

**REPORT OF AUDIT**  
**BOROUGH OF LINCOLN PARK**  
**COUNTY OF MORRIS**  
**DECEMBER 31, 2012**

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**BOROUGH OF LINCOLN PARK**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2012**

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**BOROUGH OF LINCOLN PARK, N.J.**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Borough Council  
Borough of Lincoln Park  
Lincoln Park, New Jersey 07035

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Lincoln Park in the County of Morris, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



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

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

The Length of Service Awards Program of the Borough of Lincoln Park has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Lincoln Park as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above, with the exception of the Length of Service Awards Program, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.



***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Lincoln Park's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

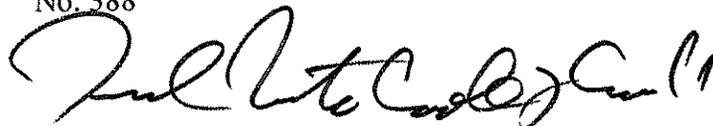
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2013 on our consideration of the Borough of Lincoln Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Lincoln Park's internal control over financial reporting and compliance.



Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

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## Borough of Lincoln Park, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	3,187,706.56	3,197,594.31
Change Fund	A-5	1,150.00	1,150.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	<u>15,319.19</u>	<u>17,366.45</u>
		<u>3,204,175.75</u>	<u>3,216,110.76</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	373,900.63	319,702.81
Tax Title Liens	A-9	20,367.62	24,736.55
Property Acquired for Taxes -			
Assessed Valuation	A-10	1,123,165.00	1,123,165.00
Revenue Accounts Receivable	A-11	5,832.79	9,309.77
Sewer Rents Receivable	A-12	214,515.01	174,394.38
Sewer Liens	A-13		622.01
Due from:			
General Capital Fund	A-14	669.02	715.69
Federal and State Grant Fund	A-14	73.82	2,279.81
Other Trust Fund	A-14	9,947.35	4,093.55
Animal Control Trust Fund	A-14	7,095.24	9,833.49
Payroll Fund	A-14	1,526.81	1,997.39
Public Assistance Trust Fund	A-14	2.12	54.68
Library Payroll Reimbursement	A-14	<u>16,281.42</u>	<u>38,738.51</u>
		<u>1,773,376.83</u>	<u>1,709,643.64</u>
Deferred Charges:			
Special Emergency Authorizations	A-15	<u>320,000.00</u>	<u>500,000.00</u>
		<u>320,000.00</u>	<u>500,000.00</u>
		<u>5,297,552.58</u>	<u>5,425,754.40</u>
Federal and State Grant Fund:			
Cash	A-4	297,859.59	79,942.14
Grants Receivable	A-23	293,581.66	473,262.00
Interfund Other Trust Fund	A-27		<u>2,413.44</u>
		<u>591,441.25</u>	<u>555,617.58</u>
		<u>5,888,993.83</u>	<u>5,981,371.98</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Lincoln Park, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	612,092.10	815,266.21
Due to:			
Water Operating Fund	A-14	497.28	
Encumbrances Payable	A-17	254,818.13	225,192.23
Accounts Payable	A-18	2,162.30	1,076.08
Prepaid Taxes	A-19	206,108.04	197,657.83
Local School Tax Payable	A-20	128,624.82	133,391.82
Tax Overpayments	A-22	2,438.62	639.03
Sewer Rent Overpayments	A-22	1,477.63	2,192.39
Due to State of New Jersey:			
Construction Code Surcharge	A-22	563.00	1,247.00
Marriage License Surcharge	A-22	750.00	300.00
Reserve for:			
Outside Liens	A-22		43,093.52
Sale of Borough Property	A-22	421,218.02	751,840.86
Revaluation	A-22	17,382.31	17,382.31
Flood Related Costs	A-22	42,765.32	138,516.77
Tax Appeals	A-22	16,323.83	
Garden State Trust	A-22	28,287.00	28,287.00
		<u>1,735,508.40</u>	<u>2,356,083.05</u>
Reserve for Receivables	Contra	1,773,376.83	1,709,643.64
Fund Balance	A-1	<u>1,788,667.35</u>	<u>1,360,027.71</u>
		<u>5,297,552.58</u>	<u>5,425,754.40</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	536,338.83	517,616.29
Unappropriated Reserve for Grants	A-25	48,514.73	35,721.48
Interfund - Current Fund	A-26	73.82	2,279.81
Interfund - Other Trust Fund	A-27	6,513.87	
		<u>591,441.25</u>	<u>555,617.58</u>
		<u>5,888,993.83</u>	<u>5,981,371.98</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	779,000.00	1,120,000.00
Miscellaneous Revenue Anticipated	A-2	4,366,208.58	4,291,983.11
Receipts from Delinquent Taxes	A-2	312,579.11	278,442.60
Receipts from Current Taxes	A-2	33,462,582.63	32,737,029.69
Non-Budget Revenue	A-2	170,852.93	68,059.02
Other Credits to Income:			
Statutory Excess in Animal Control Trust	A-14	6,913.33	9,558.40
Interfunds Returned	A-14	57,713.12	69,848.62
Canceled Grant Reserves			27,681.46
Unexpended Balance of Appropriation Reserves	A-16	537,968.25	496,211.76
Canceled Accounts Payable	A-18	1,076.08	776.95
		<hr/>	<hr/>
Total Revenues and Other Income		39,694,894.03	39,099,591.61
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,295,302.38	5,525,396.96
Other Expenses	A-3	8,050,262.84	8,305,452.75
Capital Improvement Fund	A-3	180,000.00	224,000.00
Municipal Debt Service	A-3	2,074,155.00	2,064,667.50
Deferred Charges and Statutory Expenditures - Municipal	A-3	1,603,099.75	1,659,322.00
Refund of Prior Year's Revenue			93,820.85
Interfund Advances	A-14	35,595.78	57,713.12
Canceled Grants Receivable			26,181.46
Local District School Tax	A-20	17,638,361.50	17,364,451.50
County Taxes including Added Taxes	A-21	3,610,477.14	3,638,026.24
		<hr/>	<hr/>
Total Expenditures		38,487,254.39	38,959,032.38

Borough of Lincoln Park, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Excess (Deficit) Revenue Over Expenditures		1,207,639.64	140,559.23
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		_____	400,000.00
Statutory Excess to Fund Balance		1,207,639.64	540,559.23
Fund Balance, January 1,	A	1,360,027.71	1,939,468.48
		2,567,667.35	2,480,027.71
Decreased by:			
Fund Balance Utilized as Budget Revenue		779,000.00	1,120,000.00
Fund Balance, December 31,	A	1,788,667.35	1,360,027.71

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Lincoln Park, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2012

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>779,000.00</u>	<u>779,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	17,500.00	17,600.00	100.00
Other	A-2	8,500.00	6,785.00	(1,715.00)
Fees and Permits	A-2	28,000.00	38,756.00	10,756.00
Fines and Costs:				
Municipal Court	A-11	103,000.00	136,137.10	33,137.10
Interest and Costs on Taxes	A-4	62,000.00	72,499.78	10,499.78
Interest on Investments and Deposits	A-11	40,000.00	27,409.52	(12,590.48)
Sewer Rents	A-12	1,890,000.00	2,035,595.91	145,595.91
Recreation Fees	A-11	105,000.00	147,300.13	42,300.13
Energy Receipts Tax	A-11	776,323.00	776,323.00	
Consolidated Municipal Property Tax Relief Aid	A-11	103,828.00	103,828.00	
Garden State Trust Pilot Funds	A-22	28,287.00	28,287.00	
Uniform Construction Code Fees	A-11	90,000.00	165,761.00	75,761.00
Public and Private Revenues:				
Body Armor Grant	A-23	2,374.56	2,374.56	
Clean Communities	A-23	17,440.70	17,440.70	
Alcohol Education and Rehab Grant	A-23	1,618.04	1,618.04	
Recycling Tonnage Grant	A-23	14,288.18	14,288.18	
NJ Transportation Trust	A-23	250,000.00	250,000.00	
Drive Sober or Get Pulled Over	A-23	4,350.00	4,350.00	
Parents of Exceptional Children	A-23	10,500.00	10,500.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	11,064.00	11,064.00	
County of Morris - Water Booster Station	A-23	22,757.24	22,757.24	
Other Special Items:				
Reserve for Debt Service	A-11	20,000.00	20,000.00	
Sale of Municipal Assets	A-22	358,447.00	358,447.00	
General Capital Fund Balance	A-11	40,000.00	40,000.00	
Cable Television Franchise Fees	A-11	44,000.00	46,557.00	2,557.00
NJ Life Hazard Use Fees	A-11	11,197.00	10,529.42	(667.58)
Total Miscellaneous Revenues	A-1	<u>4,060,474.72</u>	<u>4,366,208.58</u>	<u>305,733.86</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>300,000.25</u>	<u>312,579.11</u>	<u>12,578.86</u>
Subtotal General Revenues		<u>5,139,474.97</u>	<u>5,457,787.69</u>	<u>318,312.72</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>12,637,104.00</u>	<u>12,787,502.99</u>	<u>150,398.99</u>
Budget Totals		<u>17,776,578.97</u>	<u>18,245,290.68</u>	<u>468,711.71</u>
Non-Budget Revenue	A-1/A-2		<u>170,852.93</u>	<u>170,852.93</u>
		<u>17,776,578.97</u>	<u>18,416,143.61</u>	<u>639,564.64</u>
	A-3			
Adopted Budget	A-3	17,749,471.73		
Appropriated by (N.J.S. 40A:4-87)	A-3	27,107.24		
		<u>17,776,578.97</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of Lincoln Park, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2012

