

**BOROUGH OF MOUNTAIN LAKES**

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**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

# BOROUGH OF MOUNTAIN LAKES

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## **INDEPENDENT AUDITOR'S REPORT**

# *T. M. Vrabel & Associates, LLC*

## *Accountants and Auditors*

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*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, 2012 and December 31, 2011, 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, 2012. 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 1, 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, 2012 and December 31, 2011, or the results of its operations for the years then ended.

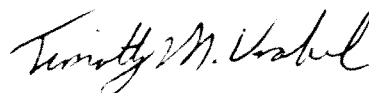
*350 Main Road, Suite 104*  
*Montville, NJ 07045*  
*973-953-7769 Fax: 973-625-8733*  
*Email: tmvrabel@vc@optonline.net*



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, 2012 and December 31, 2011, 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, 2012, on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2013 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

April 10, 2013

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>2012</u>	<u>2011</u>
General Fund:			
Cash - Treasurer	A-4	\$ 1,563,000.08	\$ 906,552.27
Change Fund	A-6	200.00	200.00
Petty Cash Fund	A-7	250.00	250.00
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-8	<u>520.26</u>	<u>1,020.26</u>
		<u>1,563,970.34</u>	<u>908,022.53</u>
Receivables and other Assets With Full Reserves :			
Delinquent Property Taxes	A-9	388,128.34	254,762.43
Property Acquired for Taxes - Assessed Valuation	A-11	169,885.09	169,885.09
Interfunds Accounts Receivable	A-13	<u>8,002.00</u>	<u>854,100.37</u>
		<u>566,015.43</u>	<u>1,278,747.89</u>
Deferred Charges :			
Emergency Authorization	A-15	-	235,000.00
Special Emergency Authorization	A-15	500,000.00	-
Overexpenditure of Budget Appropriations	A-15	-	67,653.03
Expenditure without Appropriation	A-15	<u>-</u>	<u>47,478.03</u>
		<u>500,000.00</u>	<u>350,131.06</u>
		<u>2,629,985.77</u>	<u>2,536,901.48</u>
Federal and State Grants Fund :			
Amount Due From Current Fund	A-26	3,743.75	
Federal and State Aid Receivable	A-27	<u>84,008.72</u>	<u>84,159.04</u>
		<u>87,752.47</u>	<u>84,159.04</u>
		<u>\$ 2,717,738.24</u>	<u>\$ 2,621,060.52</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>2012</u>	<u>2011</u>
Liabilities :			
Appropriation Reserves	A-3,16	\$ 389,988.19	\$ 104,274.92
Reserve for Encumbrances	A-17	60,615.10	109,946.16
Interfunds Accounts Payable	A-18	132,860.31	313,853.12
Prepaid Taxes	A-19	119,667.20	140,232.93
Tax Overpayments	A-20	89,195.26	30,464.63
Reserve for Tax Appeals Pending	A-21	-	16,122.83
Reserve for Funds - Appropriated	A-22	364,470.00	-
Reserve for Funds - Unappropriated	A-23	1,044.71	1,044.71
Other	A-24	1,533.00	1,678.00
County Taxes Payable	A-25	6,510.38	-
		<u>1,165,884.15</u>	<u>717,617.30</u>
Reserve for Receivables and Other Assets		566,015.43	1,278,747.89
Fund Balance	A-1	898,086.19	540,536.29
		<u>2,629,985.77</u>	<u>2,536,901.48</u>
Federal and State Grants Fund :			
Amount Due To Current Fund	A-26		2,574.64
Appropriated Reserves	A-28	84,506.42	72,828.91
Unappropriated Reserves	A-29	3,246.05	8,755.49
		<u>87,752.47</u>	<u>84,159.04</u>
		<u>\$ 2,717,738.24</u>	<u>\$ 2,621,060.52</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 2012</u>	<u>Year 2011</u>
Fund Balance Utilized			
Miscellaneous Revenue Anticipated	A-2	\$ 189,384.97	\$ 1,003,800.00
Receipts from Delinquent Taxes	A-2	2,321,464.87	1,517,067.40
Receipts from Current Taxes	A-2	254,762.43	261,287.99
Non - Budget Revenue	A-2	27,258,948.66	27,141,568.38
Other Credits to Income :	A-2	117,795.63	172,605.68
Return of Interfund Advances			
Unexpended Balance of Appropriation	A-13	2,574.64	
Reserves Lapsed			
Total Income	A-16	<u>49,077.91</u>	<u>126,062.14</u>
		<u>30,194,009.11</u>	<u>30,222,391.59</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	2,507,727.00	2,499,043.52
Other Expenses	A-3	2,575,924.46	2,129,614.31
Deferred Charges and Statutory			
Expenditures	A-3	633,483.92	551,501.25
Appropriations Excluded from "CAP"			
Operations:			
Other Expenses	A-3	429,280.25	442,885.34
Capital Improvements	A-3	35,000.00	30,000.00
Debt Service	A-3	1,116,558.51	865,208.24
Deferred Charges - Municipal	A-3	235,000.00	

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

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

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Refund of Prior Year Revenue	A-4	\$ 60,000.56	\$ 1,160.37
Interfund Advance	A-13	7,726.29	853,168.13
Local School District Tax	A-25	19,397,814.00	19,398,097.00
County Taxes	A-25	2,948,685.09	2,970,412.59
County Open Space Preservation	A-25	193,363.78	238,768.14
County Share of Added and Omitted Taxes	A-25	6,510.38	5,172.61
Total Expenditures		<u>30,147,074.24</u>	<u>29,985,031.50</u>
Excess in Revenue		46,934.87	237,360.09
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which by			
Statute are Deferred Charges to Budgets of			
Succeeding Year		<u>500,000.00</u>	<u>302,653.03</u>
Fund Balance January 1	A	<u>546,934.87</u>	<u>540,013.12</u>
Decreased by :		<u>540,536.29</u>	<u>1,004,323.17</u>
Utilized as Anticipated Revenue		1,087,471.16	1,544,336.29
Fund Balance December 31	A-1	<u>189,384.97</u>	<u>1,003,800.00</u>
	A	<u>\$ 898,086.19</u>	<u>\$ 540,536.29</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.4-67	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 189,384.97	\$ -	\$ 189,384.97	\$ -
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-12	10,372.00		10,424.00	52.00
Other	A-12	2,000.00		2,448.00	448.00
Fees and Permits :					
Construction Code Official					
Other	A-12	130,000.00		139,607.00	9,607.00
Municipal Court - Fines and Costs	A-2	22,000.00		20,494.49	(1,505.51)
Interest and Costs on Taxes	A-12	51,000.00		33,240.02	(17,759.98)
Interest on Investments	A-12	65,000.00		65,789.05	789.05
Solid Waste Fees - Trash Bags	A-2	4,000.00		7,318.80	3,318.80
Solid Waste Fees - Board of Education	A-12	200,000.00		180,242.50	(19,757.50)
Recreation Fees and Income	A-12	52,970.00		56,196.43	3,226.43
Field Lease - Board of Education	A-12	55,000.00		59,393.83	4,393.83
Energy Receipts Tax	A-12	45,000.00		45,000.00	-
General Capital Fund Balance	A-12	417,293.00		417,293.00	-
Rent from Railroad Station	A-12	186,000.00		186,000.00	-
Cell Tower Lease - Omnipoint/Voicestream	A-12	23,400.00		26,028.12	2,628.12
Cell Tower Lease - Sprint	A-12	49,900.00		51,422.73	1,522.73
Reserve for Animal Control Expenses	A-12	18,600.00		24,195.19	5,595.19
FEMA Reimbursements	A-12	5,000.00		-	(5,000.00)
Developer's COAH Fee	A-12	290,000.00		69,845.15	(220,154.85)
Interfunds Accounts Receivable:					
General Capital Fund	A-12	52,001.00		52,001.00	-
Water Operating Fund	A-13	562,706.65		562,706.65	-
Sewer Operating Fund	A-13	82,262.25		82,262.25	-
Public and Private Revenues Off-Set with Appropriations:					
Recycling Tonnage Grant	A-18	205,624.59		205,624.59	-
Clean Communities Grant	A-18		8,176.58	8,176.58	-
Alcohol Education and Rehabilitation Fund	A-18	8,108.27		8,108.27	-
Click It or Ticket	A-18	647.22		647.22	-
Community Forestry Grant	A-18	4,000.00		4,000.00	-
Total Miscellaneous Revenues	A-18	3,000.00		3,000.00	-
Receipts from Delinquent Taxes	A-1	2,542,884.98		2,321,464.87	(232,596.69)
Amount to be raised by Taxes for Support of Municipal Budget :	A-1.2	254,000.00		254,762.43	762.43
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes					
Budget Totals					
Non-Budget Revenues	A-2	5,259,869.00		5,936,475.31	676,606.31
	A-1.2	8,246,138.95	11,176.58	8,702,087.58	444,772.05
				117,795.63	117,795.63
	Ref.	\$ 8,246,138.95	\$ 11,176.58	\$ 8,819,883.21	\$ 562,567.68
		A-3	A-3		

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

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>	
Allocation of Current Tax Collections :		
2012 Taxes Collected in 2011	A-9	\$ 140,232.93
2012 Taxes Collected in 2012	A-9	27,090,857.17
State's Share of Senior Citizens' and Veterans' Deductions	A-9	17,250.00
Tax Overpayments Applied	A-9	<u>10,608.56</u>
Allocated to School and County Taxes	A-1	27,258,948.66
	A-25	<u>22,546,373.25</u>
Add : Reserve for Uncollected Taxes		4,712,575.41
	A-3	<u>1,223,899.90</u>
Amount for Support of Municipal Budget	A-2	<u>\$ 5,936,475.31</u>
Receipts from Delinquent Taxes :		
Prior Year Taxes Collected	A-9	\$ 254,762.43
Tax Title Lien Collected	A-10	<u>-</u>
	A-2	<u>\$ 254,762.43</u>
Fees and Permits - Other :		
Clerk - Fees and Permits	A-12	\$ 4,844.00
Planning Board - Fees and Permits	A-12	1,221.96
Board of Adjustment - Fees and Permits	A-12	5,733.91
Tax Assessor - Fees	A-12	280.00
Police - Fees	A-12	2,176.97
Parking Permit Fees	A-12	1,225.00
Smoke Detector Inspection Fees	A-12	3,800.00
Tree Removal Permit	A-12	750.00
Soil Fees and Permits	A-12	<u>462.65</u>
	A-2	<u>\$ 20,494.49</u>
Interest on Investments:		
Revenue Accounts Receivable	A-12	4,757.47
Interfund Accounts Receivable	A-13	<u>2,561.33</u>
	A-2	<u>\$ 7,318.80</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	13,986.83
Miscellaneous Revenue- Treasurer		
2% Administrative Fee-Senior Citizens/Veterans' Deductions	\$	355.00
Cable TV Franchise Fees		16,129.00
Uniform Fire Safety Act LEA Rebates		7,692.10
DMV Inspection Fees		45.00
Public Works Clothing Bin		863.60
Auction		1,694.60
LOSAP		9,522.70
Reimbursements		46,815.87
Miscellaneous		<u>20,690.93</u>
	A-4	<u>103,808.80</u>
	A-2	<u>\$ 117,795.63</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.	Appropriations		Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
		Budget	Budget After Modification				
OPERATIONS WITHIN "CAP"							
GENERAL GOVERNMENT :							
General Administration							
Salaries and Wages		\$ 114,520.00	\$ 114,520.00	\$ 114,166.95	\$ 353.05	\$ -	
Other Expenses		26,800.00	26,800.00	24,990.42	1,809.58		
Mayor and Council							
Other Expenses		3,600.00	3,600.00	2,381.76	1,218.24		
Borough Clerk							
Salaries and Wages		52,776.00	38,676.00	22,825.92	15,850.08		
Other Expenses		16,800.00	16,800.00	9,826.74	6,973.26		
Financial Administration							
Salaries and Wages		99,000.00	99,000.00	64,239.93	34,760.07		
Other Expenses		22,975.00	22,975.00	17,461.56	5,513.44		
Audit Services							
Other Expenses		21,200.00	21,200.00	20,700.00	500.00		
Computer Information Technology							
Other Expenses		20,000.00	21,000.00	19,351.75	1,648.25		
Collection of Taxes							
Salaries and Wages		37,140.00	37,140.00	11,175.12	25,964.88		
Other Expenses		2,770.00	2,770.00	1,239.56	1,530.44		
Assessment of Taxes							
Salaries and Wages		20,430.00	20,430.00	20,427.00	3.00		
Other Expenses		1,000.00	1,000.00	949.95	50.05		
Legal Services and Costs							
Other Expenses		134,000.00	134,000.00	69,844.95	64,155.05		
Engineering Services and Costs							
Other Expenses		13,000.00	13,000.00	11,585.74	1,414.26		
Historical Preservation Commission							
Other Expenses		1,000.00	1,000.00		1,000.00		
Municipal Land Use Law (N.J.S.A. 40:55D-1)							
Planning Board							
Salaries and Wages		7,200.00	7,200.00	7,191.51	8.49		
Other Expenses		9,850.00	9,850.00	7,413.20	2,436.80		
Zoning Costs							
Salaries and Wages		26,891.00	26,891.00	22,978.66	3,912.34		
Other Expenses		12,750.00	12,750.00	12,684.71	65.29		

