>\$172,605.68</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	Overexpenditures
OPERATIONS WITHIN "CAP"								
GENERAL GOVERNMENT :								
General Administration								
Salaries and Wages	\$	154,300.00	\$ 164,300.00	\$ 176,265.89	\$	-	\$ -	\$ (11,965.89)
Other Expenses		34,000.00	34,000.00	34,995.00		-		(995.00)
Mayor and Council								
Other Expenses		2,600.00	2,600.00	1,660.00		940.00		
Borough Clerk								
Salaries and Wages		58,000.00	58,000.00	48,732.40		9,267.60		
Other Expenses		15,000.00	15,000.00	14,128.00		872.00		
Financial Administration								
Salaries and Wages		48,500.00	58,500.00	58,500.00		-		
Other Expenses		3,000.00	6,000.00	5,942.61		57.39		
Audit Services								
Other Expenses		21,200.00	21,200.00	20,700.00		500.00		
Computer Information Technology								
Other Expenses		20,500.00	16,500.00	12,722.17		3,777.83		
Collection of Taxes								
Salaries and Wages		27,700.00	27,700.00	18,129.96		9,570.04		(179.71)
Other Expenses		3,500.00	3,500.00	3,679.71		-		
Assessment of Taxes								
Salaries and Wages		20,430.00	20,430.00	20,026.00		404.00		
Other Expenses		1,000.00	1,000.00	929.17		70.83		
Legal Services and Costs								
Other Expenses		70,000.00	85,000.00	81,745.02		3,254.98		
Engineering Services and Costs								
Other Expenses		13,000.00	13,000.00	12,939.70		60.30		
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		6,700.00	6,700.00	6,998.74		-		(298.74)
Other Expenses		9,000.00	9,000.00	8,176.61		823.39		
Zoning Costs								
Salaries and Wages		16,200.00	16,200.00	16,669.61		-		(469.61)
Other Expenses		12,900.00	12,900.00	12,643.17		256.83		

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		Unexpended Balance Canceled	Overexpenditures
	Budget	Paid or Charged		Reserved			
<u>OPERATIONS WITHIN "CAP" (CONTINUED):</u>							
<u>INSURANCE:</u>							
General Liability	\$ 58,725.34	\$ 53,725.34	\$ 47,489.52	\$ 6,235.82	\$ -		
Worker's Compensation Insurance	63,929.02	63,929.02	63,929.01	0.01			
Group Insurance - Hospital and Medical	331,871.76	326,871.76	344,586.70	-		(17,714.94)	
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00	-			
<u>PUBLIC SAFETY :</u>							
Police							
Salaries and Wages	1,490,000.00	1,555,000.00	1,569,241.29	-		(14,241.29)	
Other Expenses	95,000.00	91,000.00	89,840.96	1,159.04			
Aid to Volunteer Ambulance Companies							
Other Expenses	15,000.00	15,000.00	15,000.00	-			
Fire Department							
Salaries and Wages	16,150.00	16,150.00	15,660.54	489.46			
Other Expenses	29,000.00	29,000.00	27,707.54	1,292.46			
Fire Safety Official							
Other Expenses	350.00	350.00		350.00			
<u>PUBLIC WORKS FUNCTIONS:</u>							
Road Repairs and Maintenance							
Salaries and Wages	240,000.00	257,625.00	263,179.55	-		(5,554.55)	
Other Expenses	160,000.00	292,375.00	278,011.92	14,363.08			
Shade Tree Commission							
Other Expenses	34,000.00	34,000.00	28,752.66	5,247.34			
Solid Waste Collection							
Salaries and Wages	74,500.00	74,500.00	75,408.44	-		(908.44)	
Other Expenses	540,000.00	528,500.00	532,899.45	-		(4,399.45)	
Public Buildings and Grounds							
Other Expenses	23,700.00	23,700.00	23,361.35	338.65			
Vehicle Maintenance							
Other Expenses	40,000.00	40,000.00	39,693.64	306.36			

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	Overexpenditures
OPERATIONS WITHIN "CAP" (CONTINUED)								
RECREATION AND EDUCATION :								
HEALTH AND WELFARE :								
Board of Health								
Salaries and Wages		\$ 5,400.00	\$ 5,400.00	\$ 5,258.16	\$ 141.84	\$ -	\$ -	\$ -
Other Expenses		33,261.96	33,261.96	33,450.85	-	-	-	(188.89)
Environmental Commission								
Other Expenses		3,000.00	3,000.00	2,580.00	420.00			
Woodlands Committee								
Other Expenses		2,000.00	2,000.00	1,612.75	387.25			
Contribution to Senior Citizens								
Other Expenses		3,000.00	3,000.00	3,000.00	-			
Recreation Services and Programs								
Salaries and Wages		101,000.00	101,000.00	93,917.41	7,082.59			
Other Expenses		20,000.00	20,000.00	17,137.06	2,862.94			
Maintenance of Parks								
Salaries and Wages		85,000.00	85,000.00	80,182.70	4,817.30			
Other Expenses								
OTHER COMMON OPERATING FUNCTIONS:								
Accumulated Leave Compensation								
Salaries and Wages		6,000.00	6,000.00	6,000.00	-			
Celebration of Public Events								
Salaries and Wages		2,000.00	2,000.00	413.06	1,586.94			
Other Expenses								
UTILITY EXPENSES AND BULK PURCHASES:								
Electricity		58,000.00	46,994.55	50,717.79	-			(3,723.24)
Street Lighting		48,000.00	67,505.45	67,505.45	-			
Telephone		29,000.00	29,000.00	27,868.86	1,131.14			
Natural Gas		30,000.00	31,500.00	31,500.00	-			
Diesel Fuel, Fuel Oil		55,000.00	55,000.00	52,301.43	2,698.57			
CODE ENFORCEMENT AND ADMINISTRATION:								
State Uniform Construction Code:								
Construction Official								
Salaries and Wages		98,100.00	98,100.00	94,384.91	3,715.09			
Other Expenses		4,000.00	4,000.00	3,733.92	266.08			
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"		4,335,518.08	4,568,018.08	4,542,910.68	85,747.15			(60,639.75)
DETAIL :								
Salaries and Wages	A-1	2,362,980.00	2,465,605.00	2,458,372.90	30,670.62			(33,438.52)
Other Expenses	A-1	1,972,538.08	2,102,413.08	2,074,537.78	55,076.53			(27,201.23)
		4,335,518.08	4,568,018.08	4,542,910.68	85,747.15			(60,639.75)

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	Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled	Overexpenditures
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"								
STATUTORY EXPENDITURES:								
Contribution to:								
Public Employees' Retirement System		\$ 90,013.00	\$ 90,013.00	\$ 90,013.00	\$ -	\$ -	\$ -	\$ -
Social Security System (O.A.S.I.)		92,558.97	92,558.97	99,572.25	-	-	-	(7,013.28)
Police and Firemen's Retirement System of N.J.		361,916.00	361,916.00	361,916.00	-	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"	A-1	544,487.97	544,487.97	551,501.25	-	-	-	(7,013.28)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"		4,880,006.05	5,112,506.05	5,094,411.93	85,747.15	-	-	(67,653.03)
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)		223,633.00	223,633.00	223,633.00	-	-	-	-
Recycling Tax		4,775.00	4,775.00	4,775.00	-	-	-	-
County of Morris Dispatch Service		98,000.00	100,500.00	100,029.23	-	470.77	-	-
Other Expenses		-	-	-	-	-	-	-
Denville Township Court Services		55,320.00	55,320.00	55,263.00	-	57.00	-	-
Other Expenses		-	-	-	-	-	-	-
Public and Private Programs Offset by Revenues:								
Recycling Tonnage Grant		5,441.74	5,441.74	5,441.74	-	-	-	-
Clean Communities Program		8,488.01	8,488.01	8,488.01	-	-	-	-
Alcohol Education and Rehabilitation Fund		502.73	502.73	502.73	-	-	-	-
Body Armor Replacement Fund		2,366.86	2,366.86	2,366.86	-	-	-	-
Click it or Ticket Grant		3,858.00	3,858.00	3,858.00	-	-	-	-
Morris County Historic Preservation Trust Fund - Historic Preservation Grant		16,000.00	16,000.00	16,000.00	-	-	-	-
Mountain Lakes Board of Education - Historic Preservation Grant		4,000.00	4,000.00	4,000.00	-	-	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAP"		440,385.34	442,885.34	424,357.57	18,527.77	-	-	-
DETAIL:								
Salaries and Wages	A-1	440,385.34	442,885.34	424,357.57	18,527.77	-	-	-
Other Expenses	A-1	-	-	-	-	-	-	-

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	Overexpenditures
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"								
Capital Improvement Fund		\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"	A-1	30,000.00	30,000.00	30,000.00				
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"								
Payment of Bond Principal		560,000.00	560,000.00	560,000.00				
Interest on Bonds		282,500.00	282,500.00	282,500.00				
Interest on Notes		22,771.50	22,771.50	22,708.24			63.26	
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"	A-1	865,271.50	865,271.50	865,208.24			63.26	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"		1,335,656.84	1,338,156.84	1,319,665.81	18,527.77		63.26	
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES		6,215,662.89	6,450,662.89	6,413,977.74	104,274.92		63.26	(67,653.03)
		1,365,904.23	1,365,904.23	1,365,904.23				
TOTAL GENERAL APPROPRIATIONS		7,581,567.12	7,816,567.12	7,779,881.97	104,274.92		63.26	(67,653.03)
Ref.					A			A-15
Adopted Budget	A-2		\$ 7,581,567.12					
Added by N.J.S.A. 40A:4-48	A-15		235,000.00					
			7,816,567.12					
Cash Disbursed	A-4			6,255,058.75				
Reserve for Encumbrances	A-17			109,946.16				
Amount Due to Federal and State Grants Fund	A-18			40,657.34				
Amount Due to Animal Control Fund	A-18			8,315.49				
Reserve for Uncollected Taxes	A-2			1,365,904.23				
				7,779,881.97				

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

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>2011</u>	<u>2010</u>	
Animal Control Fund :				
Cash - Treasurer	B-1	\$ (5,436.05)	\$ 7,671.27	
Interfunds Accounts Receivable	B-2	8,315.49	-	
		<u>2,879.44</u>	<u>7,671.27</u>	
Other Funds :				
Cash - Treasurer	B-1	335,875.86	320,389.89	
Interfunds Accounts Receivable	B-2	147,900.00	-	
		<u>483,775.86</u>	<u>320,389.89</u>	
		<u>\$ 486,655.30</u>	<u>\$ 328,061.16</u>	
<u>Liabilities, Reserves and Fund Balance</u>				
Animal Control Fund :				
Interfunds Accounts Payable	B-3	\$ 4.36	\$ -	
Reserve for Animal Control Fund Expenditures	B-4	2,872.68	7,671.27	
Amount Due to State Board of Health	B-5	2.40	-	
		<u>2,879.44</u>	<u>7,671.27</u>	
Other Funds :				
Interfunds Accounts Payable	B-3	72.67	-	
Reserve for Special Deposits	B-8	483,703.19	320,389.89	
		<u>483,775.86</u>	<u>320,389.89</u>	
		<u>\$ 486,655.30</u>	<u>\$ 328,061.16</u>	

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

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>2011</u>	<u>2010</u>
Cash - Treasurer	C-2	\$ 1,475,541.54	\$ 114,410.31
Deferred Charges to Future Taxation:			
Funded	C-4	6,261,000.00	6,821,000.00
Unfunded	C-5	2,837,950.00	2,278,575.00
Expenditures without Ordinance Appropriation	C-6	12,578.56	-
Federal and State Aid Receivable	C-7	144,958.96	-
Interfund Accounts Receivable	C-8	138,587.63	11,225.00
		<u>\$ 10,870,616.69</u>	<u>\$ 9,225,210.31</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-15	\$ 6,261,000.00	\$ 6,821,000.00
Bond Anticipation Notes	C-17	3,049,975.00	1,518,100.00
Improvement Authorizations :			
Funded	C-9	340,900.48	305,867.32
Unfunded	C-9	259,693.71	379,951.32
Reserve for Encumbrances	C-10	322,413.50	101,879.14
Capital Improvement Fund	C-11	17,834.91	17,412.91
Capital Reserves	C-12	834.23	834.23
Interfund Accounts Payable	C-13	607,742.22	4.23
Fund Balance	C-1	10,222.64	80,161.16
		<u>\$ 10,870,616.69</u>	<u>\$ 9,225,210.31</u>

There were no Bonds and Notes Authorized but not Issued at December 31, 2011 .