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	33,462,582.63
Allocated to School and County Taxes	A-8	<u>21,248,838.64</u>
Balance for Support of Municipal Budget Appropriations		12,213,743.99
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>573,759.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>12,787,502.99</u>
Receipts from Delinquent Taxes: Delinquent Taxes	A-2,A-8	<u>298,551.86</u>
Licenses - Other:		
Clerk	A-11	115.00
Registrar	A-11	150.00
Board of Health	A-11	<u>6,520.00</u>
	A-2	<u>6,785.00</u>
Fees and Permits - Other:		
Clerk	A-11	16,118.37
Board of Health	A-11	4,717.00
Police	A-11	5,303.63
Fire Prevention	A-11	5,257.00
Registrar	A-11	<u>7,360.00</u>
	A-2	<u>38,756.00</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Return Check Fee		375.00
Tax Miscellaneous		370.00
Interest on Sewer Rents		15,705.93
Senior Citizens & Veterans Administration Fee		2,265.82
Photo Copies		59.06
Postage		166.07
Canceled Escrow Deposits		144,565.07
Void Checks		64.00
Miscellaneous		4,012.98
State DMV		<u>3,269.00</u>
	A-4	<u>170,852.93</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages		149,500.00	144,500.00	139,490.72	5,009.28	
Other Expenses		97,528.00	98,528.00	97,111.97	1,416.03	
Clerk						
Salaries and Wages		128,290.41	121,790.41	115,853.28	5,937.13	
Other Expenses		29,930.00	29,930.00	25,688.14	4,241.86	
Financial Administration						
Salaries and Wages		96,992.81	100,992.81	99,744.29	1,248.52	
Other Expenses		19,945.00	18,945.00	15,510.03	3,434.97	
Audit Services						
Other Expenses		25,000.00	25,000.00	2,250.00	22,750.00	
Collection of Taxes						
Salaries and Wages		67,962.04	67,962.04	67,962.04		
Other Expenses		5,622.00	4,622.00	2,686.56	1,935.44	
Assessment of Taxes						
Salaries and Wages		58,714.97	60,214.97	60,054.61	160.36	
Other Expenses		4,656.00	4,656.00	2,605.30	2,050.70	
Legal Services and Costs						
Other Expenses		164,896.00	221,296.00	183,218.87	38,077.13	
Engineering Services and Costs						
Other Expenses		48,290.00	43,290.00	30,210.00	13,080.00	
Planning Board						
Salaries and Wages		7,000.00	7,000.00	6,805.07	194.93	
Other Expenses		17,037.00	17,037.00	12,627.72	4,409.28	
Planning Department						
Salaries and Wages		71,909.78	73,009.78	72,947.24	62.54	
Other Expenses		5,359.00	5,359.00	3,509.91	1,849.09	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Board of Adjustment						
Salaries and Wages		6,500.00	6,500.00	6,500.00		
Other Expenses		12,306.00	12,306.00	7,251.12	5,054.88	
Fair Housing Committee						
Other Expenses		300.00	300.00		300.00	
Insurance:						
Other Insurance Premiums		373,776.00	358,776.00	348,283.15	10,492.85	
Group Insurance Plan for Employees		1,810,253.00	1,810,253.00	1,810,253.00		
Health Benefit Waiver		31,920.00	31,920.00	30,586.78	1,333.22	
Police						
Salaries and Wages		3,137,329.57	3,137,329.57	3,131,733.50	5,596.07	
Other Expenses		122,198.00	122,198.00	99,166.77	23,031.23	
Police Radio and Communications						
Other Expenses		33,820.00	31,820.00	24,997.96	6,822.04	
Emergency Management Services						
Other Expenses		24,120.00	22,120.00	9,717.44	12,402.56	
First Aid Squad Contribution		33,000.00	33,000.00	32,915.77	84.23	
Fire						
Other Expenses		109,213.00	109,213.00	105,915.48	3,297.52	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		16,935.00	16,935.00	13,029.53	3,905.47	
Other Expenses		2,500.00	1,500.00	500.00	1,000.00	
Municipal Court:						
Salaries and Wages		110,784.99	110,784.99	109,550.31	1,234.68	
Other Expenses		10,055.00	10,055.00	4,034.61	6,020.39	
Public Defender						
Salaries and Wages		3,500.00	3,700.00		3,700.00	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance
Road Repairs and Maintenance						
Salaries and Wages		929,147.93	929,147.93	922,378.79	6,769.14	
Other Expenses		174,550.00	174,550.00	148,633.01	25,916.99	
Sewer System						
Other Expenses		22,274.00	27,274.00	22,023.81	5,250.19	
Garbage and Trash Removal						
Salaries and Wages		60,000.42	60,000.42	59,514.97	485.45	
Other Expenses		742,680.00	737,680.00	674,529.66	63,150.34	
Public Buildings and Grounds						
Other Expenses		434,453.00	429,753.00	390,331.98	39,421.02	
Hurricane Irene Flooding						
Condominium Reimbursement		23,800.00	23,800.00	23,697.80	102.20	
Board of Health						
Salaries and Wages		141,170.59	136,170.59	129,249.45	6,921.14	
Other Expenses		87,315.00	83,315.00	79,213.36	4,101.64	
Dog Regulation						
Other Expenses		30,000.00	30,000.00	26,140.50	3,859.50	
Administration of Public Assistance						
Other Expenses		1,100.00	1,100.00	1,000.00	100.00	
Senior Citizens Transportation						
Other Expenses		96,801.12	83,801.12	82,628.00	1,173.12	
Parks and Playgrounds						
Salaries and Wages		156,052.66	146,052.66	145,539.12	513.54	
Other Expenses		97,365.00	97,365.00	90,911.76	6,453.24	
Municipal Lake						
Salaries and Wages		62,236.00	62,236.00	59,679.77	2,556.23	
Other Expenses		50,659.00	50,659.00	50,481.45	177.55	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Building Inspector		109,975.21	110,975.21	110,773.54	201.67	
Salaries and Wages		3,807.00	3,807.00	680.44	3,126.56	
Other Expenses						
Plumbing Inspector		600.00	600.00	198.00	402.00	
Other Expenses						
Electric Inspector		600.00	600.00	198.00	402.00	
Other Expenses						
Celebration of Public Events						
Other Expenses		6,500.00	6,500.00	5,365.00	1,135.00	
Aid to Museum		1,600.00	1,600.00	1,600.00		
Street Lighting		95,000.00	95,000.00	67,970.23	27,029.77	
Street Signs		2,000.00	2,000.00	682.65	1,317.35	
Gasoline		165,248.00	175,248.00	165,691.54	9,556.46	
Contingent		1,000.00	1,000.00		1,000.00	
		<u>10,333,078.50</u>	<u>10,333,078.50</u>	<u>9,931,824.00</u>	<u>401,254.50</u>	
Total Operations within "CAPS"						
Detail:						
Salaries and Wages	A-1	5,314,002.38	5,295,302.38	5,250,806.23	44,496.15	
Other Expenses	A-1	5,019,076.12	5,037,776.12	4,681,017.77	356,758.35	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges						
Prior Year Bills - JCP&L		34,490.06	34,490.06	34,490.06		
Prior Year Bills - Verizon Wireless		1,511.69	1,511.69	1,511.69		
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		313,413.00	313,413.00	313,413.00		
Social Security System (O.A.S.I.)		455,000.00	455,000.00	373,019.26	81,980.74	
Police and Firemen's Retirement System of N.J.		603,933.00	603,933.00	603,933.00		
Defined Contribution Retirement Plan		4,752.00	4,752.00	876.60	3,875.40	
Unemployment Compensation		10,000.00	10,000.00		10,000.00	
<b>Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"</b>	A-1	<b>1,423,099.75</b>	<b>1,423,099.75</b>	<b>1,327,243.61</b>	<b>95,856.14</b>	
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>		<b>11,756,178.25</b>	<b>11,756,178.25</b>	<b>11,259,067.61</b>	<b>497,110.64</b>	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		491,959.00	491,959.00	491,959.00		
Pequanmock, Lincoln Park, and Fairfield Regional Sewerage Authority Share of Costs		1,939,812.00	1,939,812.00	1,939,812.00		
Emergency Services Volunteer Length of Service Award Program		92,000.00	92,000.00		92,000.00	
Increase Costs P.L. 2007,c.62						
Group Insurance for Employees		105,723.00	105,723.00	87,466.61	18,256.39	
Recycling Tax		13,000.00	13,000.00	10,458.93	2,541.07	
Reserve for Tax Appeals		30,000.00	30,000.00	30,000.00		

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Public and Private Programs Offset by Revenues						
Body Armor Grant		2,374.56	2,374.56	2,374.56		
Clean Communities		17,440.70	17,440.70	17,440.70		
Alcohol Education and Rehab Grant		1,618.04	1,618.04	1,618.04		
Recycling Tonnage Grant		14,288.18	14,288.18	14,288.18		
NJ Transportation Trust		250,000.00	250,000.00	250,000.00		
Drive Safe and Sober		4,350.00	4,350.00	4,350.00		
Parents of Exceptional Children		10,500.00	10,500.00	10,500.00	1,450.00	
Parents of Exceptional Children - Local Share		2,100.00	2,100.00	650.00		
County of Morris - CDBG Water Booster Station		22,757.24	22,757.24	22,757.24		
Municipal Alliance on Alcoholism and Drug Abuse		11,064.00	11,064.00	11,064.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		3,500.00	3,500.00	2,766.00	734.00	
Total Operations - Excluded from "CAPS"		<u>3,012,486.72</u>	<u>3,012,486.72</u>	<u>2,897,505.26</u>	<u>114,981.46</u>	
Detail:						
Other Expenses	A-1	3,012,486.72	3,012,486.72	2,897,505.26	114,981.46	
Capital Improvements:						
Capital Improvement Fund		180,000.00	180,000.00	180,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>180,000.00</u>	<u>180,000.00</u>	<u>180,000.00</u>		
Municipal Debt Service:						
Payment of Bond Principal		1,000,000.00	1,000,000.00	1,000,000.00		
Interest on Bonds		213,382.50	213,382.50	213,382.50		
Morris County Improvement Authority		860,772.50	860,772.50	860,772.50		
Loan Repayments for Principal and Interest		2,074,155.00	2,074,155.00	2,074,155.00		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>2,074,155.00</u>	<u>2,074,155.00</u>	<u>2,074,155.00</u>		

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Deferred Charges:						
Special Emergency Authorizations		180,000.00	180,000.00	180,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	180,000.00	180,000.00	180,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,446,641.72	5,446,641.72	5,331,660.26	114,981.46	
Subtotal General Appropriations		17,202,819.97	17,202,819.97	16,590,727.87	612,092.10	
Reserve for Uncollected Taxes		573,759.00	573,759.00	573,759.00		
Total General Appropriations		17,776,578.97	17,776,578.97	17,164,486.87	612,092.10	
			17,749,471.73			
	Adopted Budget		27,107.24			
	Appropriated by (N.J.S.A. 40A:4-87)		17,776,578.97			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			573,759.00		
Cash Disbursed	A-4			15,788,101.02		
Encumbrances Payable	A-17			254,818.13		
Deferred Charges						
Special Emergency Authorization	A-15			180,000.00		
Reserve for Tax Appeals	A-22			30,000.00		
Reserve for Federal and State Grants	A-24			334,392.72		
Matching Funds for Federal and State Grants	A-4,A-24			3,416.00		
				17,164,486.87		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Animal Control Trust:			
Cash - Treasurer	B-1	<u>31,236.84</u>	<u>31,857.69</u>
		<u>31,236.84</u>	<u>31,857.69</u>
Other Trust Funds:			
Cash - Treasurer	B-1	1,730,031.32	1,923,097.05
Interfund - Grant Fund	B-3	<u>6,513.87</u>	
		<u>1,736,545.19</u>	<u>1,923,097.05</u>
Payroll Fund:			
Cash	B-1	<u>45,290.90</u>	<u>47,495.35</u>
		<u>45,290.90</u>	<u>47,495.35</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-1	930,430.90	812,635.41
Contributions Receivable	B-10	<u>94,300.00</u>	<u>85,100.00</u>
		<u>1,024,730.90</u>	<u>897,735.41</u>
		<u><u>2,837,803.83</u></u>	<u><u>2,900,185.50</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statement

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Control Trust:			
Interfund - Current Fund	B-2	7,095.24	9,833.49
Reserve for Dog Fund Expenditures	B-4	<u>24,141.60</u>	<u>22,024.20</u>
		<u>31,236.84</u>	<u>31,857.69</u>
Other Trust Fund:			
Interfund - Current Fund	B-2	9,947.35	4,093.55
Interfund - Grant Fund	B-3		2,413.44
Various Reserves	B-6	1,136,048.12	1,232,783.77
Open Space	B-7	<u>590,549.72</u>	<u>683,806.29</u>
		<u>1,736,545.19</u>	<u>1,923,097.05</u>
Payroll Fund:			
Interfund - Current Fund	B-2	1,526.81	1,997.39
Payroll Deductions Payable	B-8	<u>43,764.09</u>	<u>45,497.96</u>
		<u>45,290.90</u>	<u>47,495.35</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-11	<u>1,024,730.90</u>	<u>897,735.41</u>
		<u>1,024,730.90</u>	<u>897,735.41</u>
		<u><u>2,837,803.83</u></u>	<u><u>2,900,185.50</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statement

## Borough of Lincoln Park, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	C-2/C-3	2,054,862.57	2,293,834.53
Deferred Charges to Future Taxation:			
Funded	C-4	25,006,250.00	26,006,250.00
Deferred Charges to Future Taxation:			
Unfunded	C-5	<u>1,168,258.00</u>	<u>2,476,713.00</u>
		<u>28,229,370.57</u>	<u>30,776,797.53</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	4,542,000.00	5,542,000.00
Loan Program Bonds	C-7	20,464,250.00	20,464,250.00
Improvement Authorizations:			
Funded	C-8	1,745,239.28	2,141,862.82
Unfunded	C-8	505,033.93	2,107,635.68
Capital Improvement Fund	C-9	492,735.00	280,890.00
Interfund - Current Fund	C-10	669.02	715.69
Reserve for:			
Debt Service	C-11	63,145.24	83,145.24
Fund Balance	C-1	<u>416,298.10</u>	<u>156,298.10</u>
		<u>28,229,370.57</u>	<u>30,776,797.53</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2012 of \$1,168,258.00 as shown on Exhibit C-12.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of Lincoln Park, N.J.**  
**Statement of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	C	156,298.10
Increased by:		
Funded Improvement Authorizations Canceled	C-8	<u>1,250,000.00</u>
		1,406,298.10
Decreased by:		
Anticipated as 2012 Revenue	C-2	40,000.00
Appropriated to Finance Improvement Auth.	C-8	<u>950,000.00</u>
		<u>990,000.00</u>
Balance - December 31, 2012	C,C-3	<u><u>416,298.10</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

<u>Assets</u>	<u>Ref</u>	<u>2012</u>	<u>2011</u>
Operating Fund:			
Cash	D-5	703,147.69	455,441.76
Change Fund	D-6	250.00	250.00
Interfund - Current Fund	D-16	497.28	
Interfund - Water Capital	D-16	195.93	308.68
		<u>704,090.90</u>	<u>456,000.44</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-8	316,659.69	213,231.57
Water Liens Receivable	D- 9		443.97
		<u>316,659.69</u>	<u>213,675.54</u>
 Total Operating Fund		 <u>1,020,750.59</u>	 <u>669,675.98</u>
 Capital Fund:			
Cash	D-5, D-7	651,605.88	468,875.26
Fixed Capital	D-10	4,140,461.40	3,419,296.40
Fixed Capital Authorized and Uncompleted	D-11	1,049,235.00	1,270,400.00
 Total Capital Fund		 <u>5,841,302.28</u>	 <u>5,158,571.66</u>
 Total Assets		 <u>6,862,052.87</u>	 <u>5,828,247.64</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Lincoln Park, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31,

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4, D-13	327,993.43	64,977.88
Encumbrances Payable	D-14	69,920.46	72,272.40
Water Rent Overpayments	D-15	4,690.58	3,286.29
Accrued Interest on Bonds	D-17	5,024.16	8,036.94
Accrued Interest on Notes	D-18	1,245.21	
		<u>408,873.84</u>	<u>148,573.51</u>
Reserve for Receivables	Contra	316,659.69	213,675.54
Fund Balance	D-1	<u>295,217.06</u>	<u>307,426.93</u>
Total Operating Fund		<u>1,020,750.59</u>	<u>669,675.98</u>
Capital Fund:			
Interfund - Water Operating	D-12	195.93	308.68
Bond Anticipation Notes	D-19	974,880.00	674,880.00
Loan Program Bonds Payable	D-20	465,750.00	465,750.00
Improvement Authorizations:			
Funded	D-21	224,848.85	248,421.54
Unfunded	D-21	475,909.06	97,458.00
Capital Improvement Fund	D-22	144,959.29	119,959.29
Reserve for Amortization	D-23	3,521,776.40	3,485,796.40
Reserve for Deferred Amortization	D-24	27,290.00	63,270.00
Fund Balance	D-2	<u>5,692.75</u>	<u>2,727.75</u>
Total Capital Fund		<u>5,841,302.28</u>	<u>5,158,571.66</u>
Total Liabilities, Reserves and Fund Balances		<u>6,862,052.87</u>	<u>5,828,247.64</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

Footnote: There were \$200,000.00 of Bonds and Notes Authorized But Not Issued on December 31, 2012 per Exhibit D-25.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Lincoln Park, N.J.

## Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Water Utility Operating Fund

Year Ended December 31, 2012

With comparative figures for 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	193,200.00	147,365.00
Rents	D-3	2,041,062.43	1,880,993.60
Fire Hydrant Service	D-3	5,303.89	5,910.74
Miscellaneous	D-3	87,310.95	84,785.60
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-13	7,645.09	46,500.18
		<hr/>	<hr/>
Total Income		<u>2,334,522.36</u>	<u>2,165,555.12</u>
Expenditures:			
Operating	D-4	2,040,381.23	1,976,660.00
Capital Improvements	D-4	25,000.00	35,000.00
Debt Service	D-4	22,912.00	22,235.00
Deferred Charges and			
Statutory Expenditures	D-4	<u>65,239.00</u>	<u>64,820.00</u>
Total Expenditures		<u>2,153,532.23</u>	<u>2,098,715.00</u>
Excess/(Deficit) in Revenue over Expenditures		180,990.13	66,840.12
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years		<hr/>	<hr/>
Statutory Excess to Surplus		180,990.13	66,840.12
Fund Balance - January 1,	D	<u>307,426.93</u>	<u>387,951.81</u>
		488,417.06	454,791.93
Decreased by:			
Utilized as Anticipated Revenue		<u>193,200.00</u>	<u>147,365.00</u>
Fund Balance - December 31,	D	<u><u>295,217.06</u></u>	<u><u>307,426.93</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Borough of Lincoln Park, N.J.**  
**Statement of Fund Balance - Regulatory Basis**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	2,727.75
Increased by:		
Premium on Sale of Bond Anticipation Notes	D-5	<u>2,965.00</u>
Balance - December 31, 2012	D/D-7	<u><u>5,692.75</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Lincoln Park, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	193,200.00	193,200.00	
Rents	D-8	1,880,000.00	2,041,062.43	161,062.43
Fire Hydrant Service	D-8	5,000.00	5,303.89	303.89
Miscellaneous	D-1	<u>75,332.23</u>	<u>87,310.95</u>	<u>11,978.72</u>
 Budget Totals	 D-4	 <u>2,153,532.23</u>	 <u>2,326,877.27</u>	 <u>173,345.04</u>
 <u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Investments	D-5		5,821.83	
Sprinkler Use	D-8		59,633.24	
Other Miscellaneous	D-5		2,162.00	
Late Payment Penalties	D-5		<u>19,693.88</u>	
			<u>87,310.95</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Borough of Lincoln Park, N.J.

## Statement of Expenditures - Regulatory Basis

## Water Utility Operating Fund

Year Ended December 31, 2012

	Ref.	Appropriated		Expended	Reserved
		Budget	Budget After Modification	Paid or Charged	
Operating:					
Salaries and Wages		472,006.23	472,006.23	382,217.36	89,788.87
Other Expenses		1,568,375.00	1,568,375.00	1,367,155.04	201,219.96
Total Operating	D-1	2,040,381.23	2,040,381.23	1,749,372.40	291,008.83
Capital Improvements:					
Capital Improvement Fund		25,000.00	25,000.00	25,000.00	
Total Capital Improvements	D-1	25,000.00	25,000.00	25,000.00	
Debt Service:					
Interest on Bonds		14,196.00	14,196.00	14,196.00	
Interest on Notes		8,716.00	8,716.00	8,716.00	
Total Debt Service	D-1	22,912.00	22,912.00	22,912.00	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		27,239.00	27,239.00		27,239.00
Social Security System (O.A.S.I.)		38,000.00	38,000.00	28,254.40	9,745.60
Total Deferred Charges and Statutory Expenditures	D-1	65,239.00	65,239.00	28,254.40	36,984.60
		<u>2,153,532.23</u>	<u>2,153,532.23</u>	<u>1,825,538.80</u>	<u>327,993.43</u>
			D-3		D
Cash Disbursed	D-5			1,732,706.34	
Encumbrances Payable	D-14			69,920.46	
Accrued Interest on Bonds	D-17			14,196.00	
Accrued Interest on Notes	D-18			8,716.00	
				<u>1,825,538.80</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Borough of Lincoln Park, N.J.**

**Balance Sheet - Regulatory Basis**

**Public Assistance Fund**

**December 31, 2012**

**With Comparative Figures for 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>6,842.75</u>	<u>6,895.31</u>
		<u><u>6,842.75</u></u>	<u><u>6,895.31</u></u>
 <u>Liabilities</u>			
Interfund - Current Fund		2.12	54.68
Reserve for Public Assistance		<u>6,840.63</u>	<u>6,840.63</u>
		<u><u>6,842.75</u></u>	<u><u>6,895.31</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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**Borough of Lincoln Park, N.J.**

**Statement of General Fixed Assets - Regulatory Basis**

**December 31, 2012**

**With Comparative Figures for 2011**

	<u>2012</u>	<u>2011</u>
<u>General Fixed Assets:</u>		
Land	3,343,900.00	3,343,900.00
Buildings	23,256,919.65	23,252,094.65
Improvements Other Than Buildings	766,579.63	766,579.63
Machinery and Equipment	<u>6,023,714.64</u>	<u>6,223,179.61</u>
	<u>33,391,113.92</u>	<u>33,585,753.89</u>
Investment in Fixed Assets	<u>33,391,113.92</u>	<u>33,585,753.89</u>

See accompanying notes to financial statements.

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**BOROUGH OF LINCOLN PARK, N.J.**

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of Lincoln Park 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 "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**A. Reporting Entity**

The Borough of Lincoln Park (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective January 1, 2001, the Borough transferred administration of the General Assistance Program to the Morris County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**Basis of Accounting**

A modified accrual basis of accounting is followed by the Borough of Lincoln Park. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. 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 Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Water Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. Several budget transfers were approved by the Governing Body. During 2012, the Borough Council increased the original budget by \$27,107.24. This increase was funded by additional aid allotted the Borough.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. 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.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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.

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.

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

Inventories - 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.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Lincoln Park has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (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.

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.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year have been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**C. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents 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.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2012, \$-0- of the Borough's bank balance of \$8,802,359.23 was exposed to custodial credit risk.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Investments**

**Investment Rate Risk**

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limit the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are: Bonds of the United States of America, bonds or other obligations of the towns or, bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

**Unaudited Investments**

As more fully described in Note 14, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2012 and 2011 amounted to \$930,430.90 and \$812,635.41, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Index	\$98,820.16	\$75,683.02
Fixed Income	759,098.39	678,684.39
Growth	32,654.05	26,448.23
Global	17,214.62	13,356.05
REIT	1,344.47	910.48
Contra	6,366.63	4,285.71
Utilities	1,346.86	990.90
All Others	<u>13,585.72</u>	<u>12,276.63</u>
Total	<u>\$930,430.90</u>	<u>\$812,635.41</u>

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$26,006,250.00	\$	\$1,000,000.00	\$25,006,250.00	\$1,030,000.00
Water Utility Debt	465,750.00			465,750.00	15,000.00
Accrued Sick and Vacation Benefits	<u>476,410.02</u>	<u>479,318.78</u>	<u>15,000.00</u>	<u>940,728.80</u>	<u>                    </u>
	<u>\$26,948,410.02</u>	<u>\$479,318.78</u>	<u>\$1,015,000.00</u>	<u>\$26,412,728.80</u>	<u>\$1,045,000.00</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

**SUMMARY OF MUNICIPAL DEBT**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued			
General Bonds and Notes	\$25,006,250.00	\$26,006,250.00	\$26,961,250.00
Water Utility - Bonds and Notes	<u>1,440,630.00</u>	<u>1,140,630.00</u>	<u>465,750.00</u>
Total Issued	<u>26,446,880.00</u>	<u>27,146,880.00</u>	<u>27,427,000.00</u>
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Reserve for Debt Service	<u>63,145.24</u>	<u>83,145.24</u>	<u>103,145.24</u>
Total Deductions	<u>63,145.24</u>	<u>83,145.24</u>	<u>103,145.24</u>
Net Debt Issued	<u>26,383,734.76</u>	<u>27,063,734.76</u>	<u>27,323,854.76</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	1,168,258.00	2,476,713.00	1,803,513.00
Water Utility Bonds and Notes	<u>200,000.00</u>	<u>                    </u>	<u>674,880.00</u>
Total Authorized But Not Issued	<u>1,368,258.00</u>	<u>2,476,713.00</u>	<u>2,478,393.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$27,751,992.76</u>	<u>\$29,540,447.76</u>	<u>\$29,802,247.76</u>

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS**

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 1.77%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$3,425,000.00	\$3,425,000.00	\$0.00
Water Utility Debt	1,640,630.00	1,640,630.00	0.00
General Debt	<u>26,174,508.00</u>	<u>63,145.24</u>	<u>26,111,362.76</u>
	<u>\$31,240,138.00</u>	<u>\$5,128,775.24</u>	<u>\$26,111,362.76</u>

Net Debt \$26,111,362.76 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,476,886,460.67 equals 1.77%.

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

3-1/2% of equalized valuation basis (municipal)	\$51,691,026.12
Net debt	<u>26,111,362.76</u>
	<u>\$25,579,663.36</u>

**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	\$2,326,877.27
Deductions:	
Operating and Maintenance Cost	\$2,105,620.23
Debt Service	<u>22,912.00</u>
	<u>2,128,532.23</u>
Excess in Revenue	<u>\$198,345.04</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 LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

The Borough's long term debt consisted of the following at December 31, 2012:

<u>Paid by Current Fund:</u>	<u>Debt Outstanding</u>
General Bonds - General Bonds of 2001 with an interest rate of 4.25% issued August 1, 2001, due through August 1, 2014	\$1,167,000.00
General Bonds - General Bonds of 2003 with an interest rate of 3.10% issued September 15, 2003, due through August 1, 2013	435,000.00
General Bonds - General Bonds of 2005 with an interest rate of 2.25%-4.00% issued February 1, 2005, due through February 1, 2024	2,940,000.00
Loan Program Bonds - Loan Program Bonds of 2009 with an interest rate of 2.00%-5.00% issued March 15, 2009, due through March 15, 2030	<u>20,464,250.00</u>
	<u>\$25,006,250.00</u>
<u>Paid by Water Utility Operating Fund:</u>	
Loan Program Bonds - Loan Program Bonds of 2009 with an interest rate of 2.00%-5.00% issued March 15, 2009, due through March 15, 2021	<u>465,750.00</u>
	<u>\$465,750.00</u>

General Capital, Assessment Trust and Water Capital Serial Bonds are direct obligations of the Borough, for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or Water Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$1,168,258.00</u>
Water Capital	<u>\$ 200,000.00</u>

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(continued)

**NOTE 3. MUNICIPAL DEBT, (continued)**

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR  
BONDED DEBT ISSUED AND OUTSTANDING**

Calendar Year	General		
	Principal	Interest	Total
2013	\$1,030,000.00	\$1,036,770.63	\$2,066,770.63
2014	967,000.00	992,226.25	1,959,226.25
2015	1,015,000.00	946,310.00	1,961,310.00
2016	1,050,000.00	912,203.75	1,962,203.75
2017	1,090,000.00	875,041.25	1,965,041.25
2018-2022	6,165,000.00	3,677,165.63	9,842,165.63
2023-2027	8,005,000.00	2,116,259.38	10,121,259.38
2028-2030	<u>5,684,250.00</u>	<u>389,040.63</u>	<u>6,073,290.63</u>
	<u>\$25,006,250.00</u>	<u>\$10,945,017.52</u>	<u>\$35,951,267.52</u>

Calendar Year	Water Utility		
	Principal	Interest	Total
2013	\$15,000.00	\$17,062.50	\$32,062.50
2014	50,000.00	16,287.50	66,287.50
2015	50,000.00	15,100.00	65,100.00
2016	50,000.00	13,537.50	63,537.50
2017	50,000.00	11,787.50	61,787.50
2018-2021	<u>250,750.00</u>	<u>26,631.25</u>	<u>277,381.25</u>
	<u>\$465,750.00</u>	<u>\$100,406.25</u>	<u>\$566,156.25</u>

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(continued)

**NOTE 4. BOND ANTICIPATION NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2012, the Borough had no outstanding general capital bond anticipation notes and \$974,880.00 in outstanding water capital bond anticipation notes, maturing on October 31, 2013 at an interest rate of 1.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2012.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Valley National Bank	\$674,880.00	\$	\$674,880.00	\$ -0-
Roosevelt & Cross		<u>974,880.00</u>		<u>974,880.00</u>
	<u>\$674,880.00</u>	<u>\$974,880.00</u>	<u>\$674,880.00</u>	<u>\$974,880.00</u>

**NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, <u>2012</u>	2013 Budget <u>Appropriation</u>
Current Fund Special Emergency Authorization	<u>\$320,000.00</u>	<u>\$80,000.00</u>

**NOTE 6. LOCAL DISTRICT SCHOOL TAXES**

Local district school taxes have been raised on a calendar year basis.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 7. 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 Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Description of Systems, (continued)

*Public Employees' Retirement System (PERS), (continued)*

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Description of Systems, (continued)

*Police and Firemens' Retirement System (PFRS), (continued)*

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$313,413.00	\$603,933.00
2011	323,900.00	766,357.00
2010	269,236.00	623,484.00

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost, to all Borough retirees who (1) have retired on disability pension, and (2) employees who have retired after twenty-five (25) years or more of service in a State or locally administered retirement system.