## 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
<u>OPERATIONS WITHIN "CAP" (CONTINUED)</u>							
<u>INSURANCE:</u>							
General Liability							
Worker's Compensation Insurance		\$ 64,121.67	\$ 64,121.67	\$ 63,973.56	\$ 148.11	\$ -	
Group Insurance - Hospital and Medical		70,321.92	70,321.92	60,711.54	9,610.38		
Unemployment Compensation Insurance		353,858.00	353,858.00	326,026.05	27,831.95		
<u>PUBLIC SAFETY:</u>							
Police		3,000.00	3,000.00	3,000.00			
Salaries and Wages							
Salaries and Wages (Added by N.J.S.A. 40A: 4-54)		1,571,350.00	1,581,350.00	1,580,889.26	460.74		
Other Expenses			91,500.00	91,500.00			
Aid to Volunteer Ambulance Companies		92,700.00	92,700.00	85,504.67	7,195.33		
Other Expenses							
Fire Department		15,000.00	15,000.00	15,000.00			
Salaries and Wages							
Salaries and Wages		18,782.00	21,882.00	21,851.49	30.51		
Other Expenses		29,000.00	29,000.00	25,778.57	3,221.43		
<u>PUBLIC WORKS FUNCTIONS:</u>							
Road Repairs and Maintenance							
Salaries and Wages							
Other Expenses		256,100.00	256,100.00	251,326.71	4,773.29		
Shade Tree Commission		124,150.00	124,150.00	116,284.43	7,865.57		
Other Expenses							
Solid Waste Collection		43,450.00	43,450.00	40,852.49	2,597.51		
Salaries and Wages							
Other Expenses		76,500.00	76,500.00	46,452.32	30,047.68		
Other Expenses (Added by N.J.S.A. 40A:4-54)		548,100.00	548,100.00	539,437.05	8,662.95		
Public Buildings and Grounds			380,500.00	380,500.00			
Other Expenses							
Vehicle Maintenance		16,400.00	16,400.00	16,091.79	308.21		
Other Expenses		40,200.00	40,200.00	28,946.12	11,253.88		

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

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
OPERATIONS WITHIN "CAP" (CONTINUED)							
RECREATION AND EDUCATION							
HEALTH AND WELFARE							
Board of Health							
Salaries and Wages		\$ 3,500.00	\$ 3,500.00	\$ 2,833.18	\$ 666.82	\$ -	
Other Expenses		35,500.00	35,500.00	35,013.26	486.74		
Environmental Commission							
Other Expenses		4,800.00	4,800.00	2,030.36	2,769.64		
Woodlands Committee							
Other Expenses		1,000.00	1,000.00	171.65	828.35		
Contribution to Senior Citizens							
Other Expenses		3,000.00	3,000.00	1,000.00	2,000.00		
Recreation Services and Programs							
Salaries and Wages		115,000.00	115,000.00	106,329.53	8,670.47		
Other Expenses		21,720.00	21,720.00	20,185.24	1,534.76		
Maintenance of Parks							
Salaries and Wages		90,000.00	90,000.00	69,185.10	20,814.90		
Other Expenses							
OTHER COMMON OPERATING FUNCTIONS							
Prior Years Bills							
Murphy Hubner McKeon, P.C.							
Jason Dimick		1,388.52	1,388.52	1,388.52	-		
Seneca Tree Service, Inc.		574.50	574.50	574.50	-		
N.J. State Association of Chiefs of Police		350.00	350.00	350.00	-		
MGL Printing Solutions		905.42	905.42	905.42	-		
Dan Como & Sons, Inc.		84.00	84.00	84.00	-		
Murray Robertson		3,920.00	3,920.00	3,920.00	-		
Waste Zero		900.00	900.00	900.00	-		
John Johnson Dodge		4,413.76	4,413.76	4,413.76	-		
Lakeland Auto Parts		389.24	389.24	389.24	-		
Rowe and Company, Inc.		115.87	115.87	115.87	-		
Accumulated Leave Compensation		266.56	266.56	-	266.56		
Salaries and Wages							
Celebration of Public Events							
Salaries and Wages		10,222.00	10,222.00	-	10,222.00		
Other Expenses							
UTILITY EXPENSES AND BULK PURCHASES							
Electricity		500.00	500.00	56.34	443.66		
Street Lighting							
Telephone		44,500.00	44,500.00	44,011.24	488.76		
Natural Gas		55,000.00	55,000.00	54,949.94	50.06		
Diesel Fuel, Fuel Oil		27,100.00	27,100.00	26,757.25	342.75		
Diesel Fuel, Fuel Oil (Added by N.J.S.A. 40A:4-54)		24,800.00	24,800.00	13,933.86	10,866.14		
CODE ENFORCEMENT AND ADMINISTRATION		65,000.00	65,000.00	48,662.15	16,337.85		
State Uniform Construction Code				28,000.00	-		
Construction Official							
Salaries and Wages		99,316.00	99,316.00	91,731.88	7,584.12		
Other Expenses		2,650.00	2,650.00	2,121.74	528.26		
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"		4,583,651.46	5,083,651.46	4,715,575.51	368,075.95		
DETAIL							
Salaries and Wages	A-1	2,508,727.00	2,507,727.00	2,364,419.46	143,307.54		
Other Expenses	A-1	2,074,924.46	2,575,924.46	2,351,156.05	224,768.41		
		4,583,651.46	5,083,651.46	4,715,575.51	368,075.95		

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		Expended		Unexpended
		Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"						
DEFERRED CHARGES :						
Budget Overexpenditures						
Expenditures without Budget Appropriation		\$ 67,653.03	\$ 67,653.03	\$ 67,653.03	\$ -	\$ -
Expenditures without Ordinance Appropriation		47,478.03	47,478.03	47,478.03	-	-
		12,578.56	12,578.56	12,578.56	-	-
		127,709.62	127,709.62	127,709.62	-	-
STATUTORY EXPENDITURES :						
Contribution to:						
Public Employees' Retirement System		93,092.30	93,092.30	93,092.30	-	-
Social Security System (O.A.S.I.)		100,000.00	100,000.00	94,083.48	5,916.52	-
Police and Firemen's Retirement System of N.J.		312,682.00	312,682.00	312,682.00	-	-
		505,774.30	505,774.30	499,857.78	5,916.52	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"	A-1	633,483.92	633,483.92	627,567.40	5,916.52	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"		5,217,135.38	5,717,135.38	5,343,142.91	373,992.47	-
OPERATIONS EXCLUDED FROM "CAP"						
Length of Service Awards Program (N.J.S.A. 40A:4-453j)		15,000.00	15,000.00	-	15,000.00	-
Maintenance of Library						
Other Expenses (N.J.S.A. 40A:54-35)						
Recycling Tax		228,106.00	228,106.00	228,106.00	-	-
County of Morris Dispatch Service		4,775.00	4,775.00	3,779.28	995.72	-
Other Expenses						
Denville Township Court Services		101,067.18	101,067.18	101,067.18	-	-
Other Expenses						
Public and Private Programs Offset by Revenues		56,400.00	56,400.00	56,400.00	-	-
Recycling Tonnage Grant (Added by N.J.S.A. 40A:4-87 +\$8,176.58)						
Clean Communities Program						
Alcohol Education and Rehabilitation Fund		8,176.58	8,176.58	8,176.58	-	-
Body Armor Replacement Fund		8,108.27	8,108.27	8,108.27	-	-
Click It or Ticket Grant		647.22	647.22	647.22	-	-
Morris County Historic Preservation Trust Fund - Historic Preservation Grant		4,000.00	4,000.00	4,000.00	-	-
State Forestry Services Community Forestry Grant (Added by N.J.S.A. 40A:4-87 + \$3,000.00)						
TOTAL OPERATIONS EXCLUDED FROM "CAP"		418,103.67	429,280.25	3,000.00	-	-
DETAIL :						
Salaries and Wages	A-1	418,103.67	429,280.25	413,284.53	15,995.72	-
Other Expenses	A-1	418,103.67	429,280.25	413,284.53	15,995.72	-

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	Expended Paid or Charged	Reserved	Unexpended Balance Canceled
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"</u>						
Capital Improvement Fund						
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"	A-1	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ -	\$ -
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"</u>						
Payment of Bond Principal						
Interest on Bond Anticipation Notes		580,000.00	580,000.00	580,000.00		
Interest on Bonds		226,000.00	226,000.00	226,000.00		
Interest on Notes		265,000.00	265,000.00	265,000.00		
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"	A-1	46,000.00	46,000.00	45,558.51		441.49
		1,117,000.00	1,117,000.00	1,116,558.51		441.49
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"</u>						
DEFERRED CHARGES:						
Emergency Authorizations		235,000.00	235,000.00	235,000.00		
TOTAL DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAP"	A-1	235,000.00	235,000.00	235,000.00		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"						
		1,805,103.67	1,816,280.25	1,799,843.04	15,995.72	441.49
SUBTOTAL GENERAL APPROPRIATIONS		7,022,239.05	7,533,415.63	7,142,985.95	389,988.19	441.49
RESERVE FOR UNCOLLECTED TAXES		1,223,899.90	1,223,899.90	1,223,899.90		
TOTAL GENERAL APPROPRIATIONS		\$ 8,246,138.95	\$ 8,757,315.53	\$ 8,366,885.85	\$ 389,988.19	\$ 441.49
Ref.						
Adopted Budget	A-2		\$ 8,246,138.95			
Added by N.J.S.A. 40A:4-87	A-2		11,176.58			
Added by N.J.S.A. 40A:4-54	A-15		500,000.00			
			8,757,315.53			
Cash Disbursed	A-4			6,343,837.72		
Deferred Charges	A-15			350,131.06		
Reserve for Encumbrances	A-17			60,615.10		
Amount Due to Federal and State Grants Fund	A-18			23,932.07		
Appropriated Reserve	A-22			364,470.00		
Reserve for Uncollected Taxes	A-2			1,223,899.90		
				\$ 8,366,885.85		
				\$ 8,366,885.85		

A

SECTION B  
TRUST FUND

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

		<u>December 31,</u>	
<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal Control Fund :			
Cash - Treasurer	B-1	\$ 3,435.42	\$ (5,436.05)
Interfunds Accounts Receivable	B-2	-	8,315.49
		<u>3,435.42</u>	<u>2,879.44</u>
Other Funds :			
Cash - Treasurer	B-1	517,989.31	335,875.86
Interfunds Accounts Receivable	B-2	<u>53,059.00</u>	<u>147,900.00</u>
		<u>571,048.31</u>	<u>483,775.86</u>
		<u>\$ 574,483.73</u>	<u>\$ 486,655.30</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Control Fund :			
Interfunds Accounts Payable	B-3	\$ 16.41	\$ 4.36
Reserve for Animal Control Fund Expenditures	B-4	3,414.21	2,872.68
Amount Due to State Board of Health	B-5	<u>4.80</u>	<u>2.40</u>
		<u>3,435.42</u>	<u>2,879.44</u>
Other Funds :			
Interfunds Accounts Payable	B-3	4,855.85	72.67
Reserve for Special Deposits	B-8	<u>566,192.46</u>	<u>483,703.19</u>
		<u>571,048.31</u>	<u>483,775.86</u>
		<u>\$ 574,483.73</u>	<u>\$ 486,655.30</u>

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



BOROUGH OF MOUNTAIN LAKES  
TRUST FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Funds</u>
Balance December 31, 2011	B	\$ (5,436.05)	\$ 335,875.86
Increased by Receipts:			
Interfund Accounts Receivable	B-2	8,315.49	147,900.00
Interfund Accounts Payable	B-3	16.41	371.85
2012 Dog License Fees	B-4	7,836.80	
Late Fees	B-4	900.00	
Miscellaneous	B-4	143.00	
Cat Licenses	B-4	2,516.00	
Amount Due to State Board of Health	B-5	694.20	
Reserve for Special Deposits	B-8	-	545,751.81
		<u>20,421.90</u>	<u>694,023.66</u>
		<u>14,985.85</u>	<u>1,029,899.52</u>
Decreased by Disbursements :			
Interfund Accounts Payable	B-3	4.36	187.33
Expenditures Per R.S. 4:19-15.11	B-4	10,854.27	
Amount Due to State Board of Health	B-5	691.80	
Reserve for Special Deposits	B-8	-	511,722.88
		<u>11,550.43</u>	<u>511,910.21</u>
Balance December 31, 2012	B	\$ 3,435.42	\$ 517,989.31

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>2012</u>	<u>2011</u>
Cash - Treasurer	C-2	\$ 152,853.65	\$ 1,475,541.54
Deferred Charges to Future Taxation:			
Funded	C-4	5,681,000.00	6,261,000.00
Unfunded	C-5	3,311,825.00	2,837,950.00
Expenditures without Ordinance Appropriation	C-6	-	12,578.56
Federal and State Aid Receivable	C-7	258,546.59	144,958.96
Interfund Accounts Receivable	C-8	-	138,587.63
		<u>\$ 9,404,225.24</u>	<u>\$ 10,870,616.69</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-15	\$ 5,681,000.00	\$ 6,261,000.00
Bond Anticipation Notes	C-17	2,611,950.00	3,049,975.00
Improvement Authorizations :			
Funded	C-9	190,514.00	340,900.48
Unfunded	C-9	754,410.29	259,693.71
Reserve for Encumbrances	C-10	26,917.82	322,413.50
Capital Improvement Fund	C-11	16,284.91	17,834.91
Capital Reserves	C-12	834.23	834.23
Interfund Accounts Payable	C-13	2.11	607,742.22
Fund Balance	C-1	<u>122,311.88</u>	<u>10,222.64</u>
		<u>\$ 9,404,225.24</u>	<u>\$ 10,870,616.69</u>

There were Bonds and Notes Authorized but not Issued in the amount of \$699,875.00 at December 31, 2012 .  
See Schedule C-18 for analysis.

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

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

Balance December 31, 2011	C	\$ 10,222.64
Increased by :		
Premium on Bond Anticipation Notes	C-2	7,930.00
Improvement Authorizations Canceled in 2012	C-9	<u>290,159.24</u>
		308,311.88
Decreased by :		
Paid to Current Fund as Budget Revenue	C-2	<u>186,000.00</u>
Balance December 31, 2012	C	<u>\$ 122,311.88</u>

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

SECTION D  
WATER UTILITY FUND

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Water Operating Fund:			
Cash - Treasurer	D-5	\$ 352,562.68	\$ 227,876.73
Interfunds Accounts Receivable	D-8	<u>21,153.28</u>	<u>69,017.70</u>
		<u>373,715.96</u>	<u>296,894.43</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	<u>64,330.39</u>	<u>22,444.23</u>
		<u>64,330.39</u>	<u>22,444.23</u>
Total Water Operating Fund		<u>438,046.35</u>	<u>319,338.66</u>
Water Capital Fund :			
Cash - Treasurer	D-5	8,900.13	8,885.35
Fixed Capital	D-12	<u>1,724,269.39</u>	<u>1,724,269.39</u>
Total Water Capital Fund		<u>1,733,169.52</u>	<u>1,733,154.74</u>
		<u>\$ 2,171,215.87</u>	<u>\$ 2,052,493.40</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>2012</u>	<u>2011</u>
Water Operating Fund :			
Liabilities :			
Appropriation Reserves	D-4,16	\$ 148,939.98	\$ 40,347.03
Reserve for Encumbrances	D-17	12,037.88	15,285.76
Interfund Accounts Payable	D-18	83,549.55	82,262.25
Utility Charges Overpayments	D-19	-	4,571.89
Meter Deposits		<u>4,950.00</u>	<u>4,950.00</u>
		249,477.41	147,416.93
Reserve for Receivables		64,330.39	22,444.23
Fund Balance	D-1	<u>124,238.55</u>	<u>149,477.50</u>
Total Water Operating Fund		<u>438,046.35</u>	<u>319,338.66</u>
Water Capital Fund :			
Interfund Accounts Payable	D-18	22.20	7.42
Capital Improvement Fund	D-25	8,228.21	8,228.21
Reserve for Amortization	D-27	1,724,269.39	1,724,269.39
Fund Balance	D-2	<u>649.72</u>	<u>649.72</u>
Total Water Capital Fund		<u>1,733,169.52</u>	<u>1,733,154.74</u>
		<u>\$ 2,171,215.87</u>	<u>\$ 2,052,493.40</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2012.