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

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

Balance December 31, 2010	C	\$ 80,161.16
Increased by :		
Premium on Bond Anticipation Notes	C-2	<u>10,061.48</u>
		90,222.64
Decreased by :		
Paid to Current Fund as Budget Revenue	C-2	<u>80,000.00</u>
Balance December 31, 2011	C	<u>\$ 10,222.64</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>2011</u>	<u>2010</u>
Water Operating Fund:			
Cash - Treasurer	D-5	\$ 227,876.73	\$ 354,291.78
Interfunds Accounts Receivable	D-8	69,017.70	-
		<u>296,894.43</u>	<u>354,291.78</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	22,444.23	30,545.32
		<u>22,444.23</u>	<u>30,545.32</u>
Total Water Operating Fund		<u>319,338.66</u>	<u>384,837.10</u>
Water Capital Fund :			
Cash - Treasurer	D-5	8,885.35	649.72
Interfunds Accounts Receivable	D-8	-	8,228.21
Fixed Capital	D-12	1,724,269.39	1,715,069.39
Total Water Capital Fund		<u>1,733,154.74</u>	<u>1,723,947.32</u>
		<u>\$ 2,052,493.40</u>	<u>\$ 2,108,784.42</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>2011</u>	<u>2010</u>
Water Operating Fund :			
Liabilities :			
Appropriation Reserves	D-4,16	\$ 40,347.03	\$ 141,833.07
Reserve for Encumbrances	D-17	15,285.76	8,276.60
Interfund Accounts Payable	D-18	82,262.25	87,753.13
Utility Charges Overpayments	D-19	4,571.89	4,571.89
Meter Deposits		<u>4,950.00</u>	<u>4,950.00</u>
		147,416.93	247,384.69
Reserve for Receivables		22,444.23	30,545.32
Fund Balance	D-1	<u>149,477.50</u>	<u>106,907.09</u>
Total Water Operating Fund		<u>319,338.66</u>	<u>384,837.10</u>
Water Capital Fund :			
Interfund Accounts Payable	D-18	7.42	-
Capital Improvement Fund	D-25	8,228.21	8,228.21
Reserve for Amortization	D-27	1,724,269.39	1,715,069.39
Fund Balance	D-2	<u>649.72</u>	<u>649.72</u>
Total Water Capital Fund		<u>1,733,154.74</u>	<u>1,723,947.32</u>
		<u>\$ 2,052,493.40</u>	<u>\$ 2,108,784.42</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2011.

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 2011</u>	<u>Year 2010</u>
Operating Fund Balance Utilized	D-1,3	\$ 77,000.00	\$ 109,000.00
Rents	D-3	598,721.72	643,596.31
Miscellaneous Revenues	D-3	44,169.85	20,918.48
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-16	116,837.66	16,790.23
Total Income		<u>836,729.23</u>	<u>790,305.02</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Operating	D-4	659,023.07	646,236.43
Capital Improvements	D-4	9,200.00	9,200.00
Deferred Charges and Statutory Expenditures	D-4	48,935.75	45,563.57
Total Expenditures		<u>717,158.82</u>	<u>701,000.00</u>
Excess in Revenue		119,570.41	89,305.02
Fund Balance January 1	D	<u>106,907.09</u>	<u>126,602.07</u>
		226,477.50	215,907.09
Decreased by :			
Utilization by Water Operating Budget	D-1	<u>77,000.00</u>	<u>109,000.00</u>
Fund Balance December 31	D	<u>\$ 149,477.50</u>	<u>\$ 106,907.09</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 649.72</u>
Balance December 31, 2011	D	<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	\$ 77,000.00	\$ 77,000.00	\$ -
Rents	D-1,3	623,158.82	598,721.72	(24,437.10)
Miscellaneous Revenues	D-1,3	<u>17,000.00</u>	<u>44,169.85</u>	<u>27,169.85</u>
	D-4	<u>\$ 717,158.82</u>	<u>\$ 719,891.57</u>	<u>\$ 2,732.75</u>
<u>Analysis of Realized Revenue</u>				
Water Service Charges:				
Consumer Accounts Receivable	D-9	\$ 598,721.72		
	D-3		<u>\$ 598,721.72</u>	
Miscellaneous :				
Interest on Investments - Operating		\$ 784.47		
Connection Fee		16,000.00		
Meter		3,350.00		
Penalties		19,273.12		
Miscellaneous		<u>4,751.32</u>		
	D-5		\$ 44,158.91	
Interfunds Accounts Receivable:				
Water Capital Fund - Interest	D-8		<u>10.94</u>	
	D-3		<u>\$ 44,169.85</u>	

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

BOROUGH OF MOUNTAIN LAKES

D-4

WATER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget Appropriations</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>Paid or Charged</u>	<u>Expended</u>	<u>Reserved</u>
Operating :							
Salaries and Wages		\$ 303,500.00	\$ -	\$ 303,500.00	\$ 267,546.65	\$ 35,953.35	
Other Expenses		355,523.07		355,523.07	354,971.09	551.98	
Total Operating	D-1	659,023.07		659,023.07	622,517.74	36,505.33	
Capital Improvement :							
Capital Outlay		9,200.00		9,200.00	9,200.00	-	
Total Capital Improvement	D-1	9,200.00		9,200.00	9,200.00	-	
Statutory Expenditures :							
Contribution to:							
Public Employees Retirement System		25,718.00		25,718.00	25,718.00	-	
Social Security (O.A.S.I.)		23,217.75		23,217.75	19,376.05	3,841.70	
Total Statutory Expenditures	D-1	48,935.75	-	48,935.75	45,094.05	3,841.70	
		\$ 717,158.82	\$ -	\$ 717,158.82	\$ 676,811.79	\$ 40,347.03	
Ref.	D-3			<u>Ref.</u>		D	
			Disbursed	D-5	\$ 661,526.03		
			Encumbrances	D-17	15,285.76		
					\$ 676,811.79		

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>2011</u>	<u>2010</u>
Sewer Operating Fund:			
Cash - Treasurer	E-5	\$ 249,623.31	\$ 234,859.04
Interfunds Accounts Receivable	E-8	63,250.94	-
		<u>312,874.25</u>	<u>234,859.04</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	E-9	21,212.10	30,598.49
		<u>21,212.10</u>	<u>30,598.49</u>
Deferred Charges:			
Budget Overexpenditures	E-11	3,026.36	-
		<u>3,026.36</u>	<u>-</u>
Total Sewer Operating Fund		<u>337,112.71</u>	<u>265,457.53</u>
Sewer Capital Fund :			
Cash - Treasurer	E-5	24,624.58	5,554.00
Interfunds Accounts Receivable	E-8	-	19,050.00
Fixed Capital	E-12	167,959.80	137,581.40
Fixed Capital Authorized and Uncompleted	E-13	5,554.00	5,554.00
Total Sewer Capital Fund		<u>198,138.38</u>	<u>167,739.40</u>
		<u>\$ 535,251.09</u>	<u>\$ 433,196.93</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>2011</u>	<u>2010</u>
Sewer Operating Fund :			
Liabilities :			
Appropriation Reserves	E-4,16	\$ 15,698.09	\$ 24,882.63
Reserve for Encumbrances	E-17	7,341.82	784.02
Interfund Accounts Payable	E-18	<u>255,624.59</u>	<u>127,953.77</u>
		278,664.50	153,620.42
Reserve Receivables		21,212.10	30,598.49
Fund Balance	E-1	<u>37,236.11</u>	<u>81,238.62</u>
Total Sewer Operating Fund		<u>337,112.71</u>	<u>265,457.53</u>
Sewer Capital Fund :			
Interfund Accounts Payable	E-18	20.58	-
Improvement Authorizations - Funded	E-23	5,554.00	5,554.00
Capital Improvement Fund	E-25	19,050.00	19,050.00
Reserve for Amortization	E-27	167,959.80	137,581.40
Deferred Reserve for Amortization	E-28	<u>5,554.00</u>	<u>5,554.00</u>
Total Sewer Capital Fund		<u>198,138.38</u>	<u>167,739.40</u>
		<u>\$ 535,251.09</u>	<u>\$ 433,196.93</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2011

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 2011</u>	<u>Year 2010</u>
Operating Fund Balance Utilized	E-1,3	\$ 57,700.00	\$ 45,700.00
Sewer Service Charges	E-3	555,268.84	576,083.42
Miscellaneous Revenues	E-3	57,878.45	67,698.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		-	25,357.45
Reserve for Encumbrances Canceled	E-17	550.20	-
Total Income		<u>671,397.49</u>	<u>714,839.86</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Operating	E-4	603,610.81	584,853.20
Capital Improvements	E-4	31,351.00	26,000.00
Statutory Expenditures	E-4	25,764.55	24,146.80
Total Expenditures		<u>660,726.36</u>	<u>635,000.00</u>
Excess in Revenue		10,671.13	79,839.86
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which by			
Statute are Deferred Charges to Budgets of			
Succeeding Year		<u>3,026.36</u>	<u>-</u>
		13,697.49	79,839.86
Fund Balance January 1	E	<u>81,238.62</u>	<u>47,098.76</u>
		94,936.11	126,938.62
Decreased by :			
Utilization by Sewer Operating Budget	E-1	<u>57,700.00</u>	<u>45,700.00</u>
Fund Balance December 31	E	<u>\$ 37,236.11</u>	<u>\$ 81,238.62</u>

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

BOROUGH OF MOUNTAIN LAKES
SEWER UTILITY FUND
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	\$ 57,700.00	\$ 57,700.00	\$ -
Sewer Service Charges	E-1,3	562,000.00	555,268.84	(6,731.16)
Miscellaneous Revenues	E-1,3	38,000.00	57,878.45	19,878.45
Sewer Capital Improvement Fund	E-1,3	-	-	-
	E-4	<u>\$ 657,700.00</u>	<u>\$ 670,847.29</u>	<u>\$ 13,147.29</u>
<u>Analysis of Realized Revenue</u>				
	<u>E-1</u>			
Sewer Service Charges:				
Amount Due from Water Operating Fund	E-9	<u>\$ 555,268.84</u>		
	E-3		<u>\$ 555,268.84</u>	
Miscellaneous :				
Interest on Investments - Operating		288.45		
Refund from Parsippany Sewer Charges		<u>39,637.42</u>		
	E-5		39,925.87	
Interfunds Accounts Receivable:				
Interest on Delinquencies		17,915.85		
Sewer Capital Fund - Interest		<u>36.73</u>		
	E-8		<u>17,952.58</u>	
	E-3		<u>\$ 57,878.45</u>	

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

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	Overexpenditures
Operating :									
Salaries and Wages		\$ 168,700.00	\$ -	\$ 168,700.00	\$ 155,949.99	\$ 155,949.99	\$ 12,750.01	\$ -	\$ -
Other Expenses		431,884.45		431,884.45	434,910.81	434,910.81	-	-	(3,026.36)
Total Operating	E-1	600,584.45		600,584.45	590,860.80	590,860.80	12,750.01	-	(3,026.36)
Capital Improvement :									
Capital Outlay		31,351.00		31,351.00	30,378.40	30,378.40	972.60	-	-
Total Capital Improvement	E-1	31,351.00		31,351.00	30,378.40	30,378.40	972.60	-	-
Statutory Expenditures :									
Contribution to:									
Public Employees Retirement System		12,859.00		12,859.00	12,859.00	12,859.00	-	-	-
Social Security (O.A.S.I.)		12,905.55		12,905.55	10,930.07	10,930.07	1,975.48	-	-
Total Statutory Expenditures	E-1	25,764.55	-	25,764.55	23,789.07	23,789.07	1,975.48	-	-
		\$ 657,700.00	\$ -	\$ 657,700.00	\$ 645,028.27	\$ 645,028.27	\$ 15,698.09	\$ -	\$ (3,026.36)
Ref.	E-3			Ref.			E		E-11
			Disbursed Encumbrances		\$ 637,686.45				
				E-5 E-17	7,341.82				
					\$ 645,028.27				

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>2011</u>	<u>2010</u>
General Fixed Assets:		
Land	\$ 130,337,914.39	\$ 139,281,201.00
Buildings	1,180,954.45	1,180,954.45
Machinery and Equipment	<u>4,681,470.96</u>	<u>4,621,324.02</u>
	<u>\$ 136,200,339.80</u>	<u>\$ 145,083,479.47</u>
Investments in General Fixed Assets	<u>\$ 136,200,339.80</u>	<u>\$ 145,083,479.47</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, 2011 AND 2010

Note I: 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 Borough Council 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

GASB Codification establishes seven fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

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.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

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.

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the swimming pool 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 differences are as follows:

Property Taxes and Other Revenues – property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Mountain Lakes budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures (including Federal and State Financial Assistance Programs) – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Encumbrances – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

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

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Basic Financial Statements – The GASB Codification also defines the financial statements of a governmental unit that are required to be presented in the general purpose financial statements be in accordance with GAAP. The Borough of Mountain Lakes presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

E. 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 2011 statutory budget included a reserve for uncollected taxes in the amount of \$1,365,904.23. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2011 statutory budgets were as follows:

Current Fund	\$1,003,800.00
Water Utility Operating Fund	77,000.00
Sewer Utility Operating Fund	57,700.00

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

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 2011 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Legal Services and Cost -Other Expenses	\$15,000.00
Solid Waste Collection- Other Expenses	(11,500.00)

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. There were no significant budget insertions were approved during the 2011 calendar year.

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. The following emergency appropriations approved during the 2011 calendar year.