Health insurance, dental coverage, prescription coverage, and reimbursement of Federal Part B medicare premiums are provided for retirees and their dependents.

The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During 2012, there were twenty-nine (29) retired employees who received this benefit at a cost of \$612,048.00.

**Annual OPEB Cost**

For 2012, the Borough's annual OPEB cost (expense) of \$2,492,800.00 (based on actuarial valuation as of January 1, 2008) was equal to the ARC (Annual Required Contribution). The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 are as follows:

<u>Year</u>	<u>Actual OPEB Payments</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$433,644.00	\$2,492,800.00	17.40%	\$6,333,624.00
2011	558,528.00	2,492,800.00	22.41%	8,267,896.00
2012	612,048.00	2,492,800.00	24.55%	10,148,648.00

**Funding Status and Funding Progress**

The funded status of the plan as of December 31, 2012 (based on actuarial valuation as of January 1, 2008) was as follows:

Actuarial Accrued Liability (AAL)	\$23,303,900.00
Actuarial Value of Plan Assets	-0-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$23,303,900.00</u>
Funded Ratio (Actuarial Value of Plan Assets (AAL))	0.00%
Cover Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

N/A - Not Available

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)**

**Funding Status and Funding Progress, (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount rate and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage, and the face amount of employer-paid life insurance. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without receiving benefits; disability; recovery from disability; participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation as of January 1, 2011 was not available at the time of this audit report. If there are material differences in the January 1, 2011 report from the actuary, we will make note in a separate report.

**NOTE 9. FUND BALANCES**

Fund balances as of December 31, 2012 that have been anticipated as revenue in the 2013 budget is as follows:

Current Fund	\$700,000.00
Water Operating Fund	\$198,000.00

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
 (continued)

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the General Fixed Asset Account Group for the year 2012.

	<u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2012</u>
Land	\$3,343,900.00	\$	\$	\$3,343,900.00
Land Improvements	766,579.63			766,579.63
Buildings	23,252,094.65	4,825.00		23,256,919.65
Machinery & Equipment	<u>6,223,179.61</u>	<u>39,420.75</u>	<u>238,885.72</u>	<u>6,023,714.64</u>
	<u>\$33,585,753.89</u>	<u>\$44,245.75</u>	<u>\$238,885.72</u>	<u>\$33,391,113.92</u>

**NOTE 11. LEASES**

In 2012, the Borough leased 3 police cars under a four year lease. The balance remaining at December 31, 2012 was \$17,638.54. The lease has a bargain purchase option at the end of the lease term for \$1.00, where the title changes from the lessor to the Borough.

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>17,638.54</u>	<u>1,278.73</u>	<u>18,917.27</u>
	<u>\$17,638.54</u>	<u>\$1,278.73</u>	<u>\$18,917.27</u>

**NOTE 12. ACCRUED SICK AND VACATION BENEFITS**

The Borough has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. This amounted to \$940,728.80 as of December 31, 2012. It is expected that the payments will be budgeted as the amounts are used.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 13. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2012</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$206,108.04</u>	<u>\$197,657.83</u>
Cash Liability for Taxes Collected in Advance	<u>\$206,108.04</u>	<u>\$197,657.83</u>

**NOTE 14. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2012 consist of the following:

\$6,513.87	Due to Other Trust Fund from Federal and State Grant Fund for Grant Fund expenditures paid by Other Trust Fund.
7,095.24	Due to Current Fund from Animal Control Trust Fund for interest earned on investments and statutory excess.
1,526.81	Due to Current Fund from Payroll Fund for interest earned on investments.
2.12	Due to Current Fund from Public Assistance Trust Fund for interest earned on investments.
73.82	Due to Current Fund from Federal and State Grant Fund for interest earned on investments.
669.02	Due to Current Fund from General Capital Fund for interest earned on investments.
9,947.35	Due to Current Fund from Other Trust Fund for interest earned on investments and short-term advance.
195.93	Due to Water Operating Fund from Water Capital Fund for interest earned on investments.
<u>497.28</u>	Due to Water Operating Fund from Current Fund for Water Operating receipts deposited in Current Fund.
<u>\$26,521.44</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(continued)

**NOTE 15. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2012 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Lincoln Park 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 Lincoln Park is a member of the Morris County Municipal Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund. These funds are both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a. Workers' Compensation and Employer's Liability
- b. Liability Other Than Motor Vehicles
- c. Property Damage Other Than Motor Vehicles
- d. Motor Vehicle

The Municipal Excess Liability Joint Insurance Fund also offers Public Officials' Liability Coverage.

Members of the Morris County Municipal Joint Insurance Fund are also members of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for excess property coverage which is purchased by the Morris County Municipal Joint Insurance Fund from a commercial carrier.

As a member of these Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

These Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

**BOROUGH OF LINCOLN PARK, N.J.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(continued)**

**NOTE 16. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On October 15, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by the Lincoln National Life Insurance Company (Lincoln National). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$100 per year of active emergency service the maximum contribution for each active volunteer member shall be one Borough tax point per year of active emergency service, subject to periodic increases as permitted. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2012, in accordance with the American Institute of Certified Public Accounts (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 17. COMMITMENTS AND CONTINGENT LIABILITIES**

During the normal course of operations, lawsuits are occasionally brought against the governmental unit. There are presently no outstanding lawsuits that would result in a material contingent liability to the Borough.

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**SUPPLEMENTARY DATA**

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**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>2.458</u>	<u>2.132</u>	<u>2.122</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.880	.752	.771
Municipal Open Space			.010
Municipal Library Tax	.036	.033	
County	.263	.234	.232
Local School	1.279	1.113	1.109

Assessed Valuations

2012	\$1,379,081.500		
2011		\$1,561,035,700	
2010			\$1,572,549,839

**COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2012	\$33,901,813.73	\$33,462,582.63	98.70%
2011	33,286,994.87	32,737,029.69	98.35
2010	33,398,256.43	32,998,208.32	98.80

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$20,367.62	\$373,900.63	\$394,268.25	1.16%
2011	24,736.55	319,702.81	344,439.36	1.03
2010	15,592.12	286,615.52	302,207.64	0.90

**PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION**

The value of properties 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	\$1,123,165.00
2011	1,123,165.00
2010	1,107,365.00

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2012	\$1,788,667.35	\$700,000.00
	2011	1,360,027.71	779,000.00
	2010	1,939,468.48	1,120,000.00
	2009	1,292,281.67	1,090,000.00
	2008	1,151,774.20	960,000.00
Water Utility Operating Fund	2012	\$295,217.06	198,000.00
	2011	307,426.93	193,200.00
	2010	387,951.81	147,365.00
	2009	278,056.16	135,000.00
	2008	255,837.87	135,186.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond*</u>
David Runfeldt	Mayor	
Raymond T. Kerwin	Council President	
Robert Cardillo	Councilman	
Gary Gemian	Councilman	
Louis J. Pepe	Councilman	
Cari Sweet-Kostoplis	Councilwoman	
Ann Thompson	Councilwoman	
James A. Wild	Councilman	
Perry Mayers	Borough Administrator from 2/1/12	
Annette Maida-Smith	Borough Clerk to 1/31/12	
Cynthia Sloane	Borough Clerk from 2/1/12	
Kerry Geisler	Chief Financial Officer, Acting Borough Administrator to 1/31/12	
Kristen Runfeldt	Tax Collector; Tax Search Officer	
Thomas Lenhardt	Tax Assessor	
Christine Scaramelli	Collector of Utility Revenue	
Edward Buzak	Attorney	
Andrew M. Wubbenhorst	Magistrate	
Patricia Fritz	Court Administrator	
Mark West	Chief of Police	
Ferraioli, Wielkotz, Cerullo & Cuva	Auditor	

(A) Selective Insurance Company

\* Covered under the Municipal Joint Insurance Fund

## Borough of Lincoln Park

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Federal Grantor Department	Program Title	Federal Account Number	Program Amount	Balance Jan. 1, 2012	Receipts/ Revenues	Expended	Balance Dec. 31, 2012	Cumulative Expenditures
Division of Highway Traffic Safety	Click It or Ticket	20.602	3,981.88	(3,838.32)			(3,838.32)	3,838.32
	Drive Sober or Get Pulled Over	20.601	4,350.00		4,350.00		4,350.00	
Department of Homeland Security	Public Assistance Grant Program	97.036	78,417.19		78,417.19	78,417.19		78,417.19
Department of Energy	Energy Efficiency and Conservation Block Grant	81.128	8,250.31 4,053.53 7,696.09					
Department of Housing and Urban Development (1)	Community Development Block Grant	14.218	22,757.24 80,000.00 80,000.00	(5,825.00)	80,000.00 37,509.24	35,320.00 29,365.68	44,680.00 2,318.56	35,320.00 35,190.68
Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605	2,552.00	(1,824.66)		80.02	(1,904.68)	1,824.66
Department of Law & Public Safety	Domestic Violence Response Team	16.588	500.00 5,496.00	500.00 141.11			500.00 141.11	5,354.89
Department of Health and Human Services	Pandemic Flu Preparedness Grant	93.069	17,164.00	11,043.38			11,043.38	6,120.62
			196.51	200,276.43	143,182.89	57,290.05	166,066.36	

(1) Pass-Thru Grant - County of Morris  
Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

**Borough of Lincoln Park**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended December 31, 2012**

<u>State Grantor Department</u>	<u>Program Title</u>	<u>State Account Number</u>	<u>Program Amount</u>	<u>Balance Jan. 1, 2012</u>	<u>Receipts/Revenues</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012</u>	<u>Cumulative Expenditures</u>
Department of Environmental Protection and Energy	Clean Communities Grant	4900-765-042-6020	17,157.87	17,440.70	17,157.87		17,157.87	
			17,440.70	18,385.75			17,440.70	
			18,385.75	17,728.94			18,385.75	
			17,728.94	0.81			17,728.94	17,647.95
			13,769.81				13,769.81	13,769.81
Division of Motor Vehicles	Recycling Grant	4900-752-042-4900-6020	18,482.10	14,288.18	18,482.10		18,482.10	
			14,288.18	13,435.00			14,288.18	
			13,435.00	12,253.85			13,435.00	
			12,253.85	5,759.96			12,253.85	2,101.77
			7,861.73				7,861.73	
Department of Community Affairs	Drunk Driving Enforcement Fund	6400-100-078-6400	8,741.86	3,565.43	8,741.86		8,741.86	
			3,565.43	2,400.57			3,565.43	3,547.44
			2,400.57				2,400.57	2,400.57
Department of Transportation	Alcohol Ed. Rehab. Enforce. Fund	9735-760-098-Y900-6020	1,618.89	1,618.04	1,618.89		1,618.89	
			1,618.04	1,206.55			1,618.04	
			1,206.55	1,021.01			1,206.55	
			1,021.01	1,820.55			1,021.01	250.36
			1,820.55	1,849.64			1,820.55	1,849.64
Department of Community Affairs	PEC Grant	2010-05157-0382-00	3,250.00	(3,500.00)	4,454.27		561.77	2,267.70
			6,500.00	(938.23)	938.23		392.50	8,500.00
			8,500.00					
Department of Transportation	N.J. Transportation Trust Fund		250,000.00	(13,285.00)	187,500.00		174,850.00	12,650.00
			200,000.00	(33,332.30)	150,000.00		150,132.68	163,417.68
			250,000.00		37,951.00		37,951.00	246,207.26