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 2012</u>	<u>Year 2011</u>
Operating Fund Balance Utilized	D-1,3	\$ 108,400.00	\$ 77,000.00
Rents	D-3	635,096.65	598,721.72
Miscellaneous Revenues	D-3	25,524.05	44,169.85
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-16	37,490.35	116,837.66
Cancelled Prior Year Encumbrances	D-17	3,050.00	-
Total Income		<u>809,561.05</u>	<u>836,729.23</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Operating	D-4	666,400.00	659,023.07
Capital Improvements	D-4	10,000.00	9,200.00
Deferred Charges and Statutory Expenditures	D-4	50,000.00	48,935.75
Total Expenditures		<u>726,400.00</u>	<u>717,158.82</u>
Excess in Revenue		83,161.05	119,570.41
Fund Balance January 1	D	<u>149,477.50</u>	<u>106,907.09</u>
		232,638.55	226,477.50
Decreased by :			
Utilization by Water Operating Budget	D-1	<u>108,400.00</u>	<u>77,000.00</u>
Fund Balance December 31	D	<u>\$ 124,238.55</u>	<u>\$ 149,477.50</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, 2011	D	<u>\$ 649.72</u>
Balance December 31, 2012	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	\$ 108,400.00	\$ 108,400.00	\$ -
Rents	D-1,3	598,000.00	635,096.65	37,096.65
Miscellaneous Revenues	D-1,3	<u>20,000.00</u>	<u>25,524.05</u>	<u>5,524.05</u>
	D-4	<u>\$ 726,400.00</u>	<u>\$ 769,020.70</u>	<u>\$ 42,620.70</u>
<u>Analysis of Realized Revenue</u>				
Water Service Charges:				
Amount Due from Current Fund	D-8	\$ 2,896.08		
Consumer Accounts Receivable	D-9	627,628.68		
Utility Charges Overpayments Applied	D-9	<u>4,571.89</u>		
	D-3		<u>\$ 635,096.65</u>	
Miscellaneous :				
Interest on Investments - Operating		\$ 1,341.18		
Connection Fee		2,000.00		
Meter		3,758.66		
Penalties		11,397.23		
Sprinkler		1,000.00		
Miscellaneous		<u>6,004.78</u>		
	D-5		\$ 25,501.85	
Interfunds Accounts Receivable:				
Water Capital Fund - Interest	D-8		<u>22.20</u>	
	D-3		<u>\$ 25,524.05</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

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Expended Reserved
Operating :						
Salaries and Wages		\$ 298,800.00	\$ -	\$ 298,800.00	\$ 268,012.62	\$ 30,787.38
Other Expenses		367,600.00		367,600.00	290,519.77	77,080.23
Total Operating	D-1	666,400.00		666,400.00	558,532.39	107,867.61
Capital Improvement :						
Capital Outlay		10,000.00		10,000.00		10,000.00
Total Capital Improvement	D-1	10,000.00		10,000.00		10,000.00
Statutory Expenditures :						
Contribution to:						
Public Employees Retirement System		28,000.00		28,000.00	17,045.43	10,954.57
Social Security (O.A.S.I.)		22,000.00		22,000.00	1,882.20	20,117.80
Total Statutory Expenditures	D-1	50,000.00	-	50,000.00	18,927.63	31,072.37
		\$ 726,400.00	\$ -	\$ 726,400.00	\$ 577,460.02	\$ 148,939.98
Ref.	D-3					D
			Disbursed	Ref.		
			Encumbrances	D-5	\$ 125,302.31	
			Interfund Payable	D-17	12,037.88	
				D-18	440,119.83	
					\$ 577,460.02	

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>2012</u>	<u>2011</u>
Sewer Operating Fund:			
Cash - Treasurer	E-5	\$ (3,041.41)	\$ 249,623.31
Interfunds Accounts Receivable	E-8	<u>100,927.50</u>	<u>63,250.94</u>
		<u>97,886.09</u>	<u>312,874.25</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	E-9	<u>29,250.26</u>	<u>21,212.10</u>
		<u>29,250.26</u>	<u>21,212.10</u>
Deferred Charges:			
Budget Overexpenditures	E-11	<u>-</u>	<u>3,026.36</u>
Total Sewer Operating Fund		<u>127,136.35</u>	<u>337,112.71</u>
Sewer Capital Fund :			
Cash - Treasurer	E-5	24,665.60	24,624.58
Fixed Capital	E-12	167,959.80	167,959.80
Fixed Capital Authorized and Uncompleted	E-13	<u>5,554.00</u>	<u>5,554.00</u>
Total Sewer Capital Fund		<u>198,179.40</u>	<u>198,138.38</u>
		<u>\$ 325,315.75</u>	<u>\$ 535,251.09</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>2012</u>	<u>2011</u>
Sewer Operating Fund :			
Liabilities :			
Appropriation Reserves	E-4,16	\$ 40,960.77	\$ 15,698.09
Reserve for Encumbrances	E-17	1,023.71	7,341.82
Interfund Accounts Payable	E-18	-	255,624.59
		<u>41,984.48</u>	<u>278,664.50</u>
Reserve Receivables		29,250.26	21,212.10
Fund Balance	E-1	55,901.61	37,236.11
Total Sewer Operating Fund		<u>127,136.35</u>	<u>337,112.71</u>
Sewer Capital Fund :			
Interfund Accounts Payable	E-18	61.60	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	167,959.80
Deferred Reserve for Amortization	E-28	5,554.00	5,554.00
Total Sewer Capital Fund		<u>198,179.40</u>	<u>198,138.38</u>
		<u>\$ 325,315.75</u>	<u>\$ 535,251.09</u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2012

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 2012</u>	<u>Year 2011</u>
Operating Fund Balance Utilized	E-1,3	\$ 24,704.36	\$ 57,700.00
Sewer Service Charges	E-3	567,966.11	555,268.84
Miscellaneous Revenues	E-3	73,527.72	57,878.45
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-16	13,876.03	550.20
Total Income		<u>680,074.22</u>	<u>671,397.49</u>
<u>Expenditures</u>			
Budgetary and Emergency Appropriations:			
Operating	E-4	598,178.00	603,610.81
Capital Improvements	E-4	10,000.00	31,351.00
Statutory Expenditures	E-4	28,526.36	25,764.55
Total Expenditures		<u>636,704.36</u>	<u>660,726.36</u>
Excess in Revenue		43,369.86	10,671.13
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which by			
Statute are Deferred Charges to Budgets			
Succeeding Year	E-11	-	3,026.36
Fund Balance January 1	E	43,369.86	13,697.49
		<u>37,236.11</u>	<u>81,238.62</u>
Decreased by :		80,605.97	94,936.11
Utilization by Sewer Operating Budget	E-1	<u>24,704.36</u>	<u>57,700.00</u>
Fund Balance December 31	E	<u>\$ 55,901.61</u>	<u>\$ 37,236.11</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	\$ 24,704.36	\$ 24,704.36	\$ -
Sewer Service Charges	E-1,3	555,000.00	567,966.11	12,966.11
Miscellaneous Revenues	E-1,3	<u>57,000.00</u>	<u>73,527.72</u>	<u>16,527.72</u>
	E-4	<u>\$ 636,704.36</u>	<u>\$ 666,198.19</u>	<u>\$ 29,493.83</u>

Analysis of Realized Revenue

Sewer Service Charges:				
Amount Due from Water Operating Fund	E-9	<u>\$ 567,966.11</u>		
	E-3		<u>\$ 567,966.11</u>	
Miscellaneous :				
Interest on Investments - Operating	E-5		\$ 220.71	
Interfunds Accounts Receivable:				
Interest on Delinquencies		\$ 11,536.79		
Refund of Parsippany Sewer Charges		61,708.62		
Sewer Capital Fund - Interest		<u>61.60</u>		
	E-8		<u>73,307.01</u>	
	E-3		<u>\$ 73,527.72</u>	

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

SECTION F  
GENERAL FIXED ASSETS ACCOUNT GROUP

## BOROUGH OF MOUNTAIN LAKES

GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$ 123,896,410.77	\$ 130,337,914.39
Buildings	1,180,954.45	1,180,954.45
Machinery and Equipment	<u>4,720,737.23</u>	<u>4,681,470.96</u>
	<u>\$ 129,798,102.45</u>	<u>\$ 136,200,339.80</u>
Investments in General Fixed Assets	<u>\$ 129,798,102.45</u>	<u>\$ 136,200,339.80</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, 2012 AND 2011

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, 2012 AND 2011

Note I: 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, 2012 AND 2011

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 2012 statutory budget included a reserve for uncollected taxes in the amount of \$1,223,899.90. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2012 statutory budgets were as follows:

Current Fund	\$ 189,384.97
Water Utility Operating Fund	108,400.00
Sewer Utility Operating Fund	24,704.36

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 2012 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Municipal Clerk – Salaries and Wages	\$14,000.00
Police – Salaries and Wages	(10,000.00)

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2012 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Recycling Tonnage Grant	\$ 8,176.58
State Forestry Services Community Forestry Grant	3,000.00

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 were approved during the 2012 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Police – Salaries and Wages	\$ 91,500.00
Solid Waste Collection – Other Expenses	380,500.00
Diesel Fuel – Fuel Oil	28,000.00



BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1: 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, 2012 AND 2011

Note 1: 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, 2012 AND 2011

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, 2012 AND 2011

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2012 the Borough of Mountain Lakes cash and cash equivalents amounted to \$2,557,368.53. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,960,183.24 was covered by a collateral pool maintained by the banks as required by GUDPA. Although the individual developers' accounts are subject to F.D.I.C. coverage, it cannot be accurately determined whether the total amount of \$342,988.44 included in Developers' Escrow deposits is covered.

At December 31, 2012 the Borough of Mountain Lakes participation in the State of New Jersey Cash Management Fund amounted to \$4,196.85

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, 2012, \$347,185.29 of the Borough of Mountain Lakes cash and cash equivalents of \$2,557,368.58 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	342,988.44
Uninsured and collateral held by public depository or by its'		
trust department not in the Borough of Mountain Lakes name		<u>4,196.85</u>
	\$	<u>347,185.29</u>

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2012	\$ 388,128.34

C. Interfund Receivables and Payables

As of December 31, 2012 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	\$8,002.00	\$ 132,860.31
Federal and State Grants Fund	3,743.75	
General Capital Fund		2.11
Trust Funds:		
Animal Control Fund		16.41
Other Trust Fund	53,059.00	4,855.85
Water Utility Fund:		
Operating Fund	21,153.28	83,549.55
Capital Fund		22.20
Sewer Utility Fund:		
Operating Fund	100,927.50	
Capital Fund		61.60
Payroll and Payroll Agency	34,482.50	
	<u>\$ 221,368.03</u>	<u>\$ 221,368.03</u>

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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, 2012 there were no deferred charges shown on the balance sheets of the various funds.

	Balance Dec. 31, 2012	2013 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$ 500,000.00	\$ 100,000.00	\$ 400,000.00

The appropriations in the 2013 Budget are not less than that required by statute.