<u>Budget Category</u>	<u>Amount</u>
General Administration – Salaries and Wages	\$ 10,000.00
Financial Administration– Salaries and Wages	10,000.00
Police – Salaries and Wages	65,000.00
Road Repairs and Maintenance - Salaries and Wages	17,625.00
Other Expenses	132,375.00

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Borough of Mountain Lakes was last completed for 2006 and a devaluation of all property was completed for 2009.

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum of the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

3. Deferred Charges

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

4. Fixed Assets

In accordance with N.J.A.C. 5:30-5.6, Accounting for 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 improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems 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.

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 capital 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, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

5. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations in order to provide an understanding of changes in the Borough of Mountain Lakes financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

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.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2011 the Borough of Mountain Lakes cash and cash equivalents amounted to \$2,956,751.42. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$2,475,577.64 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 \$226,959.25 included in Developers' Escrow deposits is covered.

At December 31, 2011 the Borough of Mountain Lakes participation in the State of New Jersey Cash Management Fund amounted to \$4,194.53

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, 2011, \$231,153.78 of the Borough of Mountain Lakes cash and cash equivalents of \$2,956,731.42 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	226,959.25
Uninsured and collateral held by public depository or by its'		
trust department not in the Borough of Mountain Lakes name		<u>4,194.53</u>
	\$	<u>231,153.78</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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.1. at December 31, 2011

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note II: Detailed Notes On All Funds (Continued)

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, 2011 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2011	\$ 254,762.43

C. Interfund Receivables and Payables

As of December 31, 2011 interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$854,100.37	\$ 313,853.12
Federal and State Grants Fund		2,574.64
General Capital Fund	138,587.63	607,742.22
Trust Funds:		
Animal Control Fund	8,315.49	4.36
Other Trust Fund	147,900.00	72.67
Water Utility Fund:		
Operating Fund	69,017.70	82,262.25
Capital Fund		7.42
Sewer Utility Fund:		
Operating Fund	63,250.94	255,624.59
Capital Fund		20.58
Payroll and Payroll Agency		190,010.28
	<u>\$ 1,281,172.13</u>	<u>\$ 1,281,172.13</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note II: Detailed Notes On All Funds (Continued)

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011 there were no deferred charges shown on the balance sheets of the various funds.

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Emergency Authorizations (40A:4-47)	\$ 235,000.00	\$ 235,000.00	\$
Overexpenditure of Appropriations	67,653.03	67,653.03	
Expenditures without Appropriation	47,478.03	47,478.03	
General Capital Fund:			
Expenditure without of Ordinance Appropriation	12,578.56	12,578.56	

The appropriations in the 2012 Budget are not less than that required by statute.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 police cars and sewer jet vac totaling \$375,875.70 under capital leases. All capital leases are for terms of four to six 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, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 27,865.08
2013	16,793.82
2014	7,398.96
2015	<u>4,316.06</u>
Total Minimum lease payments	56,373.92
Less: Amount representing interest	<u>4,982.61</u>
Present value of net minimum Lease payments	<u>\$ 51,391.31</u>

The Borough of Mountain Lakes has commitments to lease copying equipment and postage machine under operating leases which expire in 2013. Total operating lease payments made during the year ended December 31, 2011 were \$3,350.40. Future minimum lease payments are as follows:

<u>Year ended</u>	<u>Amount</u>
December 31, 2012	\$ 1,898.40
December 31, 2013	<u>1,423.80</u>
Total future minimum lease payments	<u>\$ 3,322.20</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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 Mountain Lakes are general obligation bonds, backed by the full faith and credit of the Borough of Mountain Lakes. 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.

Summary of Municipal Debt

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 9,310,975.00	\$ 8,339,100.00	\$ 8,107,700.00
Total Issued	<u>9,310,975.00</u>	<u>8,339,100.00</u>	<u>8,107,700.00</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>212,025.00</u>	<u>-</u>	<u>-</u>
Net Debt Issued	<u>9,098,950.00</u>	<u>8,339,100.00</u>	<u>8,107,700.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>-</u>	<u>760,475.00</u>	<u>1,320,150.00</u>
Total Authorized but Not Issued	<u>-</u>	<u>760,475.00</u>	<u>1,320,150.00</u>
Net Bonds and Notes Issued and			
Authorized but not Issued	<u>\$ 9,098,950.00</u>	<u>\$ 9,099,575.00</u>	<u>\$ 9,427,850.00</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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 0.67 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 13,110,000.00	\$ 13,110,000.00	\$ -
General Debt	<u>9,310,975.00</u>	<u>212,025.00</u>	<u>9,098,950.00</u>
	<u>\$ 22,420,975.00</u>	<u>\$ 13,322,025.00</u>	<u>\$ 9,098,950.00</u>

Net Debt \$9,098,950.00 divided by Equalized Valuation Basis
per N.J.S.A. 40A:2-2 as amended, \$1,354,167,168.33 = 0.67%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 47,395,850.89
Net Debt	<u>9,098,950.00</u>
Remaining Borrowing Power	<u>\$ 38,296,900.89</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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		\$	719,891.57
Deductions:			
Operating and Maintenance Cost	\$	707,958.82	
Debt Service per Water Account		<u>-</u>	
Total Deductions			<u>707,958.82</u>
Excess in Revenue-Self Liquidating		\$	<u>11,932.75</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		\$	670,847.29
Deductions:			
Operating and Maintenance Cost	\$	626,349.00	
Debt Service per Sewer Account		<u>-</u>	
Total Deductions			<u>626,349.00</u>
Excess in Revenue-Self Liquidating		\$	<u>44,498.29</u>

Footnote:

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

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, 2011 AND 2010
(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, 2011 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	\$ 1,661,000.00
General Refunding of 2007	4.00%	7/15	2022	2,915,000.00	2,165,000.00
General Refunding of 2009	Various	11/15	2020	<u>2,965,000.00</u>	<u>2,435,000.00</u>
				<u>\$ 7,981,000.00</u>	<u>\$ 6,261,000.00</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(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>
2012	\$ 580,000.00	\$ 265,000.00	\$ 845,000.00
2013	600,000.00	243,150.00	843,150.00
2014	631,000.00	220,250.00	851,250.00
2015	655,000.00	193,200.00	848,200.00
2016	680,000.00	165,000.00	845,000.00
2017	685,000.00	135,800.00	820,800.00
2018	680,000.00	105,600.00	785,600.00
2019	680,000.00	75,600.00	755,600.00
2020	680,000.00	45,600.00	725,600.00
2021	195,000.00	15,600.00	210,600.00
2022	195,000.00	7,800.00	202,800.00
	<u>\$ 6,261,000.00</u>	<u>\$ 1,472,600.00</u>	<u>\$ 7,733,600.00</u>

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

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

F. Debt (Continued)

2. Bond Anticipation Notes

Bond Anticipation Notes outstanding as of December 31, 2010 consists of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
General Capital:				
Ord. 05-08 Various Capital Improvements	1.50%	2/11/11	2/10/12	\$ 746,700.00
Ord. 06-09 Various Capital Improvements	1.50%	2/11/11	2/10/12	771,400.00
Ord. 17-09 Fire Truck (Supplements Ord. 06-09)	1.50%	10/14/11	10/12/12	213,750.00
Ord. 07-10 Various Capital Improvements	1.50%	10/14/11	10/12/12	546,725.00
Ord. 06-11 Various Capital Improvements	1.50%	10/14/11	10/12/12	771,400.00
Total General Capital				<u>\$ 3,049,975.00</u>

3. Bonds Authorized but not Issued

As of December 31, 2011 the Borough of Mountain Lakes had authorized but not issued bonds as follows:.

General Capital Fund	-0-
Water Utility Capital Fund	-0-
Sewer Utility Capital Fund	-0-

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

G. Fund Balance Appropriated

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012 were as follows:

Current Fund	\$358,500.00
Water Fund	108,400.00
Sewer Fund	24,704.36

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) of 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, 2011 AND 2010

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

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is 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), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS prosecutors Part active member rates increase from 8.5 percent to 10 percent; SPRS active member rates increase from 7.5 percent to 9 percent; and JRS active member rates increase from 3 percent to 12 percent phased-in over seven years. For Fiscal Year 2012, the member contributions for TPAF, PERS and JRS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note III: Pension Plans (Continued)

Funding Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPP, JRS, and SPRS) is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion.

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 o 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 contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 8.5 percent for PFRS and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the PFRS and PERS

During the state fiscal year ended June 30, 2011, 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, 2011 was \$3,055,524.20 and covered payroll was \$1,098,471.00 for PERS and \$1,320,335.00 for PFRS. Contributions to the PERS and the 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	12/31/11	\$	63,676.54	5.80%	\$	117,258.54	8.88 %
	12/31/10		63,225.55	5.50%		110,921.21	8.50 %
	12/31/09		63,354.56	5.58%		106,190.84	8.50 %
Borough of Mountain Lakes	12/31/11		128,590.00	11.71%		361,916.00	27.41%
	12/31/09		116,620.00	10.14%		313,165.00	24.00%
	12/31/09		102,922.00	9.07%		291,367.55	23.34%

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note IV: Post Retirement Medical Benefits

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.

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 \$34.2 million for the state fiscal year 2011 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 workers; 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 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).

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.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Note V: Risk Management (Continued)

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 two utility/enterprise funds which provide water and sewer services. Segment information for the year ended December 31, 2011 was as follows:

	<u>Water Utility</u> <u>Fund</u>	<u>Sewer Utility</u> <u>Fund</u>
Operating Revenues	692,891.57	613,147.29
Operating Income or (Loss)	(65,067.25)	34,488.83
Operating Transfers in or (Out)	14.46	36.73
Net Income or (Loss)	119,570.41	10,671.13
Fixed Assets:		
Additions	9,200.00	30,378.40
Deletions	-0-	-0-
Net Working Capital	171,921.73	58,448.21
Total Operating Assets	319,338.66	337,112.71
Operating Fund Balance	149,477.50	37,236.11
Long Term Debt	-0-	-0-
Short Term Debt	-0-	-0-

Note VII: Accrued Vacation Benefits

The Borough of Mountain Lakes permits the members of the Police Department to accrue a limited amount of unused vacation ay, 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 \$113,923.15. 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.

BOROUGH OF MOUNTAIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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. The Borough has established a reserve for pending tax appeals, which it feels is sufficient, for this contingency on the Current Fund balance sheet at December 31, 2011 in the amount of \$16,122.83.

SUPPLEMENTARY DATA

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,003,800.00	3.32%	\$ 1,257,500.00	4.20%
Miscellaneous-From other than				
Local Property Tax Levies	1,689,673.08	5.59%	1,517,576.17	5.06%
Collection of Delinquent Taxes				
and Tax Title Liens	261,287.99	0.86%	272,028.14	0.91%
Collection of Current Tax Levy	27,141,568.38	89.81%	26,804,557.41	89.46%
Other Credits to Income	<u>126,062.14</u>	<u>0.42%</u>	<u>111,711.78</u>	<u>0.37%</u>
Total Income	<u>30,222,391.59</u>	<u>100.00%</u>	<u>29,963,373.50</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	6,518,252.66	21.74%	6,468,358.83	22.33%
County Taxes	3,214,353.34	10.72%	3,278,490.79	11.31%
Local School District Taxes	19,398,097.00	64.69%	18,981,184.00	65.50%
Other Expenditures	<u>854,328.50</u>	<u>2.85%</u>	<u>250,970.97</u>	<u>0.87%</u>
Total Expenditures	<u>29,985,031.50</u>	<u>100.00%</u>	<u>28,979,004.59</u>	<u>100.00%</u>
Excess in Revenue	237,360.09		984,368.91	
Adjustments-Deferred charges included				
above which by statute are deferred				
charges to budgets of succeeding years	<u>302,653.03</u>		<u>-</u>	
	540,013.12		984,368.91	
Fund Balance January 1	<u>1,004,323.17</u>		<u>1,277,454.26</u>	
	1,544,336.29		2,261,823.17	
Less:				
Utilization as Anticipated Revenue	<u>1,003,800.00</u>		<u>1,257,500.00</u>	
Fund Balance December 31	<u>\$ 540,536.29</u>		<u>\$ 1,004,323.17</u>	

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 77,000.00	9.20%	\$ 109,000.00	13.79%
Collection of Water Rents	598,721.72	71.56%	643,596.31	81.44%
Miscellaneous	44,169.85	5.28%	20,918.48	2.65%
Other Credits to Income	116,837.66	13.96%	16,790.23	2.12%
Total Income	<u>836,729.23</u>	<u>100.00%</u>	<u>790,305.02</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	659,023.07	91.89%	646,236.43	92.19%
Capital Improvements	9,200.00	1.28%	9,200.00	1.31%
Deferred Charges and Statutory Expenditures	48,935.75	6.82%	45,563.57	6.49%
Total Expenditures	<u>717,158.82</u>	<u>100.00%</u>	<u>701,000.00</u>	<u>100.00%</u>
Excess in Revenue	119,570.41		89,305.02	
Fund Balance January 1	<u>106,907.09</u>		<u>126,602.07</u>	
	226,477.50		215,907.09	
Less:				
Utilization as Anticipated Revenue	<u>77,000.00</u>		<u>109,000.00</u>	
Fund Balance December 31	<u>\$ 149,477.50</u>		<u>\$ 106,907.09</u>	