**Borough of Lincoln Park**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended December 31, 2012**

<u>State Grantor Department</u>	<u>Program Title</u>	<u>State Account Number</u>	<u>Program Amount</u>	<u>Balance Jan. 1, 2012</u>	<u>Receipts/Revenues</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012</u>	<u>Cumulative Expenditures</u>
NJ Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-YCJS-6120	2,514.01	2,374.56	2,514.01		2,514.01	
			2,374.56	3,398.03		2,374.56	80.33	
			3,478.36			3,398.03		
Morris County (1)	Municipal Drug Alliance		11,064.00			6,090.00	(6,090.00)	6,090.00
			10,928.52	(834.85)	3,828.34	2,993.49	10,928.52	
(1) Pass-Thru Grant - County of Morris				66,657.19	395,235.57	235,906.44	225,986.32	497,465.98

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 04-04

**Borough of Lincoln Park, N.J.**  
**Schedule of Cash - Collector-Treasurer**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>		<u>Current Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance - December 31, 2011	A		3,197,594.31	79,942.14
<b>Increased by Receipts:</b>				
Interest and Costs on Taxes	A-2	72,499.78		
Miscellaneous Revenue Not Anticipated	A-2	170,852.93		
Petty Cash	A-6	500.00		
Due From State - Senior Citizen and Veteran Deductions	A-7	113,291.09		
Taxes Receivable	A-8	33,452,232.83		
Tax Title Liens	A-9	14,027.25		
Revenue Accounts Receivable	A-11	1,536,986.17		
Sewer Rents Receivable	A-12	2,032,781.51		
Sewer Liens Receivable	A-13	622.01		
Interfunds	A-14	271,831.97		
Prepaid Taxes	A-19	206,108.04		
Various Cash Liabilities and Reserves	A-22	346,128.45		
Federal and State Grants Receivable	A-23		468,580.08	
Matching Funds for Grants	A-24		3,416.00	
Unappropriated Reserves	A-25		48,514.73	
Interfund - Current Fund	A-26		73.82	
Interfund - Other Trust	A-27		8,927.31	
			<u>38,217,862.03</u>	<u>529,511.94</u>
			41,415,456.34	609,454.08
<b>Decreased by Disbursements:</b>				
Current Year Budget Appropriations	A-3	15,788,101.02		
Matching Funds for Grants	A-3	3,416.00		
Petty Cash	A-6	500.00		
Interfunds	A-14	242,304.02		
Appropriation Reserves	A-16	500,327.89		
Local District School Taxes	A-20	17,643,128.50		
County Taxes Payable	A-21	3,610,477.14		
Various Cash Liabilities and Reserves	A-22	439,495.21		
Federal & State Grant Appropriations	A-24		309,314.68	
Interfund - Current Fund	A-26		2,279.81	
			<u>38,227,749.78</u>	<u>311,594.49</u>
Balance - December 31, 2012	A		<u><u>3,187,706.56</u></u>	<u><u>297,859.59</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	A	<u>1,150.00</u>
Balance - December 31, 2012	A	<u>1,150.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		350.00
Water Department		100.00
Registrar		50.00
Clerk		100.00
Health		50.00
Recreation		100.00
Municipal Court		<u>400.00</u>
		<u>1,150.00</u>

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	<u>500.00</u>
Decreased by:		
Returned to Treasurer	A-4	<u>500.00</u>

**Borough of Lincoln Park, N.J.**

**Schedule of Amount Due From State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	A	17,366.45
Increased by:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		6,756.17
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		115,000.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>3,000.00</u>
	A-8	<u>111,243.83</u>
		128,610.28
Cash Receipts	A-4	<u>113,291.09</u>
Balance - December 31, 2012	A	<u><u>15,319.19</u></u>



**Exhibit A-9**

**Borough of Lincoln Park, N.J.**

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance - December 31, 2011	A		24,736.55
Increased by:			
Interest and Costs Accrued by Sale		503.28	
Transfers from Taxes Receivable	A-8	<u>9,155.04</u>	
			<u>9,658.32</u>
			34,394.87
Decreased by:			
Cash Receipts	A-2,A-4		<u>14,027.25</u>
Balance - December 31, 2012	A		<u><u>20,367.62</u></u>

**Exhibit A-10**

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance - December 31, 2011	A		<u><u>1,123,165.00</u></u>
Balance - December 31, 2012	A		<u><u>1,123,165.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2012</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2		17,600.00	17,600.00	
Other	A-2		115.00	115.00	
Fees and Permits	A-2		16,118.37	16,118.37	
Police					
Fees and Permits	A-2		5,303.63	5,303.63	
Fire Prevention					
Fees and Permits	A-2		5,257.00	5,257.00	
Registrar					
Other Licenses	A-2		150.00	150.00	
Fees and Permits	A-2		7,360.00	7,360.00	
Board of Health					
Other Licenses	A-2		6,520.00	6,520.00	
Fees and Permits	A-2		4,717.00	4,717.00	
Municipal Court :					
Fines and Costs	A-2	9,297.65	132,668.29	136,137.10	5,828.84
Uniform Construction Code Fees					
Construction Fees	A-2		165,761.00	165,761.00	
Energy Receipts Taxes	A-2		776,323.00	776,323.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		103,828.00	103,828.00	
Interest on Investments and Deposits	A-2	12.12	27,401.35	27,409.52	3.95
Reserve for Debt Service	A-2		20,000.00	20,000.00	
General Capital Fund Balance	A-2		40,000.00	40,000.00	
Cable TV Franchise Fee	A-2		46,557.00	46,557.00	
NJ Life Hazard Use Fees	A-2		10,529.42	10,529.42	
Recreation Fees	A-2		147,300.13	147,300.13	
		<u>9,309.77</u>	<u>1,533,509.19</u>	<u>1,536,986.17</u>	<u>5,832.79</u>
		A		A-4	A

**Borough of Lincoln Park, N.J.**

**Schedule of Sewer Rents Receivable**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	A	174,394.38
Increased by:		
Sewer Rents Levied		<u>2,075,094.53</u>
		2,249,488.91
Decreased by:		
Collections	A-2,A-4	2,032,781.51
Overpayments Applied	A-2,A-22	<u>2,192.39</u>
		<u>2,034,973.90</u>
Balance - December 31, 2012	A	<u><u>214,515.01</u></u>

**Schedule of Sewer Liens**

**Current Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	A	622.01
Decreased by		
Cash Receipts	A-2,A-4	<u>622.01</u>
Balance - December 31, 2012	A	<u><u>0.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2012

Fund	Ref.	Due From/(To) Balance			Due From/(To) Balance	
		Dec. 31, 2011	Increased	Decreased	Dec. 31, 2012	
Other Trust Fund	A	4,093.55	9,947.35	4,093.55	9,947.35	
General Capital Fund	A	715.69	669.02	715.69	669.02	
Federal and State Grant Fund	A	2,279.81	73.82	2,279.81	73.82	
Animal Control Trust	A	9,833.49	7,095.24	9,833.49	7,095.24	
Water Operating Fund	A		497.28		(497.28)	
Payroll Fund	A	1,997.39	714.16	1,184.74	1,526.81	
Public Assistance Trust Fund	A	54.68	2.12	54.68	2.12	
Library Payroll	A	38,738.51	230,715.64	253,172.73	16,281.42	
		<u>57,713.12</u>	<u>249,714.63</u>	<u>271,334.69</u>	<u>35,098.50</u>	
<u>Analysis</u>						
Due to Current Fund	A/A-1	57,713.12			35,595.78	
Due From Current Fund	A				(497.28)	
		<u>57,713.12</u>			<u>35,098.50</u>	
Stat. Excess in Animal Trust	A-1		6,913.33			
Disbursed	A-4		242,304.02			
Received	A-4		497.28	271,334.69		
			<u>249,714.63</u>	<u>271,334.69</u>		

Borough of Lincoln Park, N.J.

Schedule of Deferred Charges - Special Emergency Authorization

Current Fund

Year Ended December 31, 2012

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2011</u>	<u>Reduced in 2012</u>	<u>Balance, Dec. 31, 2012</u>
Flood Emergency	500,000.00	100,000.00	100,000.00	100,000.00	
Flood Emergency	400,000.00	80,000.00	400,000.00	80,000.00	320,000.00
	<u>900,000.00</u>	<u>180,000.00</u>	<u>500,000.00</u>	<u>180,000.00</u>	<u>320,000.00</u>
			<u>A</u>	<u>A-3</u>	<u>A</u>

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<b>Salaries and Wages Within "CAPS":</b>				
Administrative and Executive				
Clerk	971.84	971.84		971.84
Collection of Taxes	0.48	0.48		0.48
Assessment of Taxes	0.29	0.29		0.29
Planning Board	195.43	195.43		195.43
Planning Department	1,206.92	1,206.92		1,206.92
Fair Housing Committee	23.23	23.23		23.23
Police	24,856.21	14,856.21		14,856.21
Uniform Fire Safety Act	3,104.65	3,104.65		3,104.65
Municipal Court	2,741.93	2,741.93		2,741.93
Road Repairs and Maintenance	66,507.10	40,407.10		40,407.10
Garbage and Trash Removal	1,561.76	1,561.76		1,561.76
Board of Health	9,933.28	15,033.28	15,000.00	33.28
Parks and Playgrounds	13,410.08	410.08		410.08
Municipal Lake	111.43	111.43		111.43
Building Inspector	410.18	410.18		410.18
<b>Total Salaries and Wages Within "CAPS"</b>	<u>125,034.81</u>	<u>81,034.81</u>	<u>15,000.00</u>	<u>66,034.81</u>
<b>Other Expenses Within "CAPS":</b>				
Administrative and Executive	13,001.73	19,819.01	9,130.66	10,688.35
Clerk	5,682.52	6,934.55	1,575.23	5,359.32
Financial Administration	9,305.14	10,686.59	8,525.05	2,161.54
Audit Services	22,750.00	22,750.00	22,750.00	
Collection of Taxes	2,966.90	3,159.85	218.43	2,941.42
Assessment of Taxes	2,850.30	15,736.84	11,349.80	4,387.04
Legal Services and Costs	14,316.07	35,558.03	29,041.68	6,516.35
Engineering Services and Costs	2,750.00	2,750.00	2,530.00	220.00
Planning Board	12,875.96	10,557.04	2,092.23	8,464.81
Planning Department	1,004.83	1,431.50	227.67	1,203.83
Board of Adjustment	3,415.18	3,600.38	185.20	3,415.18
Fair Housing Committee	33.89	33.89		33.89
Insurance:				
Other Insurance Premiums	8,530.42	8,530.42		8,530.42
Group Insurance for Employees	45,607.83	50,582.99	21,966.81	28,616.18
Health Benefit Waiver	1,220.50	1,220.50		1,220.50

## Borough of Lincoln Park, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police	20,018.84	30,004.96	15,200.38	14,804.58
Police Radio and Communications	370.83	1,143.97	773.14	370.83
Emergency Management Services	3,722.29	9,384.01	3,091.68	6,292.33
First Aid Organization Contribution	10,910.99	16,226.48	16,059.23	167.25
Fire	19,177.81	31,989.15	19,023.76	12,965.39
Uniform Fire Safety	2,400.00	2,400.00	290.94	2,109.06
Municipal Court	5,594.25	6,099.25	580.00	5,519.25
Road Repairs and Maintenance	7,564.15	56,090.43	37,654.73	18,435.70
Sewer System	11,344.16	12,016.53	3,411.57	8,604.96
Garbage and Trash Removal	52,697.31	120,050.17	108,553.43	11,496.74
Public Building and Grounds	90,184.21	129,691.95	52,406.52	77,285.43
Condominium Reimbursement	29.72	29.72		29.72
Board of Health	7,008.52	7,843.77		7,843.77
Dog Regulation	1,945.57	1,945.57	1,759.16	186.41
Administration of Public Assistance	100.00	100.00		100.00
Parks and Playgrounds	6,199.63	14,348.18	6,178.92	8,169.26
Municipal Lake	468.56	5,887.16	5,163.43	723.73
Building Inspector	4,372.40	4,879.00	238.09	4,640.91
Plumbing Inspector	802.00	802.00		802.00
Electrical Inspector	1,000.00	1,000.00	198.00	802.00
Celebration of Public Events	9.41	416.29	406.88	9.41
Street Signs	643.56	808.56	301.20	507.36
Street Lighting	32,863.79	38,938.88	12,548.44	26,390.44
Gasoline	463.26	7,436.94	5,209.71	2,227.23
Contingent	1,000.00	1,000.00		1,000.00
Total Other expenses Within "CAPS"	<u>427,202.53</u>	<u>693,884.56</u>	<u>398,641.97</u>	<u>295,242.59</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security ( O.A.S.I. )	84,378.87	84,378.87		84,378.87
Defined Contribution Retirement Plan		2,510.20	298.22	2,211.98
Unemployment Compensation	10,000.00	10,000.00		10,000.00
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>94,378.87</u>	<u>96,889.07</u>	<u>298.22</u>	<u>96,590.85</u>