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 totaling \$126,355.80 under capital leases. All capital leases are for terms of four to five 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, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 20,535.84
2014	15,838.54
2015	12,755.96
2016	<u>7,032.90</u>
Total Minimum lease payments	56,162.72
Less: Amount representing interest	<u>5,275.89</u>
Present value of net minimum Lease payments	<u>\$ 50,886.83</u>

The Borough of Mountain Lakes has commitments to lease copying equipment and postage machine under operating leases which expire in 2015. Total operating lease payments made during the year ended December 31, 2012 were \$1,898.40. Future minimum lease payments are as follows:

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



BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 8,292,950.00	\$ 9,310,975.00	\$ 8,339,100.00
Total Issued	<u>8,292,950.00</u>	<u>9,310,975.00</u>	<u>8,339,100.00</u>
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Excess Proceeds of Notes Issued		<u>212,025.00</u>	
Total Deductions	<u>-</u>	<u>212,025.00</u>	<u>-</u>
Net Debt Issued	<u>8,292,950.00</u>	<u>9,098,950.00</u>	<u>8,339,100.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>699,875.00</u>	<u>-</u>	<u>760,475.00</u>
Total Authorized but Not Issued	<u>699,875.00</u>	<u>-</u>	<u>760,475.00</u>
Net Bonds and Notes Issued and			
Authorized but not Issued	<u>\$ 8,992,825.00</u>	<u>\$ 9,098,950.00</u>	<u>\$ 9,099,575.00</u>

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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 0.685 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 12,530,000.00	\$ 12,530,000.00	\$ -
General Debt	8,992,825.00	-	8,992,825.00
	<u>\$ 21,522,825.00</u>	<u>\$ 12,530,000.00</u>	<u>\$ 8,992,825.00</u>

Net Debt \$8,992,825.00 divided by Equalized Valuation Basis  
per N.J.S.A. 40A:2-2 as amended, \$1,311,589,478.33 = 0.685%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 45,905,631.74
Net Debt	<u>8,992,825.00</u>
Remaining Borrowing Power	<u>\$ 36,912,806.74</u>

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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		\$	769,020.70
Deductions:			
Operating and Maintenance Cost	\$	716,400.00	
Debt Service per Water Account		<u>-</u>	
Total Deductions			<u>716,400.00</u>
Excess in Revenue-Self Liquidating		\$	<u>52,620.70</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		\$	666,198.19
Deductions:			
Operating and Maintenance Cost	\$	626,704.36	
Debt Service per Sewer Account		<u>-</u>	
Total Deductions			<u>626,704.36</u>
Excess in Revenue-Self Liquidating		\$	<u>39,493.83</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, 2012 AND 2011  
(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, 2012 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	\$ 1,531,000.00
General Refunding of 2007	4.00%	7/15	2022	2,915,000.00	1,980,000.00
General Refunding of 2009	Various	11/15	2020	<u>2,965,000.00</u>	<u>2,170,000.00</u>
				<u>\$ 7,981,000.00</u>	<u>\$ 5,681,000.00</u>

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(CONTINUED)

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

F. Debt (Continued)

I. 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>
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	<u>195,000.00</u>	<u>7,800.00</u>	<u>202,800.00</u>
	<u>\$ 5,681,000.00</u>	<u>\$ 1,207,600.00</u>	<u>\$ 6,888,600.00</u>

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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, 2012 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	1.25%	2/9/12	2/8/13	\$ 713,950.00
Ord. 06-09 Various Capital Improvements	1.25%	2/9/12	2/8/13	771,400.00
Ord. 17-09 Fire Truck (Supplements Ord. 06-09)	1.25%	10/12/12	10/11/13	20,500.00
Ord. 07-10 Various Capital Improvements	1.25%	10/12/12	10/11/13	546,725.00
Ord. 06-11 Various Capital Improvements	1.25%	10/12/12	10/11/13	559,375.00
Total General Capital				<u>\$ 2,611,950.00</u>

3. Bonds Authorized but not Issued

As of December 31, 2012 the Borough of Mountain Lakes had authorized but not issued bonds as follows:

General Capital Fund	699,875.00
Water Utility Capital Fund	-0-
Sewer Utility Capital Fund	-0-

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

G. Fund Balance Appropriated

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 were as follows:

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

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](http://www.state.nj.us/treasury/pensions).

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note III: Pension Plans (Continued)

Retirement Benefits

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

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

Significant Legislation

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

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

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



BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note III: Pension Plans (Continued)

Funding Status and Funding Progress

As of July 31, 2011, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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 to past expectations and new estimates are made about the probability of future events.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 10.0 percent for PFRS and 6.5 percent for PERS of employees' annual compensation.

During the state fiscal year ended June 30, 2012, 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, 2012 was \$2,998,544.97 and covered payroll was \$878,804.00 for PERS and \$1,378,422.00 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	12/31/12	\$	57,716.65	6.57%	\$	137,830.90	10.00 %
	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 %
Borough of Mountain Lakes	12/31/12		132,989.00	15.31%		312,682.00	22.68%
	12/31/11		128,590.00	11.71%		361,916.00	27.41%
	12/31/10		116,620.00	10.14%		313,165.00	24.00%

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

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

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State contributed \$36.6 million for the state fiscal year 2012 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.

BOROUGH OF MOUNTAIN LAKES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note V: Risk Management (Continued)

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.

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, 2012 was as follows:

	<u>Water Utility</u> <u>Fund</u>	<u>Sewer Utility</u> <u>Fund</u>
Operating Revenues	659,257.32	641,211.52
Operating Income or (Loss)	(57,142.68)	17,533.52
Operating Transfers in or (Out)	22.20	61.60
Net Income or (Loss)	83,161.05	43,369.86
Fixed Assets:		
Additions	-	-
Deletions	-	-
Net Working Capital	188,568.94	85,151.87
Total Operating Assets	438,046.35	127,136.35
Operating Fund Balance	124,238.55	55,901.61
Long Term Debt	-0-	-0-
Short Term Debt	-0-	-0-

BOROUGH OF MOUNTAIN LAKES

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011

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.

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.

## **SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 189,384.97	0.63%	\$ 1,003,800.00	3.32%
Miscellaneous-From other than Local Property Tax Levies	2,439,260.50	8.08%	1,689,673.08	5.59%
Collection of Delinquent Taxes and Tax Title Liens	254,762.43	0.84%	261,287.99	0.86%
Collection of Current Tax Levy	27,258,948.66	90.28%	27,141,568.38	89.81%
Other Credits to Income	51,652.55	0.17%	126,062.14	0.42%
Total Income	<u>30,194,009.11</u>	<u>100.00%</u>	<u>30,222,391.59</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,532,974.14	24.99%	6,518,252.66	21.74%
County Taxes	3,148,559.25	10.44%	3,214,353.34	10.72%
Local School District Taxes	19,397,814.00	64.34%	19,398,097.00	64.69%
Other Expenditures	67,726.85	0.22%	854,328.50	2.85%
Total Expenditures	<u>30,147,074.24</u>	<u>100.00%</u>	<u>29,985,031.50</u>	<u>100.00%</u>
Excess in Revenue	46,934.87		237,360.09	
Adjustments-Deferred charges included above which by statute are deferred charges to budgets of succeeding years	<u>500,000.00</u>		<u>302,653.03</u>	
	546,934.87		540,013.12	
Fund Balance January 1	<u>540,536.29</u>		<u>1,004,323.17</u>	
	1,087,471.16		1,544,336.29	
Less:				
Utilization as Anticipated Revenue	<u>189,384.97</u>		<u>1,003,800.00</u>	
Fund Balance December 31	<u>\$ 898,086.19</u>		<u>\$ 540,536.29</u>	

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 108,400.00	13.39%	\$ 77,000.00	9.20%
Collection of Water Rents	635,096.65	78.45%	598,721.72	71.56%
Miscellaneous	25,524.05	3.15%	44,169.85	5.28%
Other Credits to Income	40,540.35	5.01%	116,837.66	13.96%
Total Income	<u>809,561.05</u>	<u>100.00%</u>	<u>836,729.23</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	666,400.00	91.74%	659,023.07	91.89%
Capital Improvements	10,000.00	1.38%	9,200.00	1.28%
Deferred Charges and Statutory Expenditures	50,000.00	6.88%	48,935.75	6.82%
Total Expenditures	<u>726,400.00</u>	<u>100.00%</u>	<u>717,158.82</u>	<u>100.00%</u>
Excess in Revenue	83,161.05		119,570.41	
Fund Balance January 1	<u>149,477.50</u>		<u>106,907.09</u>	
	232,638.55		226,477.50	
Less:				
Utilization as Anticipated Revenue	<u>108,400.00</u>		<u>77,000.00</u>	
Fund Balance December 31	<u>\$ 124,238.55</u>		<u>\$ 149,477.50</u>	

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 24,704.36	3.63%	\$ 57,700.00	8.59%
Collection of Sewer Charges	567,966.11	83.52%	555,268.84	82.70%
Miscellaneous	73,527.72	10.81%	57,878.45	8.62%
Other Credits to Income	13,876.03	2.04%	550.20	0.08%
Total Income	<u>680,074.22</u>	<u>100.00%</u>	<u>671,397.49</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	598,178.00	93.95%	603,610.81	91.36%
Capital Improvements	10,000.00	1.57%	31,351.00	4.74%
Statutory Expenditures	28,526.36	4.48%	25,764.55	3.90%
Total Expenditures	<u>636,704.36</u>	<u>100.00%</u>	<u>660,726.36</u>	<u>100.00%</u>
Excess in Revenue	43,369.86		10,671.13	
Adjustments-Deferred charges included above which by statute are deferred charges to budgets of succeeding years	-		3,026.36	
	43,369.86		13,697.49	
Fund Balance January 1	<u>37,236.11</u>		<u>81,238.62</u>	
	80,605.97		94,936.11	
Less:				
Utilization as Anticipated Revenue	<u>24,704.36</u>		<u>57,700.00</u>	
Fund Balance December 31	<u>\$ 55,901.61</u>		<u>\$ 37,236.11</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>
2012	\$ 1,285,362,542	\$ 2.163	\$ 0.409	\$ 0.245	\$ 1.509
2011	1,293,069,079	2.123	0.374	0.249	1.500
2010	1,290,679,428	2.100	0.374	0.255	1.471
2009	1,284,172,607 (1)	2.109	0.368	0.263	1.478
2008	1,477,533,321	1.767	0.308	0.222	1.237
2007	1,475,160,245	1.700	0.282	0.228	1.190
2006	1,474,893,716 (2)	1.620	0.255	0.226	1.139
2005	639,917,067	3.530	0.545	0.472	2.513
2004	635,453,858	3.360	0.521	0.463	2.376
2003	630,961,930	3.080	0.452	0.446	2.182

(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>
2012	\$ 27,859,869.58	\$ 27,258,948.66	97.84%
2011	27,495,958.87	27,141,568.38	98.71%
2010	27,142,846.44	26,804,557.41	98.75%
2009	27,096,374.49	26,796,802.02	98.89%
2008	26,170,297.00	25,862,220.00	98.82%
2007	25,160,057.00	24,903,036.00	98.97%
2006	23,919,478.00	23,655,434.00	98.89%
2005	22,699,481.00	22,588,076.00	99.50%
2004	21,425,192.00	21,304,332.00	99.43%
2003	19,577,942.00	19,406,285.00	99.12%

### 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>
2012	\$ -	\$ 388,128.34	\$ 388,128.34	1.39%
2011	-	254,762.43	254,762.43	0.92%
2010	2,651.33	261,287.99	263,939.32	0.97%
2009	-	269,376.81	269,376.81	0.99%
2008	-	243,429.44	243,429.44	0.93%
2007	-	181,168.35	181,168.35	0.72%
2006	-	193,921.54	193,921.54	0.81%
2005	-	94,916.30	94,916.30	0.41%
2004	-	114,690.35	114,690.35	0.53%
2003	-	162,377.22	162,377.22	0.82%

### PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

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

<u>Year</u>	<u>Amount</u>
2012	169,885.09
2011	169,885.09
2010	169,885.09
2009	169,885.09
2008	169,885.09
2007	169,885.09
2006	169,885.09
2005	169,885.09
2004	169,885.09
2003	169,885.09

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2012	\$ 676,982.81	\$ 635,096.65
2011	590,620.63	598,721.72
2010	658,002.36	643,596.31
2009	575,708.89	575,574.99
2008	683,204.55	662,433.05
2007	670,742.22	651,831.48
2006	542,190.02	510,480.71
2005	555,154.60	531,902.73
2004	503,132.39	487,485.01
2003	507,241.62	485,867.02

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2012	\$ 576,004.27	\$ 567,966.11
2011	545,882.45	555,268.84
2010	591,759.49	576,083.42
2009	545,366.42	543,696.01
2008	564,948.67	550,580.88
2007	521,862.70	527,091.86
2006	536,615.65	529,866.90
2005	542,492.10	535,248.38
2004	493,007.54	491,288.96
2003	432,442.32	425,015.66

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2012	\$ 898,086.19	\$ 895,000.00
	2011	540,536.29	358,500.00
	2010	1,004,323.17	1,003,800.00
	2009	1,277,454.26	1,247,500.00
	2008	1,294,391.23	1,237,500.00
	2007	1,511,543.84	1,417,000.00
	2006	1,308,078.10	1,318,000.00
	2005	1,531,944.64	1,461,944.00
	2004	1,581,567.67	1,527,000.00
	2003	1,296,661.60	1,244,118.60
Water Utility Operating Fund	2012	\$ 124,238.55	\$ 87,050.00
	2011	149,477.50	108,400.00
	2010	106,907.09	77,000.00
	2009	126,602.07	109,000.00
	2008	156,483.16	41,000.00
	2007	156,483.16	-
	2006	48,232.05	40,500.00
	2005	83,156.86	75,000.00
	2004	75,497.78	67,000.00
	2003	153,676.19	5,000.00
Sewer Utility Operating Fund	2012	\$ 55,901.61	\$ 54,000.00
	2011	37,236.11	24,704.36
	2010	81,238.62	57,700.00
	2009	47,098.76	45,700.00
	2008	70,040.75	38,230.35
	2007	70,040.75	-
	2006	42,593.71	40,000.00
	2005	42,088.81	38,864.00
	2004	76,315.21	37,000.00
	2003	76,315.21	-

## 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	
Robert Tovo	Borough Manager	
	Treasurer	
	Custodian of Water and Sewer Funds	\$ 1,000,000.00
Christina Whitaker	Borough Clerk	
Michelle Reilly	Deputy Borough Clerk	
Dana J. Mooney	Tax Collector (To 10/31/12)	\$ 1,000,000.00
Norman Eckstein	Chief Financial Officer (To 06/30/12)	
R. Timothy Roberts	Acting Chief Financial Officer (From 07/01/12)	
Ann Purcell	Utilities Clerk (To 10/31/12)	
	Tax Collector (From 11/01/12)	
Melissa Mabey	Utilities Clerk (To 11/01/12)	
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, 2011	A		\$ 906,552.27
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 103,808.80	
Tax Collector	A-5	27,606,107.33	
Amount Due from State for Senior Citizens'			
and Veterans' Deductions	A-8	17,750.00	
Revenue Accounts Receivable	A-12	1,378,588.93	
Interfund Accounts Receivable	A-13	3,558,607.35	
Interfund Accounts Payable	A-18	192,378.54	
Other Liabilities and Reserves	A-24	<u>10,545.00</u>	
			<u>32,867,785.95</u>
			33,774,338.22
Decreased by Disbursements :			
Refund of Prior Year Revenue	A-1	60,000.56	
2012 Budget Appropriations	A-3	6,343,837.72	
Interfund Accounts Receivable	A-13	2,696,617.35	
2011 Appropriation Reserves	A-16	165,143.17	
Interfund Accounts Payable	A-18	373,371.35	
Tax Overpayments Refunded	A-20	5,692.29	
Rreserve for Tax Appeals Pending	A-21	16,122.83	
Other Liabilities and Reserves	A-24	10,690.00	
Local District School and County Taxes	A-25	<u>22,539,862.87</u>	
			<u>32,211,338.14</u>
Balance December 31, 2012	A		<u>\$ 1,563,000.08</u>