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

	Year 2011		Year 2010	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 57,700.00	8.59%	\$ 45,700.00	6.39%
Collection of Sewer Charges	555,268.84	82.70%	576,083.42	80.59%
Miscellaneous	57,878.45	8.62%	67,698.99	9.47%
Other Credits to Income	550.20	0.08%	25,357.45	3.55%
Total Income	<u>671,397.49</u>	<u>100.00%</u>	<u>714,839.86</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	603,610.81	91.36%	584,853.20	92.10%
Capital Improvements	31,351.00	4.74%	26,000.00	4.09%
Statutory Expenditures	<u>25,764.55</u>	<u>3.89%</u>	<u>24,146.80</u>	<u>3.80%</u>
Total Expenditures	<u>660,726.36</u>	<u>100.00%</u>	<u>635,000.00</u>	<u>100.00%</u>
Excess in Revenue	10,671.13		79,839.86	
Adjustments-Deferred charges included above which by statute are deferred charges to budgets of succeeding years	<u>3,026.36</u>		-	
	13,697.49		79,839.86	
Fund Balance January 1	<u>81,238.62</u>		<u>47,098.76</u>	
	94,936.11		126,938.62	
Less:				
Utilization as Anticipated Revenue	<u>57,700.00</u>		<u>45,700.00</u>	
Fund Balance December 31	<u>\$ 37,236.11</u>		<u>\$ 81,238.62</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>
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
2003	630,961,930	3.080	0.452	0.446	2.182
2002	624,249,760	2.890	0.438	0.406	2.046

(1) Devaluation Effective in 2009

(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>
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%
2003	19,577,942.00	19,406,285.00	99.12%
2002	18,181,032.00	18,058,915.00	99.32%

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>
2011	\$ -	\$ 254,762.43	\$ 254,762.43	0.92%
2010	-	261,287.99	261,287.99	0.96%
2009	2,651.33	269,376.81	272,028.14	1.00%
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%
2003	-	162,377.22	162,377.22	0.82%
2002	-	114,291.64	114,291.64	0.62%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2011 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>
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
2003	169,885.09
2002	169,885.09

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
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
2003	507,241.62	485,867.02
2002	486,582.44	470,341.22

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
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
2003	432,442.32	425,015.66
2002	418,120.48	414,159.21

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	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
	2003	1,296,661.60	1,244,118.60
	2002	1,212,370.67	1,123,176.78
Water Utility Operating Fund	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
	2003	153,676.19	5,000.00
	2002	127,413.32	-
Sewer Utility Operating Fund	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
	2003	76,315.21	-
	2002	68,265.15	8,000.00

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>
Charles Gormally	Mayor	
Daniel Happer	Deputy Mayor	
Blair Bravo	Councilwoman	
Peter Holmberg	Councilman	
George Jackson	Councilman	
G. Douglas McWilliams	Councilman	
Stephen Shaw	Councilman	
Barry Lewis	Borough Manager (To 9/31/2011)	
	Chief Financial Officer (To 9/31/11)	
	Treasurer (To 9/31/2011)	
	Custodian of Water and Sewer Funds (To 9/31/2011)	\$ 1,000,000.00
Robert Tovo	Borough Manager (From 10/15/2011)	
Christina Whitaker	Borough Clerk	
	Violations Clerk	
Michelle Reilly	Deputy Borough Clerk (From 7/1/11)	
Dana J. Mooney	Tax Collector	\$ 1,000,000.00
Lauren Baker	Deputy Treasurer (To 10/15/11)	
Norman Eckstein	Chief Financial Officer (From 11/1/11)	
	Deputy Treasurer (From 11/1/11)	
Ann Purcell	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, 2010	A		\$ 1,521,342.45
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 147,774.54	
Tax Collector	A-5	27,494,004.23	
Amount Due from State for Senior Citizens'			
and Veterans' Deductions	A-8	19,250.00	
Revenue Accounts Receivable	A-12	1,215,124.66	
Interfund Accounts Receivable	A-13	220,398.35	
Interfund Accounts Payable	A-18	300,743.12	
Other Liabilities and Reserves	A-24	<u>24,791.37</u>	
			<u>29,422,086.27</u>
			30,943,428.72
Decreased by Disbursements :			
Refund of Prior Year Revenue	A-1	1,160.37	
2011 Budget Appropriations	A-3	6,255,058.75	
Petty Cash	A-7	250.00	
Interfund Accounts Receivable	A-13	853,168.13	
Expenditure without Appropriation	A-15	47,478.03	
2010 Appropriation Reserves	A-16	132,752.76	
Reserve for Encumbrances	A-17	16,070.25	
Interfund Accounts Payable	A-18	44,238.42	
Tax Overpayments Refunded	A-20	44,515.55	
Reserve for Tax Appeals Pending	A-21	5,143.85	
Other Liabilities and Reserves	A-24	24,590.00	
Local District School and County Taxes	A-25	<u>22,612,450.34</u>	
			<u>30,036,876.45</u>
Balance December 31, 2011	A		<u>\$ 906,552.27</u>

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

	<u>Ref.</u>	
Increased by Receipts :		
Taxes Receivable	A-9	\$ 27,200,865.47
Revenue Accounts Receivable	A-12	65,718.19
Prepaid Taxes	A-19	140,232.93
Tax Overpayments	A-20	<u>87,187.64</u>
		<u>\$ 27,494,004.23</u>
Decreased by Disbursements :		
Paid to Treasurer	A-4	<u>\$ 27,494,004.23</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF CHANGE FUNDS

	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2011</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>	
Increased by:		
Received in 2011	A-4	<u>\$ 250.00</u>
Balance December 31, 2011	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, 2010	A	\$	520.26
Increased by :			
Senior Citizens' Deductions Per Tax Billings	A-8	\$	250.00
Veterans' Deductions Per Tax Billings	A-8		19,000.00
Veterans' Deductions Allowed by Tax Collector	A-8		<u>500.00</u>
			<u>19,750.00</u>
			20,270.26
Decreased by :			
Received in Cash from State of New Jersey	A-4		<u>19,250.00</u>
			<u>19,250.00</u>
Balance December 31, 2011	A	\$	<u>1,020.26</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		19,000.00
Veterans' Deductions Allowed by Tax Collector	A-8		<u>500.00</u>
	A-9	\$	<u>19,750.00</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2011 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Levy	2010 Collections	2011 Collections	State's Share of Senior Citizens and Veterans' Deductions	Tax Overpayments Applied	Canceled	Balance Dec. 31, 2011
2010	\$ 261,287.99	\$ -	\$ -	\$ 261,287.99	\$ -	\$ -	\$ -	\$ -
2011	-	27,495,958.87	117,885.89	26,939,577.48	19,750.00	64,355.01	99,628.06	254,762.43
	\$ 261,287.99	\$ 27,495,958.87	\$ 117,885.89	\$ 27,200,865.47	\$ 19,750.00	\$ 64,355.01	\$ 99,628.06	\$ 254,762.43
Ref.	A		A-2.19	A-2.5	A-2.8	A-2.20		A
<u>Analysis of 2011 Property Tax Levy</u>								
Tax Yield :								
General Purpose Tax		\$ 27,426,059.14						
Business Personality Tax		25,798.25						
Added Taxes (54-4-63.1 et seq.)			\$ 27,451,857.39					
			44,101.48					
			\$ 27,495,958.87					
Tax Levy :								
Regional School District Tax (Abstract)			\$ 19,398,097.00					
County Taxes (Abstract)		\$ 2,970,412.59						
County Open Space Preservation (Abstract)		238,768.14						
Amount Due to County for Added Taxes (54-4-63.1 et seq.)		5,172.61						
			3,214,353.34					
Local Tax for Municipal Purposes (Abstract)		4,839,274.38						
Add : Additional Tax Levied		44,234.15						
			4,883,508.53					
			\$ 27,495,958.87					

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, 2010	A	<u>\$ 169,885.09</u>
Balance December 31, 2011	A	<u>\$ 169,885.09</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2011	Collector	Collected by Treasurer
Alcohol Beverage Licenses	A-2	\$ 10,372.00	\$ -	\$ 10,372.00
Board of Health - Other Licenses	A-2	2,325.00		2,325.00
Construction Code Official - Fees and Permits	A-2	139,107.00		139,107.00
Clerk - Fees and Permits	A-2	4,621.00		4,621.00
Planning Board - Fees and Permits	A-2	751.03		751.03
Board of Adjustment - Fees and Permits	A-2	3,900.00		3,900.00
Tax Assessor - Fees	A-2	250.00		250.00
Police - Fees	A-2	2,083.82		2,083.82
Parking Permit Fees	A-2	2,125.00		2,125.00
Smoke Detector Inspection Fees	A-2	2,850.00		2,850.00
Tree Removal Permit	A-2	4,750.00		4,750.00
Soil Fees and Permits	A-2	1,600.10		1,600.10
Municipal Court - Fines and Costs	A-2	51,597.13		51,597.13
Interest and Costs on Taxes	A-2	65,718.19	65,718.19	
Interest on Investments	A-2	5,028.90		5,028.90
Solid Waste Fees - Trash Bags	A-2	211,233.50		211,233.50
Solid Waste Fees - Board of Education	A-2	52,970.00		52,970.00
Recreation Fees and Income	A-2	55,248.75		55,248.75
Field Lease - Board of Education	A-2	45,000.00		45,000.00
Consolidated Municipal Property Tax Relief Aid	A-2	1,013.00		1,013.00
Energy Receipts Tax	A-2	416,280.00		416,280.00
General Capital Fund Balance	A-2	80,000.00		80,000.00
Rent from Railroad Station	A-2	23,405.36		23,405.36
Cell Tower Lease - Omnipoint/Voicestream	A-2	49,999.36		49,999.36
Cell Tower Lease - Sprint	A-2	18,613.71		18,613.71
Reserve for Animal Control Expenses	A-2	5,000.00		5,000.00
Historical Preservation Committee Contribution	A-2	25,000.00	-	25,000.00
		<u>\$ 1,280,842.85</u>	<u>\$ 65,718.19</u>	<u>\$ 1,215,124.66</u>

Ref.

A-5

A-4

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued in in 2011	Interfund Advance Originating in 2011	Received in 2011	Balance Dec. 31, 2011
Federal and State Grants Funds	\$ -	\$ -	\$ 2,574.64	\$ -	\$ 2,574.64
Animal Control Fund - Interest	-	31.61	-	27.25	4.36
Other Trust Funds:					
Interest	-	186.34	-	113.67	72.67
Police Fees (Administrative and Car Usage)	-	24,831.14	-	24,831.14	-
	-	25,017.48	-	24,944.81	72.67
General Capital Fund:					
Interest	4.23	923.42	-	72.44	855.21
Advance	-	-	562,706.65	-	562,706.65
	4.23	923.42	562,706.65	72.44	563,561.86
Water Operating Fund - Advance	79,524.92	-	82,262.25	79,524.92	82,262.25
Sewer Operating Fund - Advance	115,828.93	-	205,624.59	115,828.93	205,624.59
	\$ 195,358.08	\$ 25,972.51	\$ 853,168.13	\$ 220,398.35	\$ 854,100.37
Ref.	A		A-1,4	A-4	A
Police Fees (Administrative and Car Usage)			Ref.		
Interest on Investments			A-2	\$ 24,831.14	
Return of Interfund Advance			A-2	213.36	
			A-2	195,353.85	
				\$ 220,398.35	

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>Balance Dec. 31, 2010</u>	<u>Authorized in 2011</u>	<u>Raised in 2011 Budget</u>	<u>Balance Dec. 31, 2011</u>
11/14/11	Emergency (N.J.S.A. 40A:4-48)	\$ -	\$ 20,000.00	\$ -	\$ 20,000.00
11/14/11	Emergency (N.J.S.A. 40A:4-48)		150,000.00		150,000.00
12/12/11	Emergency (N.J.S.A. 40A:4-48)		65,000.00		65,000.00
	Overexpenditure of Budget Appropriations		67,653.03		67,653.03
	Expenditure without Appropriation	-	47,478.03	-	47,478.03
		<u>\$ -</u>	<u>\$350,131.06</u>	<u>\$ -</u>	<u>\$ 350,131.06</u>
			A-3,4		A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

OPERATIONS WITHIN "CAP"

Salaries and Wages :