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Total Reserves Within "CAPS"	<u>646,616.21</u>	<u>871,808.44</u>	<u>413,940.19</u>	<u>457,868.25</u>
Other Expenses Excluded From "CAPS":				
Increase Costs P.L. 2007,c.62	75,916.00	75,916.00		75,916.00
Group Insurance for Employees				
Emergency Services Volunteer Length of Service Award Program	92,000.00	92,000.00	88,550.00	3,450.00
Matching Funds for Grants	<u>734.00</u>	<u>734.00</u>		<u>734.00</u>
Total Other Expenses Excluded from "CAPS"	<u>168,650.00</u>	<u>168,650.00</u>	<u>88,550.00</u>	<u>80,100.00</u>
Total Reserves Excluded from "CAPS"	<u>168,650.00</u>	<u>168,650.00</u>	<u>88,550.00</u>	<u>80,100.00</u>
Total Reserves	<u>815,266.21</u>	<u>1,040,458.44</u>	<u>502,490.19</u>	<u>537,968.25</u>
	A			A-1
Appropriation Reserves	Ref. above	815,266.21		
Transfer from Reserve for Encumbrances	A-17	<u>225,192.23</u>		
		<u>1,040,458.44</u>		
Cash Disbursements	A-4		500,327.89	
Transfer to Accounts Payable	A-18		<u>2,162.30</u>	
			<u>502,490.19</u>	

**Borough of Lincoln Park, N.J.**

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2012**

Balance - December 31, 2011	<u>Ref.</u> A	225,192.23
Increased by:		
Transfer from Current Appropriations	A-3	<u>254,818.13</u>
		480,010.36
Decreased by:		
Transfer to Appropriation Reserves	A-16	<u>225,192.23</u>
Balance - December 31, 2012	A	<u><u>254,818.13</u></u>

**Schedule of Accounts Payable**

**Current Fund**

**Year Ended December 31, 2012**

Balance - December 31, 2011	<u>Ref.</u> A	1,076.08
Increased by:		
Transfer from Appropriation Reserves	A-16	<u>2,162.30</u>
		3,238.38
Decreased by:		
Canceled	A-1	<u>1,076.08</u>
Balance - December 31, 2012	A	<u><u>2,162.30</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2012**

Balance - December 31, 2011	<u>Ref.</u> A	197,657.83
Increased by:		
Receipts - Prepaid 2013 Taxes	A-4	<u>206,108.04</u>
		403,765.87
Decreased by:		
Applied to 2012 Taxes	A-8	<u>197,657.83</u>
Balance - December 31, 2012	A	<u><u>206,108.04</u></u>

Borough of Lincoln Park, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	133,391.82
Increased by:		
Levy Calendar Year , 2012	A-1/A-8	<u>17,638,361.50</u>
		17,771,753.32
Decreased by:		
Payments	A-4	<u>17,643,128.50</u>
Balance - December 31, 2012	A	<u><u>128,624.82</u></u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	
Increased by:		
Levy	A-1/A-8	3,610,050.18
Added and Omitted Taxes	A-1/A-8	<u>426.96</u>
		<u>3,610,477.14</u>
		3,610,477.14
Decreased by:		
Payments	A-4	<u>3,610,477.14</u>
Balance - December 31, 2012	A	<u><u></u></u>

Borough of Lincoln Park, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2012

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2011	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2012
<u>Liabilities:</u>				
Tax Overpayments	639.03	51,043.38	49,243.79	2,438.62
Sewer Rent Overpayments	2,192.39	1,477.63	2,192.39	1,477.63
Outside Liens	43,093.52	97,404.68	140,498.20	
Due to State of New Jersey:				
Construction Code Surcharge	1,247.00	7,358.00	8,042.00	563.00
Marriage License Surcharge	300.00	1,250.00	800.00	750.00
<u>Reserves for:</u>				
Sale of Borough Property	751,840.86	27,829.16	358,452.00	421,218.02
Revaluation	17,382.31			17,382.31
Flood Related Costs	138,516.77	131,478.60	227,230.05	42,765.32
Tax Appeals		30,000.00	13,676.17	16,323.83
Garden State Trust	28,287.00	28,287.00	28,287.00	28,287.00
	<u>983,498.88</u>	<u>376,128.45</u>	<u>828,421.60</u>	<u>531,205.73</u>
	A			A
	<u>Ref.</u>			
2012 Anticipated Revenue	A-2		386,734.00	
2012 Budget Appropriation	A-3	30,000.00		
Receipts	A-4	346,128.45		
Disbursed	A-4		439,495.21	
Applied to Sewer Receivable	A-12		2,192.39	
		<u>376,128.45</u>	<u>828,421.60</u>	

## Borough of Lincoln Park, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, 2011	Budget Revenue	Received	Canceled	Balance, Dec. 31, 2012
Federal Grants:					
Click It or Ticket	3,981.88				3,981.88
Stormwater Management Grant	2,552.00				2,552.00
Pandemic Influenza Phase I - IV	385.58				385.58
CDBG - Water Booster Station		22,757.24			22,757.24
CDBG - Water Booster Station	80,000.00		37,509.24		42,490.76
CDBG - Jacksonville Rd Water Booster Station	80,000.00		80,000.00		
Drive Sober or Get Pulled Over		4,350.00	4,350.00		
EECBG - 370 George Cobb Lane	8,250.31				8,250.31
EECBG - 10 Boonton Turnpike	4,053.53				4,053.53
EECBG - 12 Boonton Turnpike	7,696.09				7,696.09
	<u>186,919.39</u>	<u>27,107.24</u>	<u>121,859.24</u>		<u>92,167.39</u>
State Grants:					
Alcohol Education & Rehab Grant		1,618.04	1,618.04		
Body Armor Grant		2,374.56	2,374.56		
Municipal Alliance on Alcoholism and Drug Abuse	3,828.34	11,064.00	3,828.34	2,521.50	8,542.50
Recycling Tonnage Grant		14,288.18	14,288.18		
Clean Communities		17,440.70	17,440.70		
NJ Transportation Trust - Two Bridges Rd		250,000.00	187,500.00		62,500.00
NJ Transportation Trust - Ryerson Rd	75,076.04				75,076.04
NJ Transportation Trust - Beaver Brook Rd	200,000.00		150,000.00		50,000.00
PEC Grant	7,438.23	10,500.00	5,392.50	7,250.00	5,295.73
	<u>286,342.61</u>	<u>307,285.48</u>	<u>382,442.32</u>	<u>9,771.50</u>	<u>201,414.27</u>
	<u>473,262.00</u>	<u>334,392.72</u>	<u>504,301.56</u>	<u>9,771.50</u>	<u>293,581.66</u>
	A	A-2		A-24	A
		<u>Ref.</u>			
	Cash Receipts	A-4	468,580.08		
	Transferred from Unappropriated Reserves	A-25	<u>35,721.48</u>		
			<u>504,301.56</u>		

## Borough of Lincoln Park, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, <u>2011</u>	Transfer From 2012 <u>Budget</u>	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2012</u>
Local Grants:					
Pedestrian Safe Route to School	500.00				500.00
Keep Kids Alive Drive 25	19.94				19.94
NJHOA - HINI	2,814.70				2,814.70
PEC Grant	2,954.46	650.00			3,604.46
Municipal Alliance on Alcoholism and Drug Abuse	6,932.97	2,766.00	8,642.54		1,056.43
	<u>13,222.07</u>	<u>3,416.00</u>	<u>8,642.54</u>		<u>7,995.53</u>
Federal Grants:					
Drive Sober or Get Pulled Over		4,350.00			4,350.00
EECBG - 370 Gearge Cobb Lane	8,250.31				8,250.31
EECBG - 10 Boonton Turnpike	4,053.53				4,053.53
EECBG - 12 Boonton Turnpike	7,696.09				7,696.09
CDBG - Water Booster Station		22,757.24			22,757.24
CDBG - Water Booster Station	74,175.00		29,365.68		44,809.32
CDBG - Jacksonville Rd Water Booster Station II	80,000.00		35,320.00		44,680.00
Click It or Ticket	143.56				143.56
Pandemic Influenza Phase II	11,428.96				11,428.96
Stormwater Management Grant	727.34		80.02		647.32
Domestic Violence Grant	641.11				641.11
	<u>187,115.90</u>	<u>27,107.24</u>	<u>64,765.70</u>		<u>149,457.44</u>
State Grants:					
Drunk Driving Enforcement Fund	5,966.00		5,948.01		17.99
PEC Grant	3,000.00	10,500.00	392.50	7,250.00	5,857.50
Body Armor Replacement Grant	3,398.03	2,374.56			5,772.59
NJ Transportation Trust - Two Bridges Rd		250,000.00	12,650.00		237,350.00
NJ Transportation Trust - Ryerson Rd	41,743.74		37,951.00		3,792.74
NJ Transportation Trust - Beaver Brook Rd	186,715.00		150,132.68		36,582.32
Municipal Alliance on Alcoholism and Drug Abuse	2,993.49	11,064.00	9,083.49	2,521.50	2,452.50
Clean Communities Grant	36,115.50	17,440.70	17,648.76		35,907.44
Recycling Tonnage Grant	31,448.81	14,288.18			45,736.99
Alcohol Education & Rehab Grant	5,897.75	1,618.04	2,100.00		5,415.79
	<u>317,278.32</u>	<u>307,285.48</u>	<u>235,906.44</u>	<u>9,771.50</u>	<u>378,885.86</u>
	<u>517,616.29</u>	<u>337,808.72</u>	<u>309,314.68</u>	<u>9,771.50</u>	<u>536,338.83</u>
	A		A-4	A-23	A
	<u>Ref.</u>				
State and Federal Grants	A-3	334,392.72			
Matching Funds for Grants	A-3,A-4	<u>3,416.00</u>			
		<u>337,808.72</u>			

Borough of Lincoln Park, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

	<u>Grant</u>	Balance <u>Dec. 31, 2011</u>	Transfer To 2012 <u>Budget</u>	<u>Received</u>	Balance <u>Dec. 31, 2012</u>
State Grants:					
Recycling Tonnage Grant		14,288.18	14,288.18	18,482.10	18,482.10
Body Armor Replacement Fund		2,374.56	2,374.56	2,514.01	2,514.01
Clean Communities		17,440.70	17,440.70	17,157.87	17,157.87
Drunk Driving Enforcement Fund				8,741.86	8,741.86
Alcohol Education and Rehab Grant		1,618.04	1,618.04	1,618.89	1,618.89
		<u>35,721.48</u>	<u>35,721.48</u>	<u>48,514.73</u>	<u>48,514.73</u>
	A		A-23	A-4	A

**Borough of Lincoln Park, N.J.**

**Schedule of Due to Current Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance - December 31, 2011	A		2,279.81
Increased by:			
Cash Receipts	A-4	73.82	
Canceled Grant Reserves	A-24	<u>9,771.50</u>	
			<u>9,845.32</u>
			12,125.13
Decreased by:			
Cash Disbursements	A-4	2,279.81	
Canceled Grants Receivable	A-23	<u>9,771.50</u>	
			<u>12,051.31</u>
Balance - December 31, 2012	A		<u><u>73.82</u></u>

**Schedule of Due from/to Other Trust Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2012**

		<u>Ref.</u>	
Balance - December 31, 2011	due from	A	2,413.44
Decreased by:			
Cash Receipts		A-4	<u>8,927.31</u>
Balance - December 31, 2012	due to	A	<u><u>6,513.87</u></u>

## Borough of Lincoln Park, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>	<u>Payroll Fund</u>	<u>L.O.S.A.P.</u>
Balance - December 31, 2011	B	<u>31,857.69</u>	<u>1,923,097.05</u>	<u>47,495.35</u>	<u>812,635.41</u>
Increase by Receipts:					
Interfund - Current Fund	B-2	181.91	8,246.07	724.56	
Dog License Fees	B-4	12,933.60			
Due to State of NJ	B-5	1,070.40			
Other Trust Funds	B-6		569,265.21		
Municipal Open Space	B-7		737.33		
Payroll Deductions Payable	B-8			3,355,741.22	
Net Payroll	B-9			4,032,712.18	
Contributions Receivable	B-10				88,550.00
Net Assets Available for Benefits	B-11				41,705.13
Total Receipts		<u>14,185.91</u>	<u>578,248.61</u>	<u>7,389,177.96</u>	<u>130,255.13</u>
		<u>46,043.60</u>	<u>2,501,345.66</u>	<u>7,436,673.31</u>	<u>942,890.54</u>
Decreased by Disbursements:					
Interfund - Current Fund	B-2	9,833.49	2,392.27	1,195.14	
Interfunds	B-3		8,927.31		
Reserve for Dog Expenditures	B-4	3,902.87			
Due to State of NJ	B-5	1,070.40			
Other Trust Funds	B-6		666,000.86		
Open Space	B-7		93,993.90		
Payroll Deductions Payable	B-8			3,357,475.09	
Net Payroll	B-9			4,032,712.18	
Net Assets Available for Benefits	B-11				12,459.64
Total Disbursements		<u>14,806.76</u>	<u>771,314.34</u>	<u>7,391,382.41</u>	<u>12,459.64</u>
Balance - December 31, 2012	B	<u>31,236.84</u>	<u>1,730,031.32</u>	<u>45,290.90</u>	<u>930,430.90</u>