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

	<u>Ref.</u>		
Increased by Receipts :			
Taxes Receivable	A-9	\$ 27,345,619.60	
Revenue Accounts Receivable	A-12	65,789.05	
Prepaid Taxes	A-19	119,667.20	
Tax Overpayments	A-20	<u>75,031.48</u>	
			<u>\$ 27,606,107.33</u>
Decreased by Disbursements :			
Paid to Treasurer	A-4		<u>\$ 27,606,107.33</u>

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF CHANGE FUNDS

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2012</u>
Tax Collector/Treasurer	<u>\$ 200.00</u>	<u>\$ 200.00</u>
	<u>\$ 200.00</u>	<u>\$ 200.00</u>
Ref.	A	A

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance December 31, 2011	<u>A</u>	<u>\$ 250.00</u>
Balance December 31, 2012	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, 2011	A	\$	1,020.26
Increased by :			
Senior Citizens' Deductions Per Tax Billings	A-8	\$	250.00
Veterans' Deductions Per Tax Billings	A-8		<u>17,000.00</u>
			17,250.00
			<u>18,270.26</u>
Decreased by :			
Received in Cash from State of New Jersey	A-4		<u>17,750.00</u>
			17,750.00
Balance December 31, 2012	A	\$	<u>520.26</u>
Calculation of State's Share of <u>Senior Citizens' and Veterans' Deductions</u>			
Senior Citizens' Deductions per Tax Billings	A-8	\$	250.00
Veterans' Deductions per Tax Billings	A-8		<u>17,000.00</u>
	A-9	\$	<u>17,250.00</u>

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2012 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2011	2012 Levy	2011 Collections	2012 Collections	State's Share of Senior Citizens' and Veterans' Deductions	Tax Overpayments Applied	Canceled	Balance Dec. 31, 2012
2011	\$ 254,762.43	-	\$ -	\$ 254,762.43	\$ -	\$ -	\$ -	\$ -
2012	-	27,859,869.58	140,232.93	27,090,857.17	17,250.00	10,608.56	212,792.58	388,128.34
	<u>\$ 254,762.43</u>	<u>\$ 27,859,869.58</u>	<u>\$ 140,232.93</u>	<u>\$ 27,345,619.60</u>	<u>\$ 17,250.00</u>	<u>\$ 10,608.56</u>	<u>\$ 212,792.58</u>	<u>\$ 388,128.34</u>
Ref.	A		A-2,19	A-2,5	A-2,8	A-2,20		A

## Analysis of 2012 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 27,774,817.77
Business Personality Tax	<u>27,574.83</u>
Added Taxes (54.4-63.1 et seq.)	\$ 27,802,392.60
	<u>57,476.98</u>
	<u>\$ 27,859,869.58</u>

Tax Levy:	
Regional School District Tax (Abstract)	\$ 19,397,814.00
County Taxes (Abstract)	\$ 2,948,685.09
County Open Space Preservation (Abstract)	193,363.78
Amount Due to County for Added Taxes (54.4-63.1 et seq.)	<u>6,510.38</u>
	3,148,559.25
Local Tax for Municipal Purposes (Abstract)	<u>5,259,869.00</u>
Add: Additional Tax Levied	<u>53,627.33</u>
	<u>5,313,496.33</u>
	<u>\$ 27,859,869.58</u>

## 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, 2011	A	<u>\$ 169,885.09</u>
Balance December 31, 2012	A	<u>\$ 169,885.09</u>

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Accrued in 2012	Collector	Collected by Treasurer
Alcohol Beverage Licenses	A-2	\$ 10,424.00		\$ 10,424.00
Board of Health - Other Licenses	A-2	2,448.00		2,448.00
Construction Code Official - Fees and Permits	A-2	139,607.00		139,607.00
Clerk - Fees and Permits	A-2	4,844.00		4,844.00
Planning Board - Fees and Permits	A-2	1,221.96		1,221.96
Board of Adjustment - Fees and Permits	A-2	5,733.91		5,733.91
Tax Assessor - Fees	A-2	280.00		280.00
Police - Fees	A-2	2,176.97		2,176.97
Parking Permit Fees	A-2	1,225.00		1,225.00
Smoke Detector Inspection Fees	A-2	3,800.00		3,800.00
Tree Removal Permit	A-2	750.00		750.00
Soil Fees and Permits	A-2	462.65		462.65
Municipal Court - Fines and Costs	A-2	33,240.02		33,240.02
Interest and Costs on Taxes	A-2	65,789.05	65,789.05	
Interest on Investments	A-2	4,757.47		4,757.47
Solid Waste Fees - Trash Bags	A-2	180,242.50		180,242.50
Solid Waste Fees - Board of Education	A-2	56,196.43		56,196.43
Recreation Fees and Income	A-2	59,393.83		59,393.83
Field Lease - Board of Education	A-2	45,000.00		45,000.00
Energy Receipts Tax	A-2	417,293.00		417,293.00
General Capital Fund Balance	A-2	186,000.00		186,000.00
Rent from Railroad Station	A-2	26,028.12		26,028.12
Cell Tower Lease - Omnipoint/Voicestream	A-2	51,422.73		51,422.73
Cell Tower Lease - Sprint	A-2	24,195.19		24,195.19
Reserve for Animal Control Expenses	A-2	-		-
FEMA Reimbursements	A-2	69,845.15		69,845.15
Developer's COAH Fee	A-2	52,001.00		52,001.00
		<u>\$ 1,444,377.98</u>	<u>\$ 65,789.05</u>	<u>\$ 1,378,588.93</u>

Ref.

A-5

A-4

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Accrued in in 2012	Interfund Advance Originating in 2012	Received in 2012	Balance Dec. 31, 2012
Federal and State Grants Funds	\$ 2,574.64	\$ -	\$ -	\$ 2,574.64	\$ -
Animal Control Fund - Interest	4.36	16.41	-	4.36	16.41
Other Trust Funds:					
Interest	72.67	371.85	4,598.66	187.33	257.19
Advance	-	13,986.83	-	13,986.83	4,598.66
Police Fees (Administrative and Car Usage)	72.67	14,358.68	4,598.66	14,174.16	4,855.85
General Capital Fund:					
Interest	855.21	1,516.54	-	2,369.64	2.11
Advance	562,706.65	-	1,182,614.85	1,745,321.50	-
	563,561.86	1,516.54	1,182,614.85	1,747,691.14	2.11
Water Operating Fund - Advance	82,262.25	-	833,272.60	915,534.85	-
Sewer Operating Fund - Advance	205,624.59	-	673,003.61	878,628.20	-
Payroll Agency Account - Advance	-	-	3,127.63	-	3,127.63
	\$ 854,100.37	\$ 15,891.63	\$ 2,696,617.35	\$ 3,558,607.35	\$ 8,002.00
Ref.	A		A-13,4	A-4	A
Return of Interfund Advance			Ref.		
Police Fees (Administrative and Car Usage)			A-1	\$ 2,574.64	
Interest on Investments			A-2	13,986.83	
Return of Interfund Advance			A-2	2,561.33	
			A-2	850,593.48	
			A-13	2,688,891.07	
				\$ 3,558,607.35	
Interfund Advance Originating			A-13	\$ 2,696,617.35	
Return of Interfund Advance			A-13	(2,688,891.07)	
Net Charge to Operations			A-1	\$ 7,726.28	

BOROUGH OF MOUNTAIN LAKES  
CURRENT FUND  
SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

**NOT APPLICABLE**

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2011</u>	<u>Authorized in 2012</u>	<u>Raised in 2012 Budget</u>	<u>Balance Dec. 31, 2012</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	-
12/17/12	Special Emergency (N.J.S.A. 40A:4-54): Hurricane Sandy Damage	500,000.00	100,000.00	67,653.03	500,000.00	67,653.03	500,000.00
	Overexpenditure of Budget Appropriations			47,478.03	-	47,478.03	-
	Expenditure without Appropriation						
				<u>\$ 350,131.06</u>	<u>\$ 500,000.00</u>	<u>\$ 350,131.06</u>	<u>\$ 500,000.00</u>
	Ref.			A	A-3	A-3	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

OPERATIONS WITHIN "CAP"	Balance Dec. 31, 2011	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
Salaries and Wages :	\$ 9,267.60	\$ (6,000.00)	\$ -	\$ 3,267.60	\$ -	\$ 3,267.60
Borough Clerk						
Financial Administration	9,570.04	(4,900.00)		4,670.04		4,670.04
Collection of Taxes	404.00			404.00		404.00
Assessment of Taxes	489.46			489.46		489.46
Fire Department			6,763.74	6,763.74	6,763.74	-
Road Repairs and Maintenance			6,763.74	6,763.74	6,763.74	-
Solid Waste Collection	141.84			141.84		141.84
Board of Health	7,082.59			7,082.59		7,082.59
Parks and Playgrounds						
Uniform Construction Code:						
Code Enforcement and Administration	3,715.09			3,715.09		3,715.09
Other Expenses :						
General Administration	940.00		5,191.24	5,191.24	927.82	4,263.42
Mayor and Council	872.00		97.00	1,037.00	97.00	940.00
Borough Clerk			832.93	1,704.93	1,393.92	311.01
Financial Administration	57.39		28.27	85.66	53.94	31.72
Audit Services	500.00			500.00	400.00	100.00
Computer Information Technology	3,777.83		2,359.52	6,137.35	1,655.64	4,481.71
Assessment of Taxes	70.83			70.83	18.60	52.23
Legal Services and Costs	3,254.98		500.66	3,755.64	3,755.64	-
Engineering Services and Costs	60.30			60.30		60.30
Historical Preservation	1,000.00			1,000.00		1,000.00
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board	823.39		841.50	1,664.89	1,287.00	377.89
Board of Adjustment	256.83		61.57	318.40	145.29	173.11



BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<b>Other Expenses: (Continued)</b>						
Insurance:						
General Liability	\$ 6,235.82	\$ -	1.00	\$ 6,236.82	\$ 1,067.46	\$ 5,169.36
Worker's Compensation	0.01	-	-	0.01	-	0.01
Police	1,159.04	-	969.81	2,128.85	2,128.85	-
Fire Safety Official	350.00	-	-	350.00	-	350.00
Fire Department	1,292.46	-	1,143.24	2,435.70	1,328.24	1,107.46
Road Repairs and Maintenance	14,363.08	-	16,220.36	30,583.44	30,500.93	82.51
Shade Tree Commission	5,247.34	-	195.00	5,442.34	75.00	5,367.34
Solid Waste Collection	-	6,900.00	46,883.29	53,783.29	53,783.29	-
Public Buildings and Grounds	338.65	-	401.00	739.65	739.65	-
Vehicle Maintenance	306.36	-	11,588.07	11,894.43	9,601.34	2,293.09
Board of Health	420.00	-	62.50	482.50	62.50	-
Environmental Commission	387.25	-	-	387.25	38.87	381.13
Woodlands Committee	2,862.94	-	-	2,862.94	2,862.94	-
Parks and Playgrounds	4,817.30	-	757.71	5,575.01	5,514.39	60.62
Maintenance of Parks	1,586.94	-	-	1,586.94	-	1,586.94
Celebration of Public Events	-	-	-	-	-	-
Uniform Construction Code	266.08	-	-	266.08	129.38	136.70
Code Enforcement and Administration	-	-	-	-	-	-
Utilities:						
Electricity	-	3,500.00	432.28	3,932.28	3,893.12	39.16
Street Lighting	-	-	4,126.75	4,126.75	4,126.75	-
Telephone and Telegraph	1,131.14	-	1,932.49	3,063.63	3,063.63	-
Natural Gas	-	-	1,792.49	1,792.49	1,792.49	-
Diesel Fuel/Fuel Oil	2,698.57	500.00	-	3,198.57	3,172.01	26.56
<b>OPERATIONS EXCLUDED FROM "CAP"</b>						
Other Expenses:						
Length of Service Award Program (N.J.S.A. 40A:4-453j)	18,000.00	-	-	18,000.00	18,000.00	-
County of Morris Dispatch Services	470.77	-	-	470.77	-	470.77
Denville Township Court Services	57.00	-	-	57.00	-	57.00
<b>TOTAL</b>	<b>\$ 104,274.92</b>	<b>\$ -</b>	<b>\$ 109,946.16</b>	<b>\$ 214,221.08</b>	<b>\$ 165,143.17</b>	<b>\$ 49,077.91</b>

Ref. A

A-17

A-4

A-1

BOROUGH OF MOUNTAIN LAKES  
CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 109,946.16
Increased by :		
2012 Budget Charges	A-3	<u>60,615.10</u>
		170,561.26
Decreased by :		
Transferred to 2011		
Appropriation Reserves	A-16	<u>109,946.16</u>
Balance December 31, 2012	A	<u>\$ 60,615.10</u>

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2011	Received in 2012	Accrued in 2012	Paid in 2012	Balance Dec. 31, 2012
Federal and State Grants Funds	\$ -	\$ 15,998.31	\$ -	\$ 12,254.56	\$ 3,743.75
Animal Control Fund-Reimbursement	8,315.49			8,315.49	-
Other Trust Funds:					
Tax Sale Premiums	147,900.00	48,100.00		147,900.00	48,100.00
Recreation Fees	138,587.63	4,959.00			4,959.00
General Capital Fund - Grant				138,587.63	-
Water Operating Fund - Received in Error		24,628.62		22,507.82	2,120.80
Sewer Operating Fund - Received in Error	19,050.00	3,075.23		19,050.00	3,075.23
Payroll Account - Received in Error	-	95,617.38	-	24,755.85	70,861.53
	<u>\$ 313,853.12</u>	<u>\$ 192,378.54</u>	<u>\$ -</u>	<u>\$ 373,371.35</u>	<u>\$ 132,860.31</u>

Ref.

A

A-4

A

Ref.