	Balance Dec. 31, 2010	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
\$	1,514.71	\$ -	\$ -	1,514.71	\$ -	1,514.71
General Administration	48.81			48.81		48.81
Borough Clerk	70.06			70.06		70.06
Financial Administration	695.06			695.06		695.06
Collection of Taxes	23.90			23.90		23.90
Assessment of Taxes	86.05			86.05		86.05
Municipal Court						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board	458.63			458.63		458.63
Board of Adjustment	117.31			117.31		117.31
Police	1,578.82			1,578.82	(2,992.50)	4,571.32
Fire Department	111.08			111.08		111.08
Municipal Prosecutor	37.39			37.39		37.39
Road Repairs and Maintenance	23,892.76			23,892.76	(692.62)	24,585.38
Solid Waste Collection	800.19			800.19		800.19
Board of Health	39.67			39.67		39.67
Parks and Playgrounds	4,743.10			4,743.10		4,743.10
Uniform Construction Code:						
Code Enforcement and Administration	27.78			27.78		27.78
Other Expenses :						
General Administration	629.24	350.00	4,525.44	5,504.68	5,177.13	327.55
Mayor and Council	25.17			25.17	(206.00)	231.17
Borough Clerk	357.49		3,011.60	3,369.09	2,251.45	1,117.64
Financial Administration	124.51	(1,200.00)	2,101.50	1,026.01	46.50	979.51
Audit Services	1,000.00			1,000.00		1,000.00
Computer Information Technology	343.58		164.16	507.74	179.99	327.75
Collection of Taxes			93.00	93.00	93.00	-
Assessment of Taxes	44.24			44.24		44.24
Legal Services and Costs	3,878.50		469.20	4,347.70	1,781.45	2,566.25
Public Defender	400.00			400.00		400.00
Engineering Services and Costs	535.93	2,855.00		3,390.93	3,028.80	362.13
Historical Preservation	1,000.00			1,000.00		1,000.00
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board	2,240.71	226.25	110.84	2,577.80	2,477.30	100.50
Board of Adjustment	271.98		44.74	316.72	103.02	213.70

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

	Balance Dec. 31, 2010	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
Other Expenses: (Continued)						
Insurance:	\$ 60.77	\$ -	\$ -	\$ 60.77	\$ -	\$ 60.77
Worker's Compensation	5,327.99		2,044.50	7,372.49	3,535.15	3,837.34
Police	285.12		52.69	337.81		337.81
Fire	1,575.87		4,378.24	5,954.11	1,918.24	4,035.87
Fire Department	5,950.92	1,000.00	11,566.73	18,517.65	11,723.98	6,793.67
Road Repairs and Maintenance	804.61			804.61	450.00	354.61
Shade Tree Commission	35,665.43	(12,563.00)	20,159.22	43,261.65	37,622.23	5,639.42
Solid Waste Collection	1,286.95	2,300.00	2,232.93	5,819.88	5,695.53	124.35
Public Buildings and Grounds	4,429.30	(1,436.25)	2,768.29	5,761.34	5,270.72	490.62
Vehicle Maintenance	1.92	1,210.00		1,211.92	1,210.00	1.92
Board of Health	2,123.00	1,163.00		3,286.00	3,285.02	0.98
Environmental Commission	382.24			382.24		382.24
Woodlands Committee	1,100.00			1,100.00		1,100.00
Contribution to Senior Citizens	2,180.17		3,512.11	5,692.28	5,666.03	26.25
Parks and Playgrounds	83.37		16,946.40	17,029.77	16,538.54	491.23
Maintenance of Parks	1,556.30			1,556.30		1,556.30
Celebration of Public Events						
Uniform Construction Code						
Code Enforcement and Administration	141.80		103.60	245.40	53.60	191.80
Utilities:						
Electricity	63.30					
Street Lighting	5,793.56	2,550.00	3,902.57	6,515.87	12,892.18	(6,376.31)
Telephone and Telegraph	3,481.10	(1,655.00)	1,902.11	5,793.56	3,569.33	2,224.23
Natural Gas	589.95			3,728.21		3,728.21
Diesel Fuel, Fuel Oil	578.79	5,200.00	618.58	589.95	(1,725.31)	589.95
Social Security System (O.A.S.I.)	533.04			6,397.37		8,122.68
OPERATIONS EXCLUDED FROM "CAP"				533.04		533.04
Other Expenses:						
Length of Service Award Program (N.J.S.A. 40A:4-453j)	18,000.00	-	-	18,000.00	13,800.00	4,200.00

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

	Balance Dec. 31, 2010	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
	\$ 23,901.09	\$ -	\$ -	\$ 23,901.09	\$ -	\$ 23,901.09
	2,950.00			2,950.00		2,950.00
	1,666.64			1,666.64		1,666.64
	12,496.55	-	-	12,496.55	-	12,496.55
	\$ 178,106.45	\$ -	\$ 80,708.45	\$ 258,814.90	\$ 132,752.76	\$ 126,062.14

Ref.

A

A-17

A-4

A-1

OPERATIONS EXCLUDED FROM "CAP"

Other Expenses :

Group Insurance - Hospital and Medical
Police and Fireman's Retirement System
Denville Township Court Services
Capital Improvements
Contribution of Security Cameras

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 96,778.70
Increased by :			
2011 Budget Charges	A-3		<u>109,946.16</u>
			206,724.86
Decreased by :			
Paid in 2011	A-4	16,070.25	
Transferred to 2010			
Appropriation Reserves	A-16	<u>80,708.45</u>	
			<u>96,778.70</u>
Balance December 31, 2011	A		<u>\$ 109,946.16</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2010	Received in 2011	Accrued in 2011	Paid in 2011	Balance Dec. 31, 2011
Federal and State Grants Funds					
Animal Control Fund-Reimbursement	\$ 18,757.93	\$ 14,255.49	\$ -	\$ 33,013.42	\$ -
Other Trust Funds:			8,315.49		8,315.49
Tax Sale Premiums		147,900.00			147,900.00
General Capital Fund - Grant	11,225.00	138,587.63		11,225.00	138,587.63
Sewer Capital Fund - Received in Error	19,050.00	-	-	-	19,050.00
	<u>\$ 49,032.93</u>	<u>\$ 300,743.12</u>	<u>\$ 8,315.49</u>	<u>\$ 44,238.42</u>	<u>\$ 313,853.12</u>
Ref.	A	A-4	A-3	A-4	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 117,885.89
Increased by :		
2012 Taxes Paid	A-5	<u>140,232.93</u>
		258,118.82
Decreased by :		
Applied to Taxes Receivable	A-9	<u>117,885.89</u>
Balance December 31, 2011	A	<u>\$ 140,232.93</u>

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 52,147.55
Increased by:		
Taxes Overpaid in 2011	A-5	<u>\$ 87,187.64</u>
		87,187.64
		139,335.19
Decreased by:		
Refunded in 2011	A-4	44,515.55
Applied to Taxes Receivable in 2011	A-9	<u>64,355.01</u>
		108,870.56
Balance December 31, 2011	A	<u>\$ 30,464.63</u>
<u>Analysis of Balance December 31, 2011</u>		
2011 Taxes		<u>\$ 30,464.63</u>
		<u>\$ 30,464.63</u>

SCHEDULE OF RESERVE FOR TAX APPEALS PENDING

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 21,266.68
Decreased by:		
Paid in 2011	A-4	<u>5,143.85</u>
Balance December 31, 2011	A	<u>\$ 16,122.83</u>

BOROUGH OF MOUNTAIN LAKES
CURRENT FUND
SCHEDULE OF RESERVES FOR FUNDS - APPROPRIATED

NOT APPLICABLE

SCHEDULE OF RESERVE FOR FUNDS - UNAPPROPRIATED

	<u>Ref.</u>	<u>Total</u>	Police Equipment	Exterminating Pests Donation	Bd. Of Educ. Contribution <u>for Paving</u>
Balance December 31, 2010	A	\$ 1,044.71	\$ 744.71	\$ 300.00	\$ -
Balance December 31, 2011	A	\$ 1,044.71	\$ 744.71	\$ 300.00	\$ -

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Received</u> <u>in 2011</u>	<u>Paid</u> <u>in 2011</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Sprint Fees Due to T-Mobile	\$ 1,402.63	\$ 15,554.37	\$ 16,957.00	\$ -
Amount Due to State - UCC Fees		8,934.00	7,333.00	1,601.00
Amount Due to State - Marriage License Fees	<u>74.00</u>	<u>303.00</u>	<u>300.00</u>	<u>77.00</u>
	<u>\$ 1,476.63</u>	<u>\$ 24,791.37</u>	<u>\$ 24,590.00</u>	<u>\$ 1,678.00</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 Dec. 31, 2010	2011 Levy	Paid in 2011	Balance Dec. 31, 2011
Local School District Tax	A-2	\$ -	\$ 19,398,097.00	\$ 19,398,097.00	\$ -
County Tax	A-2		2,970,412.59	2,970,412.59	-
County Open Space Preservation	A-2		238,768.14	238,768.14	-
Amount Due County for Added and Omitted Taxes - 2011	A-2	-	5,172.61	5,172.61	-
		<u>\$ -</u>	<u>\$ 22,612,450.34</u>	<u>\$ 22,612,450.34</u>	<u>\$ -</u>
			A-1	A-4	

BOROUGH OF MOUNTAIN LAKES

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

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 18,757.93
Increased by :			
Received in Current Fund			
- State Aid Receivable	A-27	\$ 5,500.00	
- Unappropriated Reserves	A-29	8,755.49	
2011 Budget Appropriations	A-28	<u>40,657.34</u>	
			<u>54,912.83</u>
			73,670.76
Decreased by :			
2011 Budget Revenues			
- State Aid Receivable	A-27	20,000.00	
- Unappropriated Reserves	A-29	20,657.34	
Expended in Current Fund			
- Appropriated Reserves	A-28	22,447.28	
- Reserve for Encumbrances	A-30	<u>13,140.78</u>	
			<u>76,245.40</u>
Balance December 31, 2011	A		<u>\$ (2,574.64)</u>

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	Balance Dec. 31, 2010	2011 Budget Revenues	Received in Current Fund	Balance Dec. 31, 2011
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
Morris County-Historic Preservation Grant		16,000.00		16,000.00
Mountain Lakes Bd. Of Ed.-Historic Preservation Grant		4,000.00		4,000.00
Green Communities Grant	3,000.00			3,000.00
BSF Forestry Grant	7,000.00		5,500.00	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	1,649.76	-	-	1,649.76
	<u>\$ 69,659.04</u>	<u>\$ 20,000.00</u>	<u>\$ 5,500.00</u>	<u>\$ 84,159.04</u>
Ref.	A	A-26	A-26	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2010	2011 Budget Appropriations	Expenditures in Current Fund	Balance Dec. 31, 2011
Recycling Tonnage Grant	\$ 6,081.47	\$ 5,441.74	\$ -	\$ 11,523.21
Drunk Driving Enforcement Fund	5,974.60			5,974.60
Clean Communities Program	2,640.92	8,488.01	2,720.97	8,407.96
Alcohol Education and Rehabilitation Fund	2,160.21	502.73		2,662.94
Municipal Alliance on Alcoholism and Drug Abuse	17,750.00			17,750.00
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500.00			2,500.00
Body Armor Replacement Fund	1,369.23	2,366.86		3,736.09
Click It or Ticket		3,858.00		3,858.00
Morris County-Historic Preservation Grant		16,000.00	16,000.00	-
Mountain Lakes Bd. Of Ed.-Historic Preservation Grant		4,000.00	3,726.31	273.69
Green Communities Grant	3,000.00			3,000.00
BSF Forestry Grant	1,500.00			1,500.00
FEMA - Assistance to Firefighters Grant	172.04			172.04
Morris County - Assistance to Firefighters Grant	19.12			19.12
Highlands Plan Conformance Grant	5,946.06			5,946.06
Reduction in Speed Grant - 2008	1,649.76			1,649.76
Bulletproof Vest Program - Federal - 2004	1,054.00			1,054.00
Recreation Trails Program - 2002	395.72			395.72
Office of Emergency Management - 2004	2,405.72	-	-	2,405.72
	<u>\$ 54,618.85</u>	<u>\$ 40,657.34</u>	<u>\$ 22,447.28</u>	<u>\$ 72,828.91</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, 2010	Received in Current Fund	Utilized as 2011 Budget Revenue	Current Fund	Balance Dec. 31, 2011
Recycling Tonnage Grant	\$ 5,441.74	\$ -	\$ 5,441.74	\$ -	\$ -
Clean Communities Program	8,488.01	8,108.27	8,488.01	8,108.27	8,108.27
Alcohol Education and Rehabilitation Fund	502.73	647.22	502.73	647.22	647.22
Body Armor Replacement Fund	2,366.86	-	2,366.86	-	-
Click It or Ticket Grant	3,858.00	-	3,858.00	-	-
	<u>\$ 20,657.34</u>	<u>\$ 8,755.49</u>	<u>\$ 20,657.34</u>	<u>\$ 8,755.49</u>	<u>\$ 8,755.49</u>
Ref.		A-26	A-26	A	

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES FOR FEDERAL AND STATE GRANTS

	<u>Ref.</u>	
Balance December 31, 2009	A	<u>\$ 13,140.78</u>
Decreased by :		
Paid in 2011	A-26	<u>\$ 13,140.78</u>

BOROUGH OF MOUNTAIN LAKES
TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Funds</u>
Balance December 31, 2010	B	\$ 7,671.27	\$ 320,389.89
Increased by Receipts:			
Interfund Accounts Payable	B-3	31.61	25,017.48
2011 Dog License Fees	B-4	8,405.60	
Late Fees	B-4	900.00	
Duplicate License Fees	B-4	4.00	
Cat Licenses	B-4	3,130.00	
Amount Due to State Board of Health	B-5	743.40	
Reserve for Special Deposits	B-8	-	227,268.36
		<u>13,214.61</u>	<u>252,285.84</u>
		<u>20,885.88</u>	<u>572,675.73</u>
Decreased by Disbursements :			
Interfund Accounts Payable	B-3	27.25	24,944.81
Expenditures Per R.S. 4:19-15.11	B-4	25,553.68	
Amount Due to State Board of Health	B-5	741.00	
Reserve for Special Deposits	B-8	-	211,855.06
		<u>26,321.93</u>	<u>236,799.87</u>
Balance December 31, 2011	B	\$ (5,436.05)	\$ 335,875.86

BOROUGH OF MOUNTAIN LAKES

TRUST FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2010</u>	<u>Received in 2011</u>	<u>Accrued in 2011</u>	<u>Paid in 2011</u>	<u>Balance Dec. 31, 2011</u>
Animal Control Fund:					
Current Fund	\$ -	\$ -	\$ 8,315.49	\$ -	\$ 8,315.49
Other Trust Funds:					
Current Fund:					
Tax Sale Premiums			147,900.00		147,900.00
	-	-	147,900.00	-	147,900.00
	\$ -	\$ -	\$ 156,215.49	\$ -	\$ 156,215.49

Ref.