Borough of Lincoln Park, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2012

	Due to/(from) Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2012</u>
Dog License Trust	9,833.49	7,095.24	9,833.49	7,095.24
Other Trust	4,093.55	8,246.07	2,392.27	9,947.35
Payroll Fund	<u>1,997.39</u>	<u>724.56</u>	<u>1,195.14</u>	<u>1,526.81</u>
	<u>15,924.43</u>	<u>16,065.87</u>	<u>13,420.90</u>	<u>18,569.40</u>
	B			B
	<u>Ref.</u>			
Receipts - Animal Control Trust	B-1	181.91		
Disbursed - Animal Control Trust	B-1		9,833.49	
Receipts - Other Trust Fund	B-1	8,246.07		
Disbursed - Other Trust Fund	B-1		2,392.27	
Receipts - Payroll Fund	B-1	724.56		
Disbursements - Payroll Fund	B-1		1,195.14	
Statutory Excess Due to Current Fund	B-4	6,913.33		
		<u>16,065.87</u>	<u>13,420.90</u>	

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Other Trust Funds

Year Ended December 31, 2012

	Due to/(from) Balance <u>Dec. 31, 2011</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2012</u>
Grant Fund	<u>2,413.44</u>	<u>8,927.31</u>	<u>(6,513.87)</u>
	<u>2,413.44</u>	<u>8,927.31</u>	<u>(6,513.87)</u>
	B		B
Cash Disbursements	<u>Ref.</u> B-1	<u>8,927.31</u>	
		<u>8,927.31</u>	

**Borough of Lincoln Park, N.J.**  
**Reserve for Dog Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	B	22,024.20
Increased by:		
Collections		
Dog License Fees -2012		12,381.60
Late Charge Fees		550.00
Miscellaneous		<u>2.00</u>
	B-1	<u>12,933.60</u>
		34,957.80
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	3,902.87
Statutory Excess Due to Current	B-2	<u>6,913.33</u>
		<u>10,816.20</u>
Balance - December 31, 2012	B	<u><u>24,141.60</u></u>

License Fees Collected

<u>Year</u>	
2011	12,012.00
2010	<u>12,129.60</u>
	<u><u>24,141.60</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Due to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	<u>1,070.40</u>
Decreased by:		
Paid to State	B-1	<u>1,070.40</u>

## Borough of Lincoln Park, N.J.

## Schedule of Various Reserves and Other Trust Funds

## Trust Funds

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
Reserve for:				
Escrow Deposits	419,350.87	191,414.63	270,952.04	339,813.46
Recycling	126,443.81	114,483.34	90,669.00	150,258.15
Special Law Enforcement	16,021.23	8,519.75	7,105.15	17,435.83
Resale for Set Aside Housing	135,065.36	708.74	4,916.25	130,857.85
Affordable Housing	113,833.07	2,250.66	114,043.50	2,040.23
Dare/Drug Alliance	3,125.44	7,413.87	1,600.00	8,939.31
POAA	1,310.79	188.00		1,498.79
Acorn One Set Aside Housing	32,544.38	173.40		32,717.78
Stormwater Management Contributions	126,464.96	659.03	5,779.85	121,344.14
Premiums on Tax Sale	70,800.00	49,200.00	35,300.00	84,700.00
Off Duty Police	40,748.32	79,700.12	69,053.29	51,395.15
Public Defender	4,542.50	5,090.00	3,641.18	5,991.32
Unemployment	26,196.62	7,576.16	22,405.58	11,367.20
Municipal Donations	70,422.31	83,415.17	20,287.82	133,549.66
LOSAP	14,372.64	2,288.56		16,661.20
Food Pantry	31,541.47	15,108.82	17,840.41	28,809.88
Flex Spending		1,074.96	2,406.79	(1,331.83)
	<u>1,232,783.77</u>	<u>569,265.21</u>	<u>666,000.86</u>	<u>1,136,048.12</u>
	B	B-1	B-1	B

Borough of Lincoln Park, N.J.

Reserve for Municipal Open Space

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	683,806.29
Increased by:		
Interest Earned	B-1	<u>737.33</u>
		684,543.62
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>93,993.90</u>
Balance - December 31, 2012	B	<u><u>590,549.72</u></u>

Borough of Lincoln Park, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Federal Withholding Tax		756,758.54	756,758.54	
Social Security		728,008.99	728,008.99	
State Withholding Tax		198,056.54	198,056.54	
Unemployment Insurance	914.82	12,609.34	12,650.92	873.24
PERS, PFRS, DCRP	44,117.74	1,415,745.01	1,417,836.53	42,026.22
Garnish		25,114.04	25,114.04	
P.B.A. Union Dues		10,500.00	10,500.00	
Union Dues	465.40	20,035.66	20,092.00	409.06
AFLAC		10,924.56	10,469.37	455.19
Med. Co-Pay		70,349.88	70,349.88	
Flexible Spending		1,074.96	1,074.96	
Deferred Compensation		58,445.92	58,445.92	
AXA		2,835.00	2,835.00	
Lincoln National		30,290.00	30,290.00	
Accident Insurance		14,992.78	14,992.40	0.38
	<u>45,497.96</u>	<u>3,355,741.22</u>	<u>3,357,475.09</u>	<u>43,764.09</u>
	B	B-1	B-1	B

Schedule of Net Payroll

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by :		
Receipts	B-1	<u>4,032,712.18</u>
Decreased by :		
Disbursements	B-1	<u>4,032,712.18</u>

**Borough of Lincoln Park, N.J.**

**Statement of Contributions Receivable**

**Trust Funds**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	B	85,100.00
Increased by:		
Adjustment		3,450.00
Borough Contributions		<u>94,300.00</u>
	B-11	<u>97,750.00</u>
		182,850.00
Decreased by:		
Cash Receipts	B-1	<u>88,550.00</u>
Balance - December 31, 2012	B	<u><u>94,300.00</u></u>

Borough of Lincoln Park, N.J.

Statement of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		897,735.41
Increased by:			
Borough Contributions	B-10	97,750.00	
Appreciation	B-1	<u>41,705.13</u>	
			<u>139,455.13</u>
			1,037,190.54
Decreased by:			
Withdrawals		9,738.56	
Account Fees		<u>2,721.08</u>	
	B-1		<u>12,459.64</u>
Balance - December 31, 2012	B		<u><u>1,024,730.90</u></u>

Borough of Lincoln Park, N.J.

Schedule of General Capital Cash - Treasurer

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		2,293,834.53
Increased by Receipts:			
Capital Improvement Fund	C-9	180,000.00	
Interfunds	C-10	<u>669.02</u>	
			<u>180,669.02</u>
			2,474,503.55
Decreased by Disbursements:			
2012 Anticipated Revenue	C-1	40,000.00	
Improvement Authorizations	C-8	358,925.29	
Interfunds	C-10	715.69	
Reserve for Debt Service	C-11	<u>20,000.00</u>	
			<u>419,640.98</u>
Balance - December 31, 2012	C		<u><u>2,054,862.57</u></u>

Borough of Lincoln Park, N.J.

Exhibit C-3

Analysis of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Fund Balance	C-1	416,298.10
Capital Improvement Fund	C-9	492,735.00
Interfund Current Fund	C-10	669.02
Reserve for Debt Service	C-11	63,145.24

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1266	Various Capital Improvements	3,047.41
1281	Various Capital Improvements	23,552.10
1309/1345	Construction & Renovation to Borough Buildings	351,772.74
1311	Improvements to Municipal Fields	144.52
1327	Various Capital Improvements	58,132.27
1340	Various Capital Improvements	4,748.74
1353	Various Capital Improvements	82,353.46
1374	Various Capital Improvements	213,524.79
1450	Various Improvements and Acquisitions	(354,435.32)
1467	Various Improvements and Acquisitions	(56,236.00)
1485	Refunding Tax Appeals	(213,200.00)
1489	Purchase of Fire Truck	948,876.25
1491	Various Improvements and Acquisitions	19,734.25

C,C-2 2,054,862.57

**Borough of Lincoln Park, N.J.**

**Schedule of Deferred Charges to Future  
Taxation - Funded**

**General Capital Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	C	26,006,250.00
Decreased by:		
2012 Budget Appropriation		
General Serial Bonds	C-6	<u>1,000,000.00</u>
Balance - December 31, 2012	C	<u><u>25,006,250.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Analysis of Balance - Dec. 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2012</u>	<u>Expended</u>	<u>Unexpended Improvement Authorization</u>
	<u>General Improvements:</u>						
1266	Various Capital Improvements	973.00			973.00	973.00	
1309/1345/1371	Construction & Renovations to Borough Buildings	1,350,000.00		1,350,000.00			
1450	Various Improvements and Acquisitions	452,540.00			452,540.00	299,129.32	98,104.68
1467	Various Improvements and Acquisitions	673,200.00		467,500.00	205,700.00	68,975.00	136,725.00
1485	Refunding Tax Appeals		222,000.00		222,000.00	213,200.00	8,800.00
1491	Various Improvements and Acquisitions		287,045.00		287,045.00	25,640.75	261,404.25
		<u>2,476,713.00</u>	<u>509,045.00</u>	<u>1,817,500.00</u>	<u>1,168,258.00</u>	<u>607,918.07</u>	<u>505,033.93</u>
		C	C-8,C-12	C-8	C		C-8

Borough of Lincoln Park, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012	Interest Rate	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012
General Improvements	08/01/01	4,437,000.00	08/01/13 570,000.00	4.25%	1,707,000.00	540,000.00	1,167,000.00
			08/01/14 597,000.00				
General Improvements	09/15/03	3,490,000.00	08/01/13 435,000.00	3.10%	885,000.00	450,000.00	435,000.00
General Improvements	02/01/05	3,000,000.00	02/01/13 15,000.00	2.25%-4.00%	2,950,000.00	10,000.00	2,940,000.00
			02/01/14 250,000.00				
			02/01/15-17 300,000.00				
			02/01/18-19 325,000.00				
			02/01/20-24 225,000.00				
					<u>5,542,000.00</u>	<u>1,000,000.00</u>	<u>4,542,000.00</u>
					C	C-4	C



Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description General Improvements:	Ordinance Amount	Balance, Dec. 31, 2011		2012 Authorizations	Paid or Charged	Canceled	Balance, Dec. 31, 2012	
			Funded	Unfunded				Funded	Unfunded
1266	Various Capital Improvements Streets and Roads	662,740.00	5,400.41			1,380.00		4,020.41	
1281	Various Capital Improvements Administration Public Safety Building Police Equipment and Improvements Fire Department Streets and Roads Health	122,965.00 33,025.00 31,375.00 561,430.00 275,210.00 29,945.00	17,459.90 12,723.85 1,880.71 0.01 15,944.09 2,092.08		5,255.00 9,555.00 11,738.54			12,204.90 3,168.85 1,880.71 0.01 4,205.55 2,092.08	
1309/1345/1371	Construction and Renovation to Borough Buildings	22,000,000.00	1,351,772.74	1,350,000.00			2,350,000.00	351,772.74	144.52
1311	Improvement to Municipal Fields	225,000.00	144.52						
1327	Various Capital Improvements DPW Administration Recreation	260,800.00 36,000.00 88,800.00	61,427.60 901.37 1,063.30		5,260.00			56,167.60 901.37 1,063.30	
1340	Various Capital Improvements Administration	76,555.56	4,748.74					4,748.74	
1353	Various Capital Improvements Administration Fire Department Library Miscellaneous	250,000.00 40,000.00 50,000.00 107,475.00	250,000.00 1,977.13 9,600.00 77,241.50			250,000.00		1,977.13 9,600.00 70,776.33	
1374	Various Capital Improvements Beaver Brook Road Improvements Purchase of Back Hoe Main Street Sidewalks Elm Street Park Turnout Gear Fire Rescue Rams Fire Thermal Camera	193,889.00 83,779.00 320,755.00 125,669.00 34,523.00 11,968.00 15,559.00	187,104.00 841.32 5,828.93 22,652.62 3,524.00 200.00 2,559.00		4,360.08 4,825.00			187,104.00 841.32 1,468.85 17,827.62 3,524.00 200.00 2,559.00	



**Borough of Lincoln Park, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance - December 31, 2011	C		280,890.00
Increased by:			
Budget Appropriation	C-2	180,000.00	
Canceled Improvement Authorization	C-8	<u>82,500.00</u>	
			<u>262,500.00</u>
			543,390.00
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-8		<u>50,655.00</u>
Balance - December 31, 2012	C, C-3		<u><u>492,735.00</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Interfunds**