2012 Budget Revenue - Grants

\$ (23,932.07)

2012 Budget Appropriations - Grants

23,932.07

\$

-

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 140,232.93
Increased by :		
2013 Taxes Paid	A-5	<u>119,667.20</u>
		259,900.13
Decreased by :		
Applied to Taxes Receivable	A-9	<u>140,232.93</u>
Balance December 31, 2012	A	<u>\$ 119,667.20</u>

BOROUGH OF MOUNTAIN LAKES  
CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 30,464.63
Increased by:		
Taxes Overpaid in 2012	A-5	<u>\$ 75,031.48</u>
		75,031.48
		105,496.11
Decreased by:		
Refunded in 2012	A-4	5,692.29
Applied to Taxes Receivable in 2012	A-9	<u>10,608.56</u>
		16,300.85
Balance December 31, 2012	A	<u>\$ 89,195.26</u>
<u>Analysis of Balance December 31, 2012</u>		
2011 Taxes		\$ 19,856.07
2012 Taxes		<u>69,339.19</u>
		<u>\$ 89,195.26</u>

A-21

SCHEDULE OF RESERVE FOR TAX APPEALS PENDING

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 16,122.83
Decreased by:		
Paid in 2012	A-4	<u>\$ 16,122.83</u>

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

	<u>Ref.</u>	Hurricane Sandy Damage
Increased by:		
2012 Budget Appropriations	A-3	<u>\$ 364,470.00</u>
Balance December 31, 2012	A	<u>\$ 364,470.00</u>

SCHEDULE OF RESERVE FOR FUNDS - UNAPPROPRIATED

	<u>Ref.</u>	<u>Total</u>	Police Equipment	Exterminating Pests Donation
Balance December 31, 2011	A	<u>\$ 1,044.71</u>	<u>\$ 744.71</u>	<u>\$ 300.00</u>
Balance December 31, 2012	A	<u>\$ 1,044.71</u>	<u>\$ 744.71</u>	<u>\$ 300.00</u>

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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Received</u> <u>in 2012</u>	<u>Paid</u> <u>in 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Amount Due to State - UCC Fees	\$ 1,601.00	\$ 10,397.00	\$ 10,515.00	\$ 1,483.00
Amount Due to State - Marriage License Fees	<u>77.00</u>	<u>148.00</u>	<u>175.00</u>	<u>50.00</u>
	<u>\$ 1,678.00</u>	<u>\$ 10,545.00</u>	<u>\$ 10,690.00</u>	<u>\$ 1,533.00</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, 2011	2012 Levy	Paid in 2012	Balance Dec. 31, 2012
Local School District Tax	A-2	\$ -	\$ 19,397,814.00	\$ 19,397,814.00	\$ -
County Tax	A-2		2,948,685.09	2,948,685.09	-
County Open Space Preservation	A-2		193,363.78	193,363.78	-
Amount Due County for Added and Omitted Taxes - 2012	A-2	-	6,510.38	-	6,510.38
		<u>\$ -</u>	<u>\$ 22,546,373.25</u>	<u>\$ 22,539,862.87</u>	<u>\$ 6,510.38</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, 2011	A		\$ (2,574.64)
Increased by :			
Received in Current Fund			
- State Aid Receivable	A-27	\$ 15,326.90	
- Unappropriated Reserves	A-29	3,246.05	
2012 Budget Appropriations	A-28	<u>23,932.07</u>	
			<u>42,505.02</u>
			39,930.38
Decreased by :			
2012 Budget Revenues			
- State Aid Receivable	A-27	15,176.58	
- Unappropriated Reserves	A-29	8,755.49	
Expended in Current Fund			
- Appropriated Reserves	A-28	<u>12,254.56</u>	
			<u>36,186.63</u>
Balance December 31, 2012	A		<u>\$ 3,743.75</u>

BOROUGH OF MOUNTAIN LAKES  
CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	Balance Dec. 31, 2011	2012 Budget Revenues	Received in Current Fund	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ -	\$ 8,176.58	\$ 8,176.58	\$ -
Municipal Alliance on Alcoholism and Drug Abuse	11,729.92			11,729.92
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500.00			2,500.00
Click It or Ticket		4,000.00	3,950.32	49.68
Community Forestry Grant		3,000.00	3,000.00	-
Morris County-Historic Preservation Grant	16,000.00			16,000.00
Mountain Lakes Bd. Of Ed.-Historic Preservation Grant	4,000.00		200.00	3,800.00
Green Communities Grant	3,000.00			3,000.00
BSF Forestry Grant	1,500.00			1,500.00
Highlands Plan Conformance Grant	39,779.36			39,779.36
ANJEC Smart Growth Planning Assistance Grant	4,000.00			4,000.00
Reduction in Speed Grant - 2008	1,649.76	-	-	1,649.76
	<u>\$ 84,159.04</u>	<u>\$ 15,176.58</u>	<u>\$ 15,326.90</u>	<u>\$ 84,008.72</u>
Ref.	A	A-26	A-26	A

## BOROUGH OF MOUNTAIN LAKES

CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2011	2012 Budget Appropriations	Expenditures in Current Fund	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ 11,523.21	\$ 8,176.58	\$ -	\$ 19,699.79
Drunk Driving Enforcement Fund	5,974.60		853.40	5,121.20
Clean Communities Program	8,407.96	8,108.27	8,545.14	7,971.09
Alcohol Education and Rehabilitation Fund	2,662.94	647.22		3,310.16
Municipal Alliance on Alcoholism and Drug Abuse	17,750.00		953.02	16,796.98
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500.00			2,500.00
Body Armor Replacement Fund	3,736.09			3,736.09
Click It or Ticket	3,858.00	4,000.00		7,858.00
Community Forestry Grant		3,000.00		3,000.00
Mountain Lakes Bd. Of Ed.-Historic Preservation Grant	273.69		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		1,042.43	607.33
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>\$ 72,828.91</u>	<u>\$ 23,932.07</u>	<u>\$ 12,254.56</u>	<u>\$ 84,506.42</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, 2011	Received in Current Fund	Utilized as 2012 Budget Revenue	Balance Dec. 31, 2012
Clean Communities Program	\$ 8,108.27	\$ -	\$ 8,108.27	\$ -
Alcohol Education and Rehabilitation Fund	647.22		647.22	-
Body Armor Replacement Fund	-	3,246.05	-	3,246.05
	<u>\$ 8,755.49</u>	<u>\$ 3,246.05</u>	<u>\$ 8,755.49</u>	<u>\$ 3,246.05</u>
Ref.		A-26	A-26	A

BOROUGH OF MOUNTAIN LAKES

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES FOR FEDERAL AND STATE GRANTS

**NOT APPLICABLE**

## BOROUGH OF MOUNTAIN LAKES

TRUST FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Received in 2012	Accrued in 2012	Paid in 2012	Balance Dec. 31, 2012
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	48,100.00		48,100.00
Recreation Fees	-	-	4,959.00	-	4,959.00
	<u>147,900.00</u>	<u>147,900.00</u>	<u>53,059.00</u>	<u>-</u>	<u>53,059.00</u>
	\$ 156,215.49	\$ 156,215.49	\$ 53,059.00	\$ -	\$ 53,059.00
Ref.	B	B-1	B-4,8		B

B-3

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2011	Received in 2012	Accrued in 2012	Paid in 2012	Balance Dec. 31, 2012
Animal Control Fund:					
Current Fund - Interest	\$ 4.36	\$ 16.41	\$ -	\$ 4.36	\$ 16.41
Other Trust Funds:					
Current Fund:					
Police Outside Employment - Interest	25.78	122.05		98.17	49.66
Police Forfeited Assets- Interest	-	31.54		-	31.54
Developers' Escrow - Interest	22.53	109.55		62.25	69.83
Municipal Alliance - Interest	17.20	47.11		17.20	47.11
Recreation Trust - Interest	7.16	18.67		4.23	21.60
Flexible Spending - Interest		1.92			1.92
Shade Tree- Interest		8.99		2.76	6.23
COAH- Interest		32.02		2.72	29.30
Flexible Spending- Advance			828.50		828.50
Shade Tree- Advance			249.00		249.00
Police Forfeited Assets- Advance	-	-	3,521.16	-	3,521.16
	<u>72.67</u>	<u>371.85</u>	<u>4,598.66</u>	<u>187.33</u>	<u>4,855.85</u>
	\$ 77.03	\$ 388.26	\$ 4,598.66	\$ 191.69	\$ 4,872.26
Ref.	B	B-1	B-8	B-1	B

## BOROUGH OF MOUNTAIN LAKES

TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 2,872.68
Increased by :		
2012 Dog License Fees	B-1	\$ 7,836.80
Late Fees	B-1	900.00
Miscellaneous	B-1	143.00
Cat Licenses	B-1	<u>2,516.00</u>
		<u>11,395.80</u>
		14,268.48
Decreased by :		
Expenditures Per R.S. 4:19-15.11	B-1	<u>10,854.27</u>
Balance December 31, 2012	B	<u>\$ 3,414.21</u>

Animal Control Fees Collected

<u>Year</u>	<u>Amount</u>
2010	12,870.00
2011	<u>12,439.60</u>
	<u>\$ 25,309.60</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 2.40
Increased by :		
Fees Collected in 2012	B-1	<u>694.20</u>
		696.60
Decreased by :		
Paid to State Board of Health	B-1	<u>691.80</u>
Balance December 31, 2012	B	<u>\$ 4.80</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, 2011</u>	<u>Received in</u> <u>2012</u>	<u>Interest</u> <u>Earnings</u>	<u>Accrued</u> <u>in 2012</u>	<u>Paid in</u> <u>in 2012</u>	<u>Bills Paid by</u> <u>Current Fund</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State Unemployment Compensation Insurance	\$ 2,808.72	\$ 10,739.74	\$ 5.90	\$ -	\$ 11,144.28	\$ -	\$ 2,410.08
Police Outside Employment	(348.15)	140,166.98			117,858.47		21,960.36
Police Forfeited Assets	12,602.58					3,521.16	9,081.42
Developers' Escrow	226,485.78	192,665.91			77,468.02		341,683.67
Parking Offenses Adjudication Act Fines	186.69	4.00					190.69
Municipal Alliance	19,880.60				1,753.43		18,127.17
Flexible Spending	-	18,240.29			17,397.96	828.50	13.83
Recreation Trust	58,072.71	182,928.99		4,959.00	137,615.72		108,344.98
Shade Tree Donations	3,316.59	1,000.00			585.00	249.00	3,482.59
COAH	12,797.67						12,797.67
Tax Sale Premiums	147,900.00	-	-	48,100.00	147,900.00	-	48,100.00
	<u>\$ 483,703.19</u>	<u>\$545,745.91</u>	<u>\$ 5.90</u>	<u>\$ 53,059.00</u>	<u>\$ 511,722.88</u>	<u>\$ 4,598.66</u>	<u>\$ 566,192.46</u>
Ref.	B	B-1	B-1	B-2	B-1	B-3	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, 2011	C		\$ 1,475,541.54
Increased by Receipts:			
Premium on Bond Anticipation Notes	C-1	\$ 7,930.00	
Deferred Charges - Canceled Grants	C-6	12,578.56	
Federal and State Aid	C-7	61,412.37	
Interfund Accounts Receivable	C-8	738,587.63	
Capital Improvement Fund	C-11	35,000.00	
Interfund Accounts Payable	C-13	611,700.05	
Bond Anticipation Notes	C-17	<u>2,611,950.00</u>	
			<u>4,079,158.61</u>
			5,554,700.15
Decreased by Disbursements :			
Paid to Current Fund as Budget Revenue	C-1	186,000.00	
Interfund Accounts Receivable	C-8	600,000.00	
Reserve for Encumbrances	C-10	304,101.50	
Interfund Accounts Payable	C-13	1,487,770.00	
Bond Anticipation Notes	C-17	<u>2,823,975.00</u>	
			<u>5,401,846.50</u>
Balance December 31, 2012	C		<u>\$ 152,853.65</u>

BOROUGH OF MOUNTAIN LAKES  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance or (Deficit) Dec. 31, 2011	Receipts			Disbursements			Transfers To	Transfers From	Balance or (Deficit) Dec. 31, 2012
		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	115,533.50								115,533.50	-
10-07 Various Capital Improvements	32,435.95								32,435.95	-
05-08 Various Capital Improvements	6,045.22									6,045.22
05-09 Fire and DPW Equipment	3,092.80	713,950.00			713,950.00				3,092.80	-
06-09 Various Capital Improvements:										
Fire Truck										
DPW Equipment		213,750.00			213,750.00					
Vehicles	12,353.75	42,275.00			42,275.00					12,353.75
Infrastructure Repair/ Maintenance	1,131.38	105,592.50			105,592.50					1,131.38
Buildings and Grounds Repair/Maintenance	24,983.00	351,025.00			351,025.00					24,983.00
Lakes Management		35,007.50			35,007.50					
Fire Truck (Supplements Ord. 06-09)	4,689.40	23,750.00			23,750.00					
Various Capital Improvements:		20,500.00			20,500.00					
Riding Lawn Mower and Generator		20,900.00			20,900.00					4,689.40
Various Vehicles	988.06	122,075.00			122,075.00					988.06
Infrastructure Repair/ Maintenance	5.00	308,750.00			308,750.00					5.00
Buildings and Grounds Repair/Maintenance	4,133.28	71,250.00			71,250.00				2,392.80	1,740.48
Dam Rehabilitation and Repair	349.56	23,750.00			23,750.00				87.35	262.21
Various Capital Improvements:	646.11									646.11
Administration Equipment		14,250.00			14,250.00			15,000.00		
Fire Department Equipment	3,420.50	23,750.00			23,750.00					3,420.50
Police Department Equipment	3,806.50	33,250.00			33,250.00					3,806.50
DPW Equipment	4,701.00	12,825.00			12,825.00				2,780.00	1,921.00
Infrastructure Repair/ Maintenance	38,632.10	313,500.00			313,500.00				27,437.53	11,194.57
Buildings and Grounds Repair/Maintenance	132,741.24	82,000.00			82,000.00				115,794.36	16,946.88
Water/Sewer Utility Equipment	41,358.85	46,550.00			46,550.00				14,302.00	27,056.85
Lakes Management	30,450.00	33,250.00			33,250.00				830.35	29,619.65
17-12 Various Capital Improvements:										
Police, Fire and Public Works										
Departments Equipment										
Buildings and Grounds Repair/Maintenance								4,600.00	18,949.27	(14,349.27)
Administrative Computer Equipment								10,000.00		10,000.00
Improvement of Various Roads								750.00	3,235.00	(2,485.00)
Construction of Curbs and Sidewalks								180,500.00	5,000.00	175,500.00
Improvement of Storm Water Drainage System								5,500.00	19,700.00	(14,200.00)
Improvement of Water Supply								3,200.00	64,441.00	(61,241.00)
and Distribution System								7,000.00	1,986.00	5,014.00
Capital Improvement Fund	322,413.50		35,000.00				304,101.50	8,605.82		26,917.82
Capital Reserves	17,834.91								36,550.00	16,284.91
Interfund Accounts Payable	834.23			611,700.05						834.23
Fund Balance	607,742.22			7,930.00						2.11
Expenditures without Ordinance Appropriations	10,222.64		12,578.56				1,487,770.00	268,329.84		122,311.88
Federal and State Aid Receivable	(12,578.56)						186,000.00	290,158.24		
Interfund Accounts Receivable	(144,958.96)									
Excess Proceeds (Ord. 06-11)	(138,587.63)			61,412.37			600,000.00			
	212,025.00			738,587.63					175,000.00	(258,546.59)
					212,025.00					
	\$ 1,475,541.54	\$ 2,611,950.00	\$ 47,578.56	\$ 1,419,630.05	\$ 2,823,975.00	\$ -	\$ 2,577,871.50	\$ 793,644.90	\$ 793,644.90	\$ 152,853.65