B-4,8

B

B-3

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance Dec. 31, 2010</u>	<u>Received in 2011</u>	<u>Accrued in 2011</u>	<u>Paid in 2011</u>	<u>Balance Dec. 31, 2011</u>
Animal Control Fund:					
Current Fund - Interest	\$ -	\$ 31.61	\$ -	\$ 27.25	\$ 4.36
Other Trust Funds:					
Current Fund:					
Police Outside Employment - Interest		42.24		16.46	25.78
Police Outside Employment - Admin. Fee	-	24,831.14		24,831.14	-
Developers' Escrow - Interest		63.93		41.40	22.53
Municipal Alliance - Interest		58.86		41.66	17.20
Recreation Trust - Interest	-	21.31	-	14.15	7.16
	-	25,017.48	-	24,944.81	72.67
	\$ -	\$ 25,049.09	\$ -	\$ 24,972.06	\$ 77.03

Ref.

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, 2010	B		\$ 7,671.27
Increased by :			
2011 Dog License Fees	B-1	\$ 8,405.60	
Late Fees	B-1	900.00	
Duplicate License Fees	B-1	4.00	
Cat Licenses	B-1	3,130.00	
Amount Due From Current Fund	B-2	<u>8,315.49</u>	
			<u>20,755.09</u>
			28,426.36
Decreased by :			
Expenditures Per R.S. 4:19-15.11	B-1		<u>25,553.68</u>
Balance December 31, 2011	B		<u>\$ 2,872.68</u>

Animal Control Fees Collected

<u>Year</u>	<u>Amount</u>
2009	14,617.80
2010	<u>12,870.00</u>
	<u>\$ 27,487.80</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ -
Increased by :		
Fees Collected in 2011	B-1	<u>743.40</u>
		743.40
Decreased by :		
Paid to State Board of Health	B-1	<u>741.00</u>
Balance December 31, 2011	B	<u>\$ 2.40</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, 2010</u>	<u>Received in</u> <u>2011</u>	<u>Interest</u> <u>Earnings</u>	<u>Accrued</u> <u>in 2011</u>	<u>Paid in</u> <u>in 2011</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State Unemployment Compensation Insurance	\$ 984.21	\$ 4,349.03	\$ 6.40	\$ -	\$ 2,530.92	\$ 2,808.72
Police Outside Employment	5,487.60	47,954.19			53,789.94	(348.15)
Police Forfeited Assets	12,567.16		35.42			12,602.58
Developers' Escrow	212,552.41	33,347.03			19,413.66	226,485.78
Parking Offenses Adjudication Act Fines	174.69	12.00				186.69
Municipal Alliance	21,117.34				1,236.74	19,880.60
Recreation Trust	51,304.28	140,728.54			133,960.11	58,072.71
Shade Tree Donations	3,440.51	790.00	9.77		923.69	3,316.59
COAH	12,761.69		35.98			12,797.67
Tax Sale Premiums	-	-	-	147,900.00	-	147,900.00
	<u>\$ 320,389.89</u>	<u>\$227,180.79</u>	<u>\$ 87.57</u>	<u>\$ 147,900.00</u>	<u>\$ 211,855.06</u>	<u>\$ 483,703.19</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, 2010	C		\$ 114,410.31
Increased by Receipts:			
Premium on Bond Anticipation Notes	C-1	\$ 10,061.48	
Interfund Accounts Receivable	C-8	11,225.00	
Capital Improvement Fund	C-11	30,000.00	
Interfund Accounts Payable	C-13	45,103.78	
Bond Anticipation Notes	C-17	<u>3,049,975.00</u>	
			<u>3,146,365.26</u>
			3,260,775.57
Decreased by Disbursements :			
Paid to Current Fund as Budget Revenue	C-1	80,000.00	
Expenditures without Ordinance Appropriation	C-6	1,618.56	
Interfund Accounts Payable	C-13	185,515.47	
Bond Anticipation Notes	C-17	<u>1,518,100.00</u>	
			<u>1,785,234.03</u>
Balance December 31, 2011	C		<u>\$ 1,475,541.54</u>

BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements				Balance or (Deficit) Dec. 31, 2011
	Balance or (Deficit) Dec. 31, 2010	Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	
Improvement Authorizations :								
20-00 Renovations of Police Department Facility	\$ 928.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 928.68
06-04 Various Capital Improvements	138,168.31							138,168.31
13-05 Various Capital Improvements	120,912.40							115,533.50
10-07 Various Capital Improvements	42,765.13							32,435.95
05-08 Various Capital Improvements	5,496.47							6,045.22
05-09 Fire and DPW Equipment	3,092.80							3,092.80
06-09 Various Capital Improvements:								
Fire Truck	-	213,750.00			213,750.00			-
DPW Equipment	14,003.75	42,275.00			42,275.00			12,353.75
Vehicles	1,131.38	105,592.50			105,592.50			1,131.38
Infrastructure Repair/ Maintenance	30,713.00	351,025.00			351,025.00			24,983.00
Buildings and Grounds Repair/Maintenance	-	35,007.50			35,007.50			-
Lakes Management	20,850.00	23,750.00			23,750.00			-
17-09 Fire Truck (Supplements Ord. 06-09)	(209,060.60)	213,750.00						4,689.40
07-10 Various Capital Improvements:								
Riding Lawn Mower and Generator	(8,499.00)	20,900.00						988.06
Various Vehicles	(121,520.00)	122,075.00						500.00
Infrastructure Repair/ Maintenance	(87,128.79)	308,750.00						217,487.93
Buildings and Grounds Repair/Maintenance	(5,325.40)	71,250.00						65,575.04
Dam Rehabilitation and Repair	(21,184.49)	23,750.00						1,919.40
06-11 Various Capital Improvements								
Administration Equipment		14,250.00						15,000.00
Fire Department Equipment		23,750.00						21,579.50
Police Department Equipment		33,250.00						31,193.50
DPW Equipment		12,825.00						8,799.00
Infrastructure Repair/ Maintenance		313,500.00						691,367.90
Buildings and Grounds Repair/Maintenance		82,000.00						120,804.94
Water/Sewer Utility Equipment		46,550.00						2,450.00
Lakes Management		33,250.00						1,750.00
Reserve for Encumbrances	101,879.14							101,879.14
Capital Improvement Fund	17,412.91		30,000.00					322,413.50
Capital Reserves	834.23							17,834.91
Interfund Accounts Payable	4.23							834.23
Fund Balance	80,161.16							607,742.22
Expenditures without Ordinance Appropriations				45,103.78			185,515.47	10,222.64
Federal and State Aid Receivable				10,061.48			80,000.00	12,578.56
Interfund Accounts Receivable				-	-		1,618.56	(144,958.96)
Excess Proceeds (Ord. 06-11)	(11,225.00)			11,225.00			-	(138,587.63)
		212,025.00						212,025.00
	\$ 114,410.31	\$ 3,049,975.00	\$ 30,000.00	\$ 66,390.26	\$ 1,518,100.00	\$ -	\$ 267,134.03	\$ 1,805,821.99
								\$ 1,475,541.54

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 6,821,000.00
Decreased by:		
Serial Bonds Paid:		
2011 Budget Appropriation	C-15	<u>560,000.00</u>
Balance December 31, 2011	C	<u>\$ 6,261,000.00</u>

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

Ordinance Number	Improvement Description	Balance	2011	Balance	Bond	Unexpended Balance	Excess Proceeds
		Dec. 31, 2010	Authorizations	Dec. 31, 2011	Anticipation Notes		
05-08	Various Capital Improvements						
06-09	Various Capital Improvements:	\$ 746,700.00	\$ -	\$ 746,700.00	\$ 746,700.00	\$ -	
	Fire Truck	213,750.00		213,750.00	213,750.00		
	DPW Equipment	42,275.00		42,275.00	42,275.00		
	Vehicles	105,592.50		105,592.50	105,592.50		
	Infrastructure Repair/ Maintenance	351,025.00		351,025.00	351,025.00		
	Buildings and Grounds Repair/Maintenance	35,007.50		35,007.50	35,007.50		
	Lakes Management	23,750.00		23,750.00	23,750.00		
17-09	Fire Truck (Supplements Ord. 06-09)	213,750.00		213,750.00	213,750.00		
07-10	Various Capital Improvements:						
	Riding Lawn Mower and Generator	20,900.00		20,900.00	20,900.00		
	Various Vehicles	122,075.00		122,075.00	122,075.00		
	Infrastructure Repair/ Maintenance	308,750.00		308,750.00	308,750.00		
	Buildings and Grounds Repair/Maintenance	71,250.00		71,250.00	71,250.00		
	Dam Rehabilitation and Repair	23,750.00		23,750.00	23,750.00		
06-11	Various Capital Improvements:						
	Administration Equipment		14,250.00	14,250.00	14,250.00		
	Fire Department Equipment		23,750.00	23,750.00	23,750.00		
	Police Equipment		33,250.00	33,250.00	33,250.00		
	Public Works Equipment		12,825.00	12,825.00	12,825.00		
	Infrastructure Repair/ Maintenance		313,500.00	313,500.00	525,525.00		(212,025.00)
	Buildings and Grounds Repair/Maintenance		82,000.00	82,000.00	82,000.00		
	Water/Sewer Utility Equipment		46,550.00	46,550.00	46,550.00		
	Lakes Management		33,250.00	33,250.00	33,250.00		
		\$ 2,278,575.00	\$ 559,375.00	\$ 2,837,950.00	\$ 3,049,975.00	\$ -	\$ (212,025.00)

Ref.

C

C-9

C

BOROUGH OF MOUNTAIN LAKES

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

	<u>Ref.</u>		
Increased by :			
Expenditures without Ordinance Appropriations	C-2	\$ 1,618.56	
Encumbrances without Ordinance Appropriations	C-10	<u>10,960.00</u>	
			\$ 12,578.56
Balance December 31, 2011	C		<u>\$ 12,578.56</u>

C-7

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Ref.</u>		
Increased by :			
Awarded in 2011	C-9	\$ 283,546.59	
Decreased by :			
Received in 2011	C-8	<u>138,587.63</u>	
Balance December 31, 2011	C		<u>\$ 144,958.96</u>

Analysis of Balance December 31, 2011

NJDOT Grant (Ordinance 06-11e)	\$ 61,412.37
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>\$ 144,958.96</u>

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

	<u>Balance Dec. 31, 2010</u>	<u>Accrued in 2011</u>	<u>Received in 2011</u>	<u>Balance Dec. 31, 2011</u>
Current Fund:				
2010 Budget Appropriation	\$ 11,225.00	\$ -	\$ 11,225.00	\$ -
NJDOT Grant (Ordinance 06-11e)	<u>-</u>	<u>138,587.63</u>	<u>-</u>	<u>138,587.63</u>
	<u>\$ 11,225.00</u>	<u>\$ 138,587.63</u>	<u>\$ 11,225.00</u>	<u>\$ 138,587.63</u>
Ref.	C	C-7	C-2	C

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2010			2011 Authorizations			Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Funded	Charges - Unfunded	Paid or Charged	Encumbrances	Funded	Unfunded
20-00	Renovations of Police Department Facility	9/11/00	\$ 85,000.00	\$ 928.68	\$ -	\$ -	-	\$ -	\$ -	\$ 928.68	\$ -
06-04	Various Capital Improvements	5/24/04	310,500.00	138,168.31	-	-	-	-	-	138,168.31	-
13-05	Various Capital Improvements	6/27/05	832,667.00	120,912.40	-	-	-	-	-	115,533.50	-
10-07	Various Capital Improvements	5/29/07	699,450.00	42,765.13	-	-	-	-	-	32,435.95	-
05-08	Various Capital Improvements	5/12/08	786,000.00	-	5,496.47	-	-	-	-	-	6,045.22
05-09	Fire and DPW Equipment	5/11/09	20,300.00	3,092.80	-	-	-	-	-	3,092.80	-
06-09	Various Capital Improvements:	5/11/09									
	DPW Equipment		44,500.00	-	14,003.75	-	-	-	-	-	12,353.75
	Vehicles		111,150.00	-	1,131.38	-	-	-	-	-	1,131.38
	Infrastructure Repair/ Maintenance		369,500.00	-	30,713.00	-	-	-	-	-	24,983.00
	Lakes Management		25,000.00	-	20,850.00	-	-	-	-	-	-
17-09	Fire Truck (Supplements Ord. 06-09)	10/13/09	225,000.00	-	4,689.40	-	-	-	-	-	4,689.40
07-10	Various Capital Improvements:	6/28/10									
	Riding Lawn Mower and Generator		22,000.00	-	12,401.00	-	-	-	-	-	988.06
	Various Vehicles		128,500.00	-	555.00	-	-	-	-	-	5.00
	Infrastructure Repair/ Maintenance		325,000.00	-	221,621.21	-	-	-	-	-	4,133.28
	Buildings and Grounds Repair/Maintenance		75,000.00	-	65,924.60	-	-	-	-	-	349.56
	Dam Rehabilitation and Repair		25,000.00	-	2,565.51	-	-	-	-	-	646.11
06-11	Various Capital Improvements:	9/12/11									
	Administration Equipment		15,000.00	-	-	750.00	14,250.00	-	-	-	-
	Fire Department Equipment		25,000.00	-	-	1,250.00	23,750.00	21,579.50	-	-	3,420.50
	Police Equipment		35,000.00	-	-	1,750.00	33,250.00	31,193.50	-	-	3,806.50
	Public Works Equipment		13,500.00	-	-	675.00	12,825.00	-	8,799.00	-	4,701.00
	Infrastructure Repair/ Maintenance		530,000.00	-	-	216,500.00	313,500.00	232,948.40	-	-	38,632.10
	Buildings and Grounds Repair/Maintenance		169,999.59	-	-	87,999.59	82,000.00	20,969.85	16,288.50	50,741.24	82,000.00
	Water/Sewer Utility Equipment		49,000.00	-	-	2,450.00	46,550.00	4,543.65	3,097.50	-	41,358.85
	Lakes Management		35,000.00	-	-	1,750.00	33,250.00	4,550.00	-	-	30,450.00
				\$ 305,867.32	\$ 379,951.32	\$ 313,124.59	\$ 559,375.00	\$ 646,270.54	\$ 311,453.50	\$ 340,900.48	\$ 259,693.71
Ref.				C	C		C-5	C-2	C-10	C	C
				Ref.							
Federal, State and Other Aid Receivable					C-7	283,546.59					
Capital Improvement Fund					C-11	29,578.00					
						\$ 313,124.59					

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

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 101,879.14
Increased by :		
Expenditures without Ordinance Appropriation	C-6	\$ 10,960.00
Improvement Authorization Charges	C-9	<u>311,453.50</u>
		<u>322,413.50</u>
		424,292.64
Decreased by :		
Paid in 2011	C-2	<u>101,879.14</u>
Balance December 31, 2011	C	<u>\$ 322,413.50</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 17,412.91
Increased by :		
2011 Budget Appropriation	C-2	<u>30,000.00</u>
		47,412.91
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-9	<u>29,578.00</u>
Balance December 31, 2011	C	<u>\$ 17,834.91</u>

BOROUGH OF MOUNTAIN LAKES
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Appropriated</u> <u>Purchase of</u> <u>Defibrillator</u>
Balance December 31, 2010	C	<u>\$ 834.23</u>	<u>\$ 834.23</u>
Balance December 31, 2011	C	<u>\$ 834.23</u>	<u>\$ 834.23</u>

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Received</u> <u>in 2011</u>	<u>Accrued</u> <u>in 2011</u>	<u>Paid</u> <u>in 2011</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Current Fund - Interest	\$ 4.23	\$ 923.42	\$ -	\$ 72.44	\$ 855.21
Current Fund - Bills			646,270.54	83,563.89	562,706.65
Current Fund - Encumbrances			101,879.14	101,879.14	-
Sewer Operating Fund - Bills	<u>-</u>	<u>44,180.36</u>	<u>-</u>	<u>-</u>	<u>44,180.36</u>
	<u>\$ 4.23</u>	<u>\$ 45,103.78</u>	<u>\$ 748,149.68</u>	<u>\$ 185,515.47</u>	<u>\$ 607,742.22</u>

Ref.	C	C-2	C-2	C
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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

<u>Purpose</u>	<u>Original Issue</u>		<u>Annual Maturities of</u>		<u>Interest</u>	<u>Balance</u>		<u>Paid</u>	<u>Balance</u>	
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>		<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>
General Improvements	9/1/07	\$ 2,101,000.00	9/1/12	\$ 130,000.00	5.000%	\$ 1,791,000.00	\$ 1,661,000.00	\$ 130,000.00	\$	
			9/1/13	150,000.00	5.000%					
			9/1/14	181,000.00	5.000%					
			09/01/15-16	200,000.00	5.000%					
			09/01/17-20	200,000.00	4.000%					
General Improvement Refunding	11/20/07	2,915,000.00	07/15/12	185,000.00	4.00%	2,350,000.00	2,165,000.00	185,000.00		
			7/15/13	190,000.00	4.00%					
			7/15/14	195,000.00	4.00%					
			07/15/15-16	200,000.00	4.00%					
			7/15/17	205,000.00	4.00%					
			07/15/18-20	200,000.00	4.00%					
			07/15/21-22	195,000.00	4.00%					
General Improvement Refunding	12/30/09	2,965,000.00	11/15/12	265,000.00	2.00%	2,680,000.00	2,435,000.00	245,000.00		
			11/15/13	260,000.00	3.00%					
			11/15/14	255,000.00	4.00%					
			11/15/15	255,000.00	4.00%					
			11/15/16	280,000.00	4.00%					
			11/15/17-20	280,000.00	5.00%					
						<u>\$ 6,821,000.00</u>	<u>\$ 6,261,000.00</u>	<u>\$ 560,000.00</u>	<u>\$</u>	

Ref. C 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 Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
		Date of Issue	Amount Issued	Date of Issue					
05-08	Various Capital Improvements	2/13/09	\$ 746,700.00	2/12/10 2/11/11	1.50% 1.50%	\$ 746,700.00	\$ - 746,700.00	746,700.00	\$ - 746,700.00
06-09	Various Capital Improvements	2/12/10	771,400.00	2/12/10 2/11/11	1.50% 1.50%	771,400.00	771,400.00	771,400.00	- 771,400.00
17-09	Fire Truck (Supplements Ord. 06-09)	10/14/11	213,750.00	10/14/11	1.50%		213,750.00		213,750.00
07-10	Various Capital Improvements	10/14/11	546,725.00	10/14/11	1.50%		546,725.00		546,725.00
06-11	Various Capital Improvements	10/14/11	559,375.00	10/14/11	1.50%	-	771,400.00	-	771,400.00
						<u>\$ 1,518,100.00</u>	<u>\$ 3,049,975.00</u>	<u>\$ 1,518,100.00</u>	<u>\$ 3,049,975.00</u>

Ref. C C-2 C-2 C

BOROUGH OF MOUNTAIN LAKES

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds and Notes		Balance Dec. 31, 2011
				Canceled	Issued	
17-09	Fire Truck (Supplements Ord. 06-09)	\$ 213,750.00	\$ -	\$ -	\$ 213,750.00	\$ -
07-10	Fire Truck (Supplements Ord. 06-09)					
	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	-
		\$ 760,475.00	\$ 559,375.00	\$ -	\$ 1,319,850.00	\$ -

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

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	\$ 354,291.78	\$ 649.72
Increased by Receipts:			
Miscellaneous Revenue	D-3	44,158.91	
Water Collector	D-7	598,721.72	
Interfunds Accounts Receivable	D-8	3.52	8,228.21
Interfunds Accounts Payable	D-18	655,446.94	10.94
		<u>1,298,331.09</u>	<u>8,239.15</u>
		<u>1,652,622.87</u>	<u>8,888.87</u>
Decreased by Disbursements :			
2011 Budget Appropriations	D-4	661,526.03	
Interfunds Accounts Receivable	D-8	69,010.28	-
2010 Appropriation Reserves	D-16	24,995.41	
Reserve for Encumbrances	D-17	8,276.60	
Interfunds Accounts Payable	D-18	660,937.82	3.52
		<u>1,424,746.14</u>	<u>3.52</u>
Balance December 31, 2011	D	\$ 227,876.73	\$ 8,885.35

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

	Balance or (Deficit) Dec. 31, 2010	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2011
		Budget Appropriation	Serial Bonds and Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	
Capital Improvement Fund	\$ 8,228.21							\$ 8,228.21
Interfund Accounts Receivable	(8,228.21)			8,228.21				
Interfund Accounts Payable	-			10.94			3.52	7.42
Fund Balance	649.72	-	-	-	-	-	-	649.72
	\$ 649.72	\$ -	\$ -	\$ 8,239.15	\$ -	\$ -	\$ 3.52	\$ 8,885.35

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

	<u>Ref.</u>	
Increased by Receipts:		
Consumers' Accounts Receivable	D-9	<u>\$ 598,721.72</u>
Decreased by Disbursements :		
Amount Paid to Treasurer:		
Water Operating Fund	D-5	<u>\$ 598,721.72</u>

BOROUGH OF MOUNTAIN LAKES
WATER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Paid in 2011	Accrued in 2011	Received in 2011	Balance Dec. 31, 2011
Water Operating Fund:					
Water Capital Fund - Interest	\$ -	\$ -	\$ 10.94	\$ 3.52	\$ 7.42
Sewer Operating	-	50,000.00	-	-	50,000.00
Payroll Agency	-	19,010.28	-	-	19,010.28
	-	69,010.28	10.94	3.52	69,017.70
Water Capital Fund:					
Water Operating Fund	8,228.21	-	-	8,228.21	-
	8,228.21	-	-	8,228.21	-
	<u>\$ 8,228.21</u>	<u>\$ 69,010.28</u>	<u>\$ 10.94</u>	<u>\$ 8,231.73</u>	<u>\$ 69,017.70</u>
Ref.	D	D-5	D-3	D-5	D

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF WATER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 30,545.32
Increased by :		
2011 Charges		<u>590,620.63</u>
		621,165.95
Decreased by :		
Received in 2011	D-3,7	<u>598,721.72</u>
Balance December 31, 2011	D	<u>\$ 22,444.23</u>

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 Dec. 31, 2010	Transferred from Fixed Capital Authorized and Uncompleted	2011 Additions by Budgets	Balance Dec. 31, 2011
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			188,669.52
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	8,228.21		9,200.00	17,428.21
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,715,069.39</u>	<u>\$ -</u>	<u>\$ 9,200.00</u>	<u>\$ 1,724,269.39</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 - 2010

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 18,743.39	\$ -	\$ 12,401.22	\$ 6,342.17
Other Expenses	121,247.09		11,727.58	109,519.51
Capital Improvement:				-
Capital Outlay	971.79			971.79
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	<u>870.80</u>	<u>-</u>	<u>866.61</u>	<u>4.19</u>
	<u>\$ 141,833.07</u>	<u>\$ -</u>	<u>\$ 24,995.41</u>	<u>\$ 116,837.66</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, 2010	D	\$ 8,276.60
Increased by :		
Charges to 2011 Budget Appropriations	D-4	<u>15,285.76</u>
		23,562.36
Decreased by :		
Paid in 2011	D-5	<u>8,276.60</u>
Balance December 31, 2011	D	<u>\$ 15,285.76</u>

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2010	Received in 2011	Paid in 2011	Balance Dec. 31, 2011
Water Operating Fund:				
Current Fund	\$ 79,524.92	\$ 82,262.25	\$ 79,524.92	\$ 82,262.25
Water Capital Fund	8,228.21		8,228.21	-
Sewer Operating Fund:				
Sewer User Charges	-	573,184.69	573,184.69	-
	<u>87,753.13</u>	<u>655,446.94</u>	<u>660,937.82</u>	<u>82,262.25</u>
Water Capital Fund:				
Water Operating Fund:				
Interest on Investments	-	10.94	3.52	7.42
	<u>-</u>	<u>10.94</u>	<u>3.52</u>	<u>7.42</u>
	<u>\$ 87,753.13</u>	<u>\$ 655,457.88</u>	<u>\$ 660,941.34</u>	<u>\$ 82,269.67</u>

Ref.