## BOROUGH OF MOUNTAIN LAKES

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 6,261,000.00
Decreased by:		
Serial Bonds Paid:		
2012 Budget Appropriation	C-15	<u>580,000.00</u>
Balance December 31, 2012	C	<u>\$ 5,681,000.00</u>

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## BOROUGH OF MOUNTAIN LAKES

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

	<u>Ref.</u>	
Balance December 31, 2011	C	<u>\$ 12,578.56</u>
Decreased by :		
2012 Budget Appropriation	C-2	<u>\$ 12,578.56</u>

C-7

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 144,958.96
Increased by :		
Awarded in 2012	C-9	<u>175,000.00</u>
		319,958.96
Decreased by :		
Received in 2012	C-8	<u>61,412.37</u>
Balance December 31, 2012	C	<u>\$ 258,546.59</u>

Analysis of Balance December 31, 2012

NJDOT Grant (Ordinance 17-12d)	\$ 175,000.00
Energy Efficiency and Conservation Block Grant (Ordinance 06-11f)	20,000.00
Clean Energy Incentive Grant (Ordinance 06-11f)	<u>63,546.59</u>
	<u>\$ 258,546.59</u>



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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Paid</u> <u>in 2012</u>	<u>Received</u> <u>in 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Current Fund:				
Interfund Advance	\$ -	\$ 600,000.00	\$ 600,000.00	\$ -
NJDOT Grant (Ordinance 06-11e)	<u>138,587.63</u>	<u>-</u>	<u>138,587.63</u>	<u>-</u>
	<u>\$ 138,587.63</u>	<u>600,000.00</u>	<u>\$ 738,587.63</u>	<u>\$ -</u>
Ref.	C	C-2	C-2	

**Federal, State and Other Aid Receivable**  
**Capital Improvement Fund**

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 322,413.50
Increased by :		
Improvement Authorization Charges	C-9	<u>8,605.82</u>
		331,019.32
Decreased by :		
Paid in 2012	C-2	<u>304,101.50</u>
Balance December 31, 2012	C	<u>\$ 26,917.82</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 17,834.91
Increased by :		
2012 Budget Appropriation	C-2	<u>35,000.00</u>
		52,834.91
Decreased by :		
Appropriated to Finance		
Improvement Authorizations	C-9	<u>36,550.00</u>
Balance December 31, 2012	C	<u>\$ 16,284.91</u>

BOROUGH OF MOUNTAIN LAKES  
 GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL RESERVES

	<u>Ref.</u>	<u>Total</u>	<u>Appropriated Purchase of Defibrillator</u>
Balance December 31, 2011	C	<u>\$ 834.23</u>	<u>\$ 834.23</u>
Balance December 31, 2012	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, 2011</u>	<u>Received</u> <u>in 2012</u>	<u>Accrued</u> <u>in 2012</u>	<u>Paid</u> <u>in 2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Current Fund - Interest	\$ 855.21	\$ 1,516.54	\$ -	\$ 2,369.64	\$ 2.11
Current Fund - Bills	562,706.65	610,183.51	268,329.84	1,441,220.00	-
Sewer Operating Fund - Bills	<u>44,180.36</u>	<u>-</u>	<u>-</u>	<u>44,180.36</u>	<u>-</u>
	<u>\$ 607,742.22</u>	<u>\$ 611,700.05</u>	<u>\$ 268,329.84</u>	<u>\$ 1,487,770.00</u>	<u>\$ 2.11</u>
Ref.	C	C-2	C-9	C-2	C

BOROUGH OF MOUNTAIN LAKES

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR FEDERAL AND STATE AID RECEIVABLE

**NOT APPLICABLE**

BOROUGH OF MOUNTAIN LAKES  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS

Purpose	Original Issue		Annual Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2011	Paid	Balance Dec. 31, 2012
	Date	Amount	Date	Amount				
General Improvements	9/1/07	\$ 2,101,000.00	9/1/13	\$ 150,000.00	5.000%	\$ 1,661,000.00	\$ 130,000.00	\$ 1,531,000.00
			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	7/15/13	190,000.00	4.00%	2,165,000.00	185,000.00	1,980,000.00
			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	11/15/13	260,000.00	3.00%	2,435,000.00	265,000.00	2,170,000.00
			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%			
						\$ 6,261,000.00	\$ 580,000.00	\$ 5,681,000.00

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, 2011	Increased	Decreased	Balance Dec. 31, 2012
		Date of Issue	Amount Issued						
05-08	Various Capital Improvements	2/13/09	\$ 746,700.00	2/11/11 2/9/12	1.50% 1.25%	\$ 746,700.00	\$ -	746,700.00	\$ 713,950.00
06-09	Various Capital Improvements	2/12/10	771,400.00	2/11/11 2/9/12	1.50% 1.25%	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 10/12/12	1.50% 1.25%	213,750.00	20,500.00	213,750.00	20,500.00
07-10	Various Capital Improvements	10/14/11	546,725.00	10/14/11 10/12/12	1.50% 1.25%	546,725.00	546,725.00	546,725.00	546,725.00
06-11	Various Capital Improvements	10/14/11	559,375.00	10/14/11 10/12/12	1.50% 1.25%	771,400.00	559,375.00	771,400.00	559,375.00
						\$ 3,049,975.00	\$ 2,611,950.00	\$ 3,049,975.00	\$ 2,611,950.00
						Ref.	C		C
						Ref.			
						Cash			
						Budget Appropriation			
						C-2	\$ 2,611,950.00	\$ 2,823,975.00	
						C-5	-	226,000.00	
							\$ 2,611,950.00	\$ 3,049,975.00	

## BOROUGH OF MOUNTAIN LAKES

## GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance</u>	<u>2012</u>	<u>Bonds and Notes</u>		<u>Balance</u>
		<u>Dec. 31, 2011</u>	<u>Authorizations</u>	<u>Canceled</u>	<u>Issued</u>	<u>Dec. 31, 2012</u>
17-12	Various Capital Improvements: Police, Fire and Public Works Departments Equipment Buildings and Grounds Repair/Maintenance Administrative Computer Equipment Improvement of Various Roads Construction of Curbs and Sidewalks Improvement of Storm Water Drainage System Improvement of Water Supply and Distribution System	\$ -	\$ 88,825.00 192,000.00 14,250.00 104,500.00 104,500.00 61,800.00 134,000.00	\$ -	\$ -	\$ 88,825.00 192,000.00 14,250.00 104,500.00 104,500.00 61,800.00 134,000.00
		-	-	-	-	-
		\$ -	\$ 699,875.00	\$ -	\$ -	\$ 699,875.00

## BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	D	\$ 227,876.73	\$ 8,885.35
Increased by Receipts:			
Miscellaneous Revenue	D-3	25,501.85	
Water Collector	D-7	627,628.68	
Interfunds Accounts Receivable	D-8	170,153.79	-
Interfunds Accounts Payable	D-18	1,031,289.06	22.20
		<u>1,854,573.38</u>	<u>22.20</u>
		2,082,450.11	8,907.55
Decreased by Disbursements :			
2012 Budget Appropriations	D-4	125,302.31	
Interfunds Accounts Receivable	D-8	119,371.09	-
2011 Appropriation Reserves	D-16	2,856.68	
Reserve for Encumbrances	D-17	12,235.76	
Interfunds Accounts Payable	D-18	1,470,121.59	7.42
		<u>1,729,887.43</u>	<u>7.42</u>
Balance December 31, 2012	D	\$ 352,562.68	\$ 8,900.13

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

	Balance or (Deficit) Dec. 31, 2011	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2012
		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	7.42			22.20			7.42	-
Interfund Accounts Payable	649.72	-	-	-	-	-	-	22.20
Fund Balance								649.72
	<u>\$ 8,885.35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22.20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7.42</u>	<u>\$ 8,900.13</u>

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

	<u>Ref.</u>	
Increased by Receipts:		
Consumers' Accounts Receivable	D-9	<u>\$ 627,628.68</u>
Decreased by Disbursements :		
Amount Paid to Treasurer:		
Water Operating Fund	D-5	<u>\$ 627,628.68</u>

## BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Paid in 2012	Accrued in 2012	Received in 2012	Balance Dec. 31, 2012
Water Operating Fund:					
Current Fund	\$ -	\$ 21,732.54	\$ 2,896.08	\$ 22,507.82	\$ 2,120.80
Water Capital Fund - Interest	7.42		22.20	7.42	22.20
Sewer Operating	50,000.00			50,000.00	-
Payroll Agency	19,010.28	97,638.55	-	97,638.55	19,010.28
	<u>69,017.70</u>	<u>119,371.09</u>	<u>2,918.28</u>	<u>170,153.79</u>	<u>21,153.28</u>
	\$69,017.70	\$119,371.09	\$ 2,918.28	\$ 170,153.79	\$21,153.28
Ref.	D	D-5	D-3,9	D-5	D

## BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND  
SCHEDULE OF WATER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 22,444.23
Increased by :		
2012 Charges		<u>676,982.81</u>
		699,427.04
Decreased by :		
Received in 2012	D-3,7	\$ 627,628.68
Utility Charges Overpayments Applied in 2012	D-3,19	4,571.89
Amount Due from Current Fund	D-8	<u>2,896.08</u>
		<u>635,096.65</u>
Balance December 31, 2012	D	<u>\$ 64,330.39</u>

D-10

SCHEDULE OF WATER LIENS RECEIVABLE

**NOT APPLICABLE**

BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND  
SCHEDULE OF DEFERRED CHARGES-OPERATING DEFICIT

**NOT APPLICABLE**



## BOROUGH OF MOUNTAIN LAKES

D-12

WATER UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2012</u>
Organization and Intangible Costs	\$ 2,539.92	\$ 2,539.92
Pumping System, Land and Improvements	11,044.28	11,044.28
Storage Reservoir, Land	4,798.81	4,798.81
Other Distribution System, Land	1,000.00	1,000.00
Springs, Wells and Collection Reservoirs	150,743.31	150,743.31
Aeration and Chemical Treatment Plant	5,916.89	5,916.89
Pumping Station Structures	44,839.27	44,839.27
Electric Power Pumping Equipment	109,957.25	109,957.25
Transmission Mains and Accessories	53,098.59	53,098.59
Storage Reservoir, Tanks and Stand Pipe	164,439.66	164,439.66
Distribution Mains and Accessories	655,122.86	655,122.86
Service Pipes and Stops	28,643.58	28,643.58
Meters, Meter Boxes and Vaults	109,705.07	109,705.07
Fire Hydrants and Fire Cisterns	34,571.28	34,571.28
General Structures	7,005.08	7,005.08
General Equipment	188,669.52	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	17,428.21	17,428.21
	<u>-</u>	<u>-</u>
	<u>\$ 1,724,269.39</u>	<u>\$ 1,724,269.39</u>

Ref.

D

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**

WATER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 35,953.35	\$ -	\$ 2,304.70	\$ 33,648.65
Other Expenses	551.98		551.98	-
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	<u>3,841.70</u>	<u>-</u>	<u>-</u>	<u>3,841.70</u>
	<u>\$ 40,347.03</u>	<u>\$ -</u>	<u>\$ 2,856.68</u>	<u>\$ 37,490.35</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, 2011	D	\$ 15,285.76
Increased by :		
Charges to 2012 Budget Appropriations	D-4	<u>12,037.88</u>
		27,323.64
Decreased by :		
Cancelled in 2012	D-1	\$ 3,050.00
Paid in 2012	D-5	<u>12,235.76</u>
		<u>15,285.76</u>
Balance December 31, 2012	D	<u>\$ 12,037.88</u>

## BOROUGH OF MOUNTAIN LAKES

WATER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2011	Received in 2012	Accrued in 2012	Paid in 2012	Balance Dec. 31, 2012
Water Operating Fund:					
Current Fund	\$ 82,262.25	\$ 393,152.77	\$ 440,119.83	\$ 915,534.85	\$ 0.00
Sewer Operating Fund:					
Sewer User Charges	<u>82,262.25</u>	<u>638,136.29</u>	<u>-</u>	<u>554,586.74</u>	<u>83,549.55</u>
		<u>1,031,289.06</u>	<u>440,119.83</u>	<u>1,470,121.59</u>	<u>83,549.55</u>
Water Capital Fund:					
Water Operating Fund:	<u>7.42</u>	<u>22.20</u>	<u>-</u>	<u>7.42</u>	<u>22.20</u>
Interest on Investments	<u>7.42</u>	<u>22.20</u>	<u>-</u>	<u>7.42</u>	<u>22.20</u>
	<u>\$ 82,269.67</u>	<u>\$ 1,031,311.26</u>	<u>\$ 440,119.83</u>	<u>\$ 1,470,129.01</u>	<u>\$ 83,571.75</u>
Ref.	D	D-5	D-4	D-5	D

BOROUGH OF MOUNTAIN LAKES

D-19

WATER UTILITY FUND  
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ <u>4,571.89</u>
Decreased by :		
Applied to Consumers' Accounts Receivable in 2012	D-9	\$ <u>4,571.89</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS

D-20

**NOT APPLICABLE**

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

**NOT APPLICABLE**

SCHEDULE OF ACCRUED INTEREST ON NOTES

**NOT APPLICABLE**



BOROUGH OF MOUNTAIN LAKES  
WATER UTILITY FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

**NOT APPLICABLE**

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

**NOT APPLICABLE**

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

	<u>Ref.</u>	
Balance December 31, 2011	D	<u>\$ 8,228.21</u>
Balance December 31, 2012	D	<u>\$ 8,228.21</u>

SCHEDULE OF CAPITAL RESERVES

**NOT APPLICABLE**

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

	Ref.	
Balance December 31, 2011	D	<u>\$ 1,724,269.39</u>
Balance December 31, 2012	D	<u>\$ 1,724,269.39</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

**NOT APPLICABLE**

D-29

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

**NOT APPLICABLE**

D-30

SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT  
FINANCING PROGRAM LOAN PAYABLE

**NOT APPLICABLE**

D-31

SCHEDULE OF BOND ANTICIPATION NOTES

**NOT APPLICABLE**

D-32

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

**NOT APPLICABLE**

BOROUGH OF MOUNTAIN LAKES

E-4

SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Expended Reserved	Unexpended Balance Canceled
Operating :							
Salaries and Wages		\$ 180,578.00	\$ (200.00)	\$ 180,378.00	\$ 163,929.36	\$ 16,448.64	\$ -
Other Expenses		417,600.00	200.00	417,800.00	417,708.82	91.18	
Total Operating	E-1	598,178.00	-	598,178.00	581,638.18	16,539.82	
Capital Improvement :							
Capital Outlay							
Total Capital Improvement	E-1	10,000.00		10,000.00		10,000.00	
		10,000.00		10,000.00		10,000.00	
Deferred Charges and Statutory Expenditures:							
Deferred Charges:							
Over Expenditures		3,026.36		3,026.36	3,026.36	-	
Statutory Expenditures :							
Contribution to:							
Public Employees Retirement System		14,000.00		14,000.00		14,000.00	
Social Security (O.A.S.I.)		11,500.00		11,500.00	11,079.05	420.95	
Total Statutory Expenditures	E-1	28,526.36	-	28,526.36	11,079.05	14,420.95	
		\$ 636,704.36	\$ -	\$ 636,704.36	\$ 595,743.59	\$ 40,960.77	\$ -
Ref.	E-3						
				Ref.		E	
			Disbursed	E-5	\$ 8,000.00		
			Deferred Charges	E-11	3,026.36		
			Encumbrances	E-17	1,023.71		
			Interfund Payable	E-18	583,693.52		
					\$ 595,743.59		

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

## BOROUGH OF MOUNTAIN LAKES

E-5

SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	E	\$ 249,623.31	\$ 24,624.58
Increased by Receipts:			
Miscellaneous Revenue	E-3	220.71	
Interfunds Accounts Receivable	E-8	617,837.68	
Interfunds Accounts Payable	E-18	89,310.09	61.60
		<u>707,368.48</u>	<u>61.60</u>
		<u>956,991.79</u>	<u>24,686.18</u>
Decreased by Disbursements :			
2012 Budget Appropriations	E-4	8,000.00	
Interfunds Accounts Receivable	E-8	14,241.12	-
2011 Appropriation Reserves	E-16	1,822.06	
Reserve for Encumbrances	E-17	7,341.82	
Interfunds Accounts Payable	E-18	928,628.20	20.58
		<u>960,033.20</u>	<u>20.58</u>
Balance December 31, 2012	E	\$ (3,041.41)	\$ 24,665.60





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

NOT APPLICABLE

## BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Paid in 2012	Accrued in 2012	Received in 2012	Balance Dec. 31, 2012
<b>Sewer Operating Fund:</b>					
Current Fund	\$ 19,050.00	-	\$ 3,075.23	\$ 19,050.00	\$ 3,075.23
General Capital Fund	44,180.36			44,180.36	-
Water Operating Fund	-		638,136.29	554,586.74	83,549.55
Sewer Capital Fund	20.58		61.60	20.58	61.60
Payroll Agency Account	-	14,241.12	-	-	14,241.12
	<u>\$ 63,250.94</u>	<u>\$ 14,241.12</u>	<u>\$ 641,273.12</u>	<u>\$ 617,837.68</u>	<u>\$ 100,927.50</u>
Ref.	E	E-5		E-5	E
		Ref.			
Interest on Delinquencies		E-3	\$ 11,536.79		
Refund of Parsippany Sewer Charges		E-3	61,708.62		
Sewer Capital Fund - Interest		E-3	61.60		
Sewer Service Charges		E-9	567,966.11		
			<u>\$ 641,273.12</u>		

## BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND  
SCHEDULE OF SEWER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Billings</u> <u>in 2012</u>	<u>Collections</u> <u>2012</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
2012	\$ 21,212.10	\$ 576,004.27	\$ 567,966.11	\$ 29,250.26
	<u>\$ 21,212.10</u>	<u>\$ 576,004.27</u>	<u>\$ 567,966.11</u>	<u>\$ 29,250.26</u>
Ref.	E		E-3,8	E
	Current Fund		\$ 3,075.23	
	Water Operating Fund		<u>564,890.88</u>	
			<u>\$ 567,966.11</u>	

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

E-10

NOT APPLICABLE

SCHEDULE OF DEFERRED CHARGES-BUDGET OVEREXPENDITURES

E-11

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 3,026.36
Decreased by:		
Raised in Budget in 2012	E-4	<u>\$ 3,026.36</u>

BOROUGH OF MOUNTAIN LAKES

E-12

SEWER UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2012</u>
General Equipment	\$ 64,471.40	\$ 64,471.40
Vehicles	27,000.00	27,000.00
Sewer Jet	68,276.80	68,276.80
Sewer Camera	<u>8,211.60</u>	<u>8,211.60</u>
	<u>\$ 167,959.80</u>	<u>\$ 167,959.80</u>
Ref.	E	E

## BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Number</u>	<u>Ordinance</u>		<u>Balance</u>	
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2012</u>
Various Improvements	11-05	6/27/2005	\$ 12,950.00	\$ 5,554.00	\$ 5,554.00
				\$ 5,554.00	\$ 5,554.00
				\$ 5,554.00	\$ 5,554.00
			Ref.	E	E

E-14

BOROUGH OF MOUNTAIN LAKES  
SEWER UTILITY FUND  
SCHEDULE OF NJEIT RECEIVABLE

NOT APPLICABLE

E-15

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

## BOROUGH OF MOUNTAIN LAKES

E-16

SEWER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 12,750.01	\$ (2,000.00)	\$ -	\$ 10,750.01
Other Expenses		2,000.00	1,822.06	177.94
Capital Improvement:				
Capital Outlay	972.60			972.60
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	<u>1,975.48</u>	<u>-</u>	<u>-</u>	<u>1,975.48</u>
	<u>\$ 15,698.09</u>	<u>\$ -</u>	<u>\$ 1,822.06</u>	<u>\$ 13,876.03</u>
Ref.	E		E-5	E-1



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

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 7,341.82
Increased by :		
Charges to 2012 Budget Appropriations	E-4	<u>1,023.71</u>
		8,365.53
Decreased by :		
Paid in 2012	E-5	<u>7,341.82</u>
Balance December 31, 2012	E	<u>\$ 1,023.71</u>

## BOROUGH OF MOUNTAIN LAKES

SEWER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2011	Received in 2012	Accrued in 2012	Paid in 2012	Balance Dec. 31, 2012
Sewer Operating Fund:					
Current Fund	\$ 205,624.59	\$ 89,310.09	\$ 583,693.52	\$ 878,628.20	\$ -
Water Operating Fund	50,000.00	-	-	50,000.00	-
Total Sewer Operating Fund	<u>255,624.59</u>	<u>89,310.09</u>	<u>583,693.52</u>	<u>928,628.20</u>	<u>-</u>
Sewer Capital Fund:					
Sewer Operating Fund	20.58	61.60	-	20.58	61.60
Total Sewer Capital Fund	<u>20.58</u>	<u>61.60</u>	<u>-</u>	<u>20.58</u>	<u>61.60</u>
	<u>\$ 255,645.17</u>	<u>\$ 89,371.69</u>	<u>\$ 583,693.52</u>	<u>\$ 928,648.78</u>	<u>\$ 61.60</u>
Ref.	E	E-5	E-4	E-5	E

BOROUGH OF MOUNTAIN LAKES

E-19

SEWER UTILITY FUND  
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

NOT APPLICABLE

SCHEDULE OF ACCRUED INTEREST ON BONDS

E-20

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, 2011		Balance Dec. 31, 2012	
				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, 2011	E	<u>\$ 19,050.00</u>
Balance December 31, 2012	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, 2011	E	<u>\$ 167,959.80</u>
Balance December 31, 2012	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, 2011</u>	<u>Balance Dec. 31, 2012</u>
11-05	Various Improvements	\$ 12,950.00	6/27/2005	\$ 5,554.00	\$ 5,554.00
				<u>\$ 5,554.00</u>	<u>\$ 5,554.00</u>
			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*

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*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, 2012 and December 31, 2011, and have issued our report thereon dated April 10, 2013. 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**

Management of the Borough of Mountain Lakes is responsible for establishing and maintaining 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.

350 Main Road, Suite 104  
Montville, NJ 07045  
973-953-7769 Fax: 973-625-8733  
Email: [tmvrabel@vc@optonline.net](mailto:tmvrabel@vc@optonline.net)

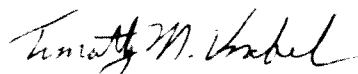
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 2012-1 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**

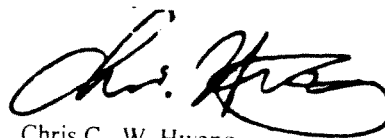
As part of obtaining reasonable assurance about whether the Borough of Mountain Lakes' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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. CR0000339



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

April 10, 2013

BOROUGH OF MOUNTAIN LAKES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule A

Federal Funding Department	Federal Program	CFDA No.	Federal Grant (Award) Number	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2012		Amount of Expenditures		Unexpended Balance Dec. 31, 2012
				Grant Award Amount	Grant Period From To	Prior Year	Current Year	Prior Year	Current Year (1)	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 B

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

State Program	State Account Number	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2012	Amount of Expenditures		Unexpended Balance Dec. 31, 2012
			From	To	Prior Years	Current Year		Prior Years	Current Year (1)	
Department of Transportation: N.J. Transportation Trust Fund: Ordinance No. 06-11e Ordinance No. 17-12d		\$ 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)		175,000.00					175,000.00		5,000.00	170,000.00
Clean Energy Incentive Grant (Ordinance No. 06-11f)		20,000.00					20,000.00			
Recycling Tonnage Grant		63,546.59					63,546.59		46,288.24	
Drunk Driving Enforcement Fund	4900-752-178810-60	19,699.79			11,523.21	8,176.58				19,699.79
Clean Communities Grant	1110-448-031020-60	5,974.60			5,974.60				853.40	5,121.20
Alcohol Education and Rehabilitation Fund	4900-765-178910-60	16,516.23			16,516.23				8,545.14	7,971.09
Municipal Alliance on Alcoholism and Drug Abuse	9735-760-060000-60	3,310.16			3,310.16					3,310.16
Body Armor Replacement Fund		20,250.00			6,020.08					19,229.92
Click It or Ticket		6,982.14			3,736.09	3,246.05	14,229.92		953.02	3,310.16
Green Communities Grant		7,858.00			3,858.00	3,950.32	49.68			19,296.98
BSF Forestry Grant		3,000.00				3,000.00				6,982.14
FEMA - Assistance to Firefighters Grant		7,000.00				5,500.00	3,000.00			7,858.00
Highlands Plan Conformance Grant		215,055.00			215,055.00		3,000.00	5,500.00		3,000.00
ANJEC Smart Growth Planning Assistance Grant		50,000.00			10,220.64		1,500.00	214,862.96	172.04	1,500.00
Reduction in Speed Grant		4,000.00					39,779.36	44,053.94		5,946.06
Recreation Trails Program		26,508.00	2008		24,858.24		4,000.00	4,000.00		
OEM Grant		25,000.00	2002		25,000.00		1,649.76	24,858.24	1,042.43	607.33
		2,405.72	2004		2,405.72			24,604.28	395.72	
					<u>467,065.60</u>	<u>85,285.32</u>	<u>322,755.31</u>	<u>493,745.40</u>	<u>124,662.36</u>	<u>256,698.47</u>

(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, 2012

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, 2012

Part I – Summary of Auditor's Report

Financial Statement Section

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

BOROUGH OF MOUNTAIN LAKES  
SCHEDULE OF FINDINGS AND RESPONSES OR QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(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 2012-1

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, 2012

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 2011-1

Condition

Segregation of duties deficiency.

Current Status

See Finding 2012-1

**BOROUGH OF MOUNTAIN LAKES**

**PART II**

---

**GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2012**

## 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 Dam Consultant.

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

Tree Pruning and Solid Waste Collection

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: Road Milling and Paving.

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

Drainage Work

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

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

The governing body on January 3, 2012, 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 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup> and November 1<sup>st</sup> 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, 2012 include taxes for only 2012.

The last tax sale was held on December 12, 2012 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>
2012	0
2011	0
2010	0
2009	1
2008	0
2007	0
2006	0
2005	0
2004	0
2003	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 2013 Taxes	25
Payments of 2012 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, 2012, is not yet fully known, however the items that were returned were checked and in agreement with the Borough's records and for items not returned either a second request was made or the open items were traced to subsequent collection. If any irregularities are discovered as a result of our second request a separate report will be issued.

## OTHER COMMENTS

### TREASURER

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

### TECHNICAL ACCOUNTING DIRECTIVES

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

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

The Borough has complied by implementing all three directives.



RECOMMENDATIONS

NONE

STATUS OF PROPR YEAR'S AUDIT FINDINGS RECOMMENDATIONS.

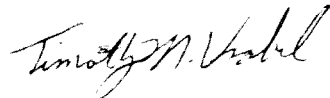
In accordance with Government Auditing Standards, a review was performed on the prior years recommendations and corrective action was taken on all.

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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

April 10, 2013