D

D-5

D-5

D

BOROUGH OF MOUNTAIN LAKES

D-19

WATER UTILITY FUND
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 4,571.89</u>
Balance December 31, 2011	D	<u>\$ 4,571.89</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS

D-20

NOT APPLICABLE

D-21

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

NOT APPLICABLE

D-22

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

D-25

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

	<u>Ref.</u>	
Balance December 31, 2010	D	<u>\$ 8,228.21</u>
Balance December 31, 2011	D	<u><u>\$ 8,228.21</u></u>

D-26

SCHEDULE OF CAPITAL RESERVES

NOT APPLICABLE

D-27

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

	Ref.	
Balance December 31, 2010	D	\$ 1,715,069.39
Increased by :		
Addition to Fixed Capital	D-12	<u>9,200.00</u>
Balance December 31, 2011	D	<u>\$ 1,724,269.39</u>

D-28

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
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	E	<u>\$ 234,859.04</u>	<u>\$ 5,554.00</u>
Increased by Receipts:			
Miscellaneous Revenue	E-3	39,925.87	
Interfunds Accounts Receivable	E-8	573,200.84	19,050.00
Interfunds Accounts Payable	E-18	<u>264,563.25</u>	<u>36.73</u>
		<u>877,689.96</u>	<u>19,086.73</u>
		<u>1,112,549.00</u>	<u>24,640.73</u>
Decreased by Disbursements :			
2011 Budget Appropriations	E-1	637,686.45	
Interfunds Accounts Receivable	E-8	63,230.36	-
2010 Appropriation Reserves	E-16	24,882.63	
Reserve for Encumbrances	E-17	233.82	
Interfunds Accounts Payable	E-18	<u>136,892.43</u>	<u>16.15</u>
		<u>862,925.69</u>	<u>16.15</u>
Balance December 31, 2011	E	<u>\$ 249,623.31</u>	<u>\$ 24,624.58</u>

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

	Balance or (Deficit) Dec. 31, 2010	Receipts		Disbursements		Transfers		Balance or (Deficit) Dec. 31, 2011
		Miscellaneous		Miscellaneous		To	From	
Improvement Authorizations:								
Ord.								
No.								
11-05 Various Improvements	\$ 5,554.00	\$ -	\$ -	\$ -	\$ -	-	-	\$ 5,554.00
Capital Improvement Fund	19,050.00							19,050.00
Interfund Accounts Payable		36.73		16.15				20.58
Interfund Accounts Receivable	(19,050.00)	19,050.00		-		-	-	-
	\$ 5,554.00	\$ 19,086.73	\$ 16.15	\$ -	\$ -	-	-	\$ 24,624.58

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

NOT APPLICABLE

	Balance Dec. 31, 2010	Paid in 2011	Accrued in 2011	Received in 2011	Balance Dec. 31, 2011
Sewer Operating Fund:					
Current Fund	\$ -	\$ 19,050.00	\$ -	\$ -	\$ 19,050.00
General Capital Fund	-	44,180.36			44,180.36
Water Operating Fund - Interest on Delinquencies	-		17,915.85	17,915.85	-
Water Operating Fund - Consumers' Accounts Receivable	-	-	555,268.84	555,268.84	-
Sewer Capital Fund	-	-	36.73	16.15	20.58
	-	63,230.36	573,221.42	573,200.84	63,250.94
Sewer Capital Fund:					
Current Fund	19,050.00	-	-	19,050.00	-
	\$ -	\$ 63,230.36	\$ 573,221.42	\$ 592,250.84	\$ 63,250.94

Ref.

E

E-5

E-3,9,3

E-5

E

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF SEWER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Billings</u> <u>in 2011</u>	<u>Collections</u> <u>2011</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
2011	\$ 30,598.49	\$ 545,882.45	\$ 555,268.84	\$ 21,212.10
	<u>\$ 30,598.49</u>	<u>\$ 545,882.45</u>	<u>\$ 555,268.84</u>	<u>\$ 21,212.10</u>
Ref.	E		E-3,8	E

E-10

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

NOT APPLICABLE

E-11

SCHEDULE OF DEFERRED CHARGES-BUDGET OVEREXPENDITURES

	<u>Ref.</u>	
Increased by:		
Budget Overexpenditures	E-4	<u>\$ 3,026.36</u>
Balance December 31, 2011	E	<u>\$ 3,026.36</u>

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL

	Balance <u>Dec. 31, 2010</u>	2011 Additions by <u>Ordinance</u>	Balance <u>Dec. 31, 2011</u>
General Equipment	\$ 64,471.40	\$ -	\$ 64,471.40
Vehicles	27,000.00		27,000.00
Sewer Jet	37,898.40	30,378.40	68,276.80
Sewer Camera	<u>8,211.60</u>	<u>-</u>	<u>8,211.60</u>
	<u>\$ 137,581.40</u>	<u>\$ 30,378.40</u>	<u>\$ 167,959.80</u>

Ref.

E

E-27

E

E-14

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND

SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS RECEIVABLE

NOT APPLICABLE

E-15

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 13,034.06	\$ -	\$ 13,034.06	\$ -
Other Expenses	11,144.58		11,144.58	-
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	<u>703.99</u>	<u>-</u>	<u>703.99</u>	<u>-</u>
	<u>\$ 24,882.63</u>	<u>\$ -</u>	<u>\$ 24,882.63</u>	<u>\$ -</u>
Ref.	E		E-5	

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

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 784.02
Increased by :		
Charges to 2011 Budget Appropriations	E-4	<u>7,341.82</u>
		8,125.84
Decreased by :		
Lapsed in 2011	E-1	\$ 550.20
Paid in 2011	E-5	<u>233.82</u>
		<u>784.02</u>
Balance December 31, 2011	E	<u>\$ 7,341.82</u>

BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2010	Received in 2011	Paid in 2011	Balance Dec. 31, 2011	Ref.
Sewer Operating Fund:					
Current Fund	\$ 115,828.93	\$ 205,624.59	\$ 115,828.93	\$ 205,624.59	
Payroll Agency	12,124.84	8,938.66	21,063.50	-	
Water Operating Fund	-	50,000.00	-	50,000.00	
Total Sewer Operating Fund	<u>127,953.77</u>	<u>264,563.25</u>	<u>136,892.43</u>	<u>255,624.59</u>	
Sewer Capital Fund:					
Sewer Operating Fund	-	36.73	16.15	20.58	
Total Sewer Capital Fund	<u>-</u>	<u>36.73</u>	<u>16.15</u>	<u>20.58</u>	
	<u>\$ 127,953.77</u>	<u>\$ 264,599.98</u>	<u>\$ 136,908.58</u>	<u>\$ 255,645.17</u>	E E-5 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

Ord. No.	Improvement Description	Date	Amount	Balance Dec. 31, 2010		Balance Dec. 31, 2011	
				Funded	Unfunded	Funded	Unfunded
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	

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, 2010	E	<u>\$ 19,050.00</u>
Balance December 31, 2011	E	<u>\$ 19,050.00</u>

SCHEDULE OF CAPITAL RESERVES
NOT APPLICABLE

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

	Ref.	
Balance December 31, 2010	E	\$ 137,581.40
Increased by :		
Capital Outlay:		
Sewer Utility Operating Budget	E-12	<u>30,378.40</u>
Balance December 31, 2011	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, 2010</u>	<u>Balance Dec. 31, 2011</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

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, 2011 and December 31, 2010, and have issued our report thereon dated June 29, 2012. In our report our opinion was qualified because the Borough of Mountain Lakes prepares its financial statements on a comprehensive 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

In planning and performing our audit, we considered the Borough of Mountain Lakes' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of 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.

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Email: tmvrabeldvc@optonline.net

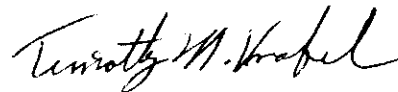
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2010-1 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

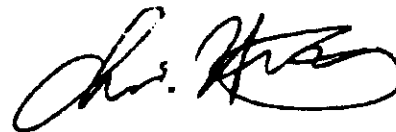
As part of obtaining reasonable assurance about whether the Borough of Mountain Lakes' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 on noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Borough of Mountain Lakes response to the finding identified in our audit is described in the accompanying schedule of findings and responses or questioned costs. We did not audit the Borough of Mountain Lakes response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Borough of Mountain Lakes, Division of Local Government Services, Department of Community Affairs, State of New Jersey and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Timothy M. Vrabel
Registered Municipal Accountant
License No. CR000339



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

June 29, 2012

BOROUGH OF MOUNTAIN LAKES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Funding Department	Federal Grant (Award Number)	CFDA No.	Federal Program	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2011	Amount of Expenditures		Unexpended Balance Dec. 31, 2011
					From	To	Prior Year	Current Year		Prior Year	Current Year (1)	
Justice	Bulletproof Vest Program			\$ 2,988.93	2004		\$ 2,988.93	\$ -	\$ -	\$ 1,934.93	\$ -	\$ 1,054.00
							\$ 2,988.93	\$ -	\$ -	\$ 1,934.93	\$ -	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, 2011

State Program	State Account Number	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2011	Amount of Expenditures		Unexpended Balance Dec. 31, 2011
			From	To	Prior Years	Current Year		Prior Years	Current Year (1)	
Department of Transportation: N.J. Transportation Trust Fund: Ordinance No. 06-11a		\$ 200,000.00			\$ -	\$ 138,587.63	\$ 61,412.37	\$ -	\$ 138,587.63	\$ 61,412.37
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		17,258.35	46,288.24
Recycling Tonnage Grant	4900-752-178810-60	11,523.21			11,523.21		-			11,523.21
Drunk Driving Enforcement Fund	1110-448-031020-60	5,974.60			5,974.60		-			5,974.60
Clean Communities Grant	4900-765-178810-60	19,237.20			11,128.93	8,108.27	-		2,720.97	16,516.23
Alcohol Education and Rehabilitation Fund		3,310.16			2,662.94	647.22	-			3,310.16
Municipal Alliance on Alcoholism and Drug Abuse	9735-760-060000-60	20,250.00			6,020.08		14,229.92			20,250.00
Body Armor Replacement Fund		3,736.09			3,736.09		-			3,736.09
Click It or Ticket		3,858.00			3,858.00		-			3,858.00
Green Communities Grant		3,000.00				5,500.00	3,000.00	5,500.00		3,000.00
BSF Forestry Grant		7,000.00					1,500.00			1,500.00
FEMA - Assistance to Firefighters Grant		215,055.00			215,055.00		-	214,882.96		172.04
Morris County - Assistance to Firefighters Grant		23,873.76				23,873.76	-	23,854.64		19.12
Highlands Plan Conformance 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	2008	26,508.00			24,858.24		1,649.76	24,858.24		1,649.76
Recreation Trails Program	2002	25,000.00			25,000.00		-	24,804.28		395.72
OEM Grant	2004	2,405.72			2,405.72		-	-		2,405.72
					322,443.45	176,716.88	209,118.00	341,754.06	178,566.95	187,957.32

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

BOROUGH OF MOUNTAIN LAKES

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2011

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, 2011

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) 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, 2011
(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 2011-1

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, 2011

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 2010-1

Condition

Segregation of duties deficiency.

Current Status

See Finding 2011-1

BOROUGH OF MOUNTAIN LAKES

PART II

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2011**

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, and Special Counsel for PBA Negotiation.

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

Tree Stump Removals and Tree Pruning.

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: Snow Removal Salt, Energy Upgrades.

The Borough entered into a cooperative purchasing program with the County of Morris Pricing Council.

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 charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 3, 2011, 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.

DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2011 include taxes for only 2011.

The last tax sale was held on December 6, 2011 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>
2011	0
2010	0
2009	1
2008	0
2007	0
2006	0
2005	0
2004	0
2003	0
2002	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 2012 Taxes	25
Payments of 2011 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, 2011, 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. However, there were numerous overexpenditures of the 2011 Budget and Capital Ordinances.

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 directives one and two.

CHIEF FINANCIAL OFFICER, TAX COLLECTOR, UTILITIES COLLECTOR

There were numerous tax and utilities deposits that were made more than 48 hours from time of receipt in violation of N.J.S.A. 40A: 5-15

The reconciliation of the bank balances to the book balances for many of the funds were neither properly prepared nor on a timely basis.

The general ledger accounting and record system was not properly maintained, particularly, the current and prior year taxes receivable not being recorded and the inaccurate recording of numerous interfund transactions.

RECOMMENDATIONS

That all monies be deposited within 48 hours of receipt as prescribed by N.J.S.A. 40A: 5-15.

That accurate bank reconciliations be prepared on a timely basis for all funds.

That the Chief Financial Officer comply with Technical Accounting Directive N.J.A.C. 5:30-5.7. and maintain a proper general ledger for all funds on a timely basis.

That all interfund transactions be liquated on a timely basis.

That all expenditures and encumbrances be made only when sufficient Budget and/or Ordinance appropriations are available.

STATUS OF PROPR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS:

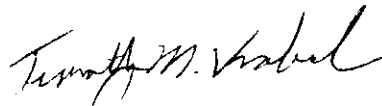
In accordance with Government Auditing Standards, a review was performed on the prior years recommendations and corrective action was not taken on the repeat recommendations above.

* * * * *

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 29, 2012