**General Capital Fund**

**Year Ended December 31, 2012**

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To) Balance Dec. 31, 2011</u>	<u>Increases by Cash Receipts</u>	<u>Decreased by Cash Disbursements</u>	<u>Due From/(To) Balance Dec. 31, 2012</u>
Current Fund	C	(715.69)	669.02	715.69	(669.02)
		<u>(715.69)</u>	<u>669.02</u>	<u>715.69</u>	<u>(669.02)</u>
			C-2	C-2	

**Borough of Lincoln Park, N.J.**

**Reserve for Debt Service**

**General Capital Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	C	83,145.24
Decreased by:		
2012 Anticipated Revenue	C-2	<u>20,000.00</u>
Balance - December 31, 2012	C, C-3	<u><u>63,145.24</u></u>

Borough of Lincoln Park, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Authorizations Canceled</u>	<u>Balance, Dec. 31, 2012</u>
	<u>General Improvements:</u>				
1266	Various Capital Improvements	973.00			973.00
1371	Construction & Renovations to Borough Buildings	1,350,000.00		1,350,000.00	452,540.00
1450	Various Improvements and Acquisitions	452,540.00			205,700.00
1467	Various Improvements and Acquisitions	673,200.00		467,500.00	222,000.00
1485	Refunding Tax Appeals		222,000.00		287,045.00
1491	Various Improvements and Acquisitions		287,045.00		
		<u>2,476,713.00</u>	<u>509,045.00</u>	<u>1,817,500.00</u>	<u>1,168,258.00</u>
			C-5	C-5	Footnote C

Borough of Lincoln Park, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2011	D	<u>455,441.76</u>	<u>468,875.26</u>
Increased by Receipts:			
Premium on Sale of Bond Anticipation Note	D-2		2,965.00
Interest on Investments	D-3	5,821.83	
Other Miscellaneous	D-3	2,162.00	
Late Payment Penalties	D-3	19,693.88	
Consumer Accounts Receivable	D-8	2,105,502.28	
Water Liens	D-9	497.28	
Water Rent Overpayments	D-15	4,690.58	
Interfunds	D-12, D-16	2,340.58	2,227.83
Bond Anticipation Notes	D-19		974,880.00
Capital Improvement Fund	D-22		<u>25,000.00</u>
		<u>2,140,708.43</u>	<u>1,005,072.83</u>
		<u>2,596,150.19</u>	<u>1,473,948.09</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,732,706.34	
Appropriation Reserves	D-13	129,605.19	
Water Rent Overpayments	D-15	3,286.29	
Accrued Interest on Bonds	D-17	17,208.78	
Accrued Interest on Notes	D-18	7,470.79	
Interfunds	D-12, D-16	2,725.11	2,340.58
Bond Anticipation Notes	D-19		674,880.00
Improvement Authorizations	D-21		<u>145,121.63</u>
		<u>1,893,002.50</u>	<u>822,342.21</u>
Balance - December 31, 2012	D	<u><u>703,147.69</u></u>	<u><u>651,605.88</u></u>

**Exhibit D-6**

**Borough of Lincoln Park, N.J.**

**Schedule of Change Funds**

**Water Utility Fund**

**Year Ended December 31, 2012**

<u>Office</u>	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2012</u>
Water Utility Collector	<u>250.00</u>	<u>250.00</u>
	D	D

**Exhibit D-7**

**Schedule of Water Utility Capital Cash**

**Water Utility Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	Balance <u>Dec. 31, 2012</u>
Fund Balance	D-2	5,692.75
Interfund - Water Operating	D-12	195.93
Capital Improvement Fund	D-22	144,959.29
 <u>Improvement Authorizations</u>		
<u>Ordinance</u>		
<u>Number</u>		
1285	Water Main Replacement	63,823.41
1303	Water Main Extension	37,887.58
1341	Water Tie-In	37,159.99
1352	Acquisition of Dump Truck	36.39
1375	Various Water Utility Improvements	85,941.48
1409	Various Water Utility Improvements	982.46
1486	Purchase of Water Meters	274,926.60
		<hr/>
	D	<u>651,605.88</u>

Borough of Lincoln Park, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Water Rents	206,661.71	2,143,722.11	2,040,618.46	309,765.36
Sprinklers	6,435.61	59,681.60	59,633.24	6,483.97
Hydrants	134.25	5,580.00	5,303.89	410.36
	<u>213,231.57</u>	<u>2,208,983.71</u>	<u>2,105,555.59</u>	<u>316,659.69</u>
	D			D

	<u>Ref.</u>	
Cash Receipts	D-5	2,105,502.28
Transferred to Lien	D-9	<u>53.31</u>
		<u>2,105,555.59</u>

**Borough of Lincoln Park, N.J.**

**Schedule of Water Liens**

**Water Utility Operating Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	443.97
Increased by:		
Transferred from Sewer Rents Receivable	D-8	<u>53.31</u>
		497.28
Decreased by		
Cash Receipts	D-5	<u>497.28</u>
Balance - December 31, 2012	D	<u><u>0.00</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Fixed Capital**

**Water Utility Capital Fund**

**Year Ended December 31, 2012**

<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Balance Dec. 31, 2012</u>
Acquisition of Equipment and Vehicles	20,000.00		20,000.00
Land	4,525.49		4,525.49
Distribution Mains and Accessories	635,242.02		635,242.02
Service Pipes and Stops	57,530.69		57,530.69
Hydrants	40,272.27		40,272.27
Chemical Treatment Plant	29,482.92		29,482.92
Erie - Lackawanna Crossing	11,000.00		11,000.00
Beaverbrook Dam Crossing	10,450.00		10,450.00
Stand Pipe	103,500.50		103,500.50
Test Wells	18,521.69		18,521.69
Meters	66,882.33		66,882.33
Pumps	17,083.57		17,083.57
Other Costs	49,558.50		49,558.50
Legal Expense	19,442.36		19,442.36
Interest During Construction	44,348.00		44,348.00
Engineering	138,214.93		138,214.93
General Equipment	8,350.90		8,350.90
Transportation Equipment	15,094.01		15,094.01
Acquisition of Mountain View Water Works	76,000.00		76,000.00
Acquisition of Charles M. Evans Development	13,000.00		13,000.00
Acquisition of Harris Water Co.	5,504.57		5,504.57
Water Exploration and Test Drilling	15,000.00		15,000.00
Water Demand Pump and Pump Control System	10,000.00		10,000.00
Acquisition of Water Utility Van	10,000.00		10,000.00
Reconstruction and Improvement of Water Utility System	893,805.28		893,805.28
Expansion of Water Lines	170,000.00		170,000.00
Acquisition of Maintenance Equipment and Water Meters	480,486.37	681,600.00	1,162,086.37
Bog and Vly Street Construction	132,000.00		132,000.00
Various Water Utility Improvements	174,000.00	39,565.00	213,565.00
Water Main Extensions	150,000.00		150,000.00
	<u>3,419,296.40</u>	<u>721,165.00</u>	<u>4,140,461.40</u>
	D	D-11	D

Borough of Lincoln Park, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Operating Fund

Year Ended December 31, 2012

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance, Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Costs to Fixed Capital</u>	<u>Balance, Dec. 31, 2012</u>
1285	Water Main Replacement	07/15/02	110,000.00	110,000.00			110,000.00
1303	Water Main Extension	04/21/03	110,000.00	110,000.00			110,000.00
1341	Water Tie-In	05/16/05	155,000.00	155,000.00			155,000.00
1352	Acquisition of Dump Truck	03/20/06	55,000.00	55,000.00			55,000.00
1375	Various Capital Improvements	03/19/07	130,000.00	130,000.00		39,565.00	90,435.00
1409	Various Capital Improvements	11/17/08	710,400.00	710,400.00		681,600.00	28,800.00
1486	Purchase of Water Meters	07/02/12	500,000.00		500,000.00		500,000.00
				<u>1,270,400.00</u>	<u>500,000.00</u>	<u>721,165.00</u>	<u>1,049,235.00</u>
				D	D-21	D-10	D

**Borough of Lincoln Park, N.J.**

**Schedule of Interfunds**

**Water Utility Capital Fund**

**Year Ended December 31, 2012**

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Water Operating	D	(308.68)	2,227.83	2,340.58	(195.93)
		<u>(308.68)</u>	<u>2,227.83</u>	<u>2,340.58</u>	<u>(195.93)</u>
Cash Receipts	D-5		2,227.83		
Cash Disbursements	D-5			2,340.58	
			<u>2,227.83</u>	<u>2,340.58</u>	

**Borough of Lincoln Park, N.J.**  
**Schedule of 2011 Appropriation Reserves**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2012**

	<u>Balance,</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>after</u> <u>Transfers</u> <u>and</u> <u>Encumbrances</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	16,768.41	1,768.41		1,768.41
Other Expenses	44,931.73	132,204.13	129,605.19	2,598.94
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>3,277.74</u>	<u>3,277.74</u>		<u>3,277.74</u>
	<u>64,977.88</u>	<u>137,250.28</u>	<u>129,605.19</u>	<u>7,645.09</u>
	D		D-5	D-1
Appropriation Reserves	<u>Ref.</u> above	64,977.88		
Transfer from Reserve for Encumbrances	D-14	<u>72,272.40</u>		
		<u>137,250.28</u>		

Borough of Lincoln Park, N.J.

Schedule of Reserve for Encumbrances

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	72,272.40
Increased by:		
Charges Against Current Year Appropriations	D-4	<u>69,920.46</u>
		142,192.86
Decreased by:		
Transferred to Appropriation Reserves	D-13	<u>72,272.40</u>
Balance - December 31, 2012	D	<u><u>69,920.46</u></u>

**Borough of Lincoln Park, N.J.**  
**Schedule of Water Rent Overpayments**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	3,286.29
Increased by:		
Cash Receipts	D-5	<u>4,690.58</u>
		7,976.87
Decreased by:		
Cash Disbursements	D-5	<u>3,286.29</u>
Balance - December 31, 2012	D	<u><u>4,690.58</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year Ended December 31, 2012

	Due to/(from) Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2012</u>
Current Fund		497.28		(497.28)
Water Capital Fund	(308.68)	2,227.83	2,340.58	(195.93)
	<u>(308.68)</u>	<u>2,725.11</u>	<u>2,340.58</u>	<u>(693.21)</u>
	D			D
	<u>Ref.</u>			
Receipts	D-5		2,340.58	
Disbursed	D-5	2,725.11		
		<u>2,725.11</u>	<u>2,340.58</u>	

**Borough of Lincoln Park, N.J.**  
**Schedule of Accrued Interest on Bonds**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	8,036.94
Increased by:		
Budget Appropriation for Interest on Bonds	D-4	<u>14,196.00</u>
		22,232.94
Decreased by:		
Interest Paid	D-5	<u>17,208.78</u>
Balance - December 31, 2012	D	<u><u>5,024.16</u></u>

**Schedule of Accrued Interest on Notes**  
**Water Utility Operating Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	
Increased by:		
Budget Appropriation for Interest on Notes	D-4	8,716.00
Decreased by:		
Interest Paid	D-5	<u>7,470.79</u>
Balance - December 31, 2012	D	<u><u>1,245.21</u></u>

Borough of Lincoln Park, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2011	Increased	Decreased	Balance, Dec. 31, 2012
1409	Various Water Improvements	674,880.00	11/03/11	11/01/12	10/31/13	1.00%	674,880.00	674,880.00	674,880.00	674,880.00
1486	Purchase of Water Meters	300,000.00	11/01/12	11/01/12	10/31/13	1.00%		300,000.00	300,000.00	300,000.00
							<u>674,880.00</u>	<u>974,880.00</u>	<u>674,880.00</u>	<u>974,880.00</u>
							D	D-5	D-5	D

Borough of Lincoln Park, N.J.

Schedule of Loan Program Bonds Payable

Water Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
			Date	Amount			
Water Improvements	03/15/09	465,750.00	3/15/2013	15,000.00	2.00%-5.00%	465,750.00	465,750.00
			3/15/2014	50,000.00			
			3/15/2015	50,000.00			
			3/15/2016	50,000.00			
			3/15/2017	50,000.00			
			3/15/2018	50,000.00			
			3/15/2019	50,000.00			
			3/15/2020	50,000.00			
			3/15/2021	100,750.00			
						465,750.00	465,750.00
						D	D

Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations	Paid or Charged	Balance Dec. 31, 2012	
				Funded	Unfunded			Funded	Unfunded
1285	Water Main Replacement	07/15/02	110,000.00	72,781.10			8,957.69	63,823.41	
1303	Water Main Extension	04/21/03	110,000.00	42,487.58			4,600.00	37,887.58	
1341	Water Tie-In	05/16/05	155,000.00	37,159.99				37,159.99	
1352	Acquisition of Dump Truck	03/20/06	55,000.00	36.39				36.39	
1375	Various Improvements	03/19/07							
	Rosenbrook Pump Station		90,435.00	85,941.48				85,941.48	
	Jacksonville Water Tank		39,565.00	10,015.00			10,015.00		
1409	Various Improvements	11/17/08							
	Water Meters		681,600.00				96,475.54		982.46
	Utility Van		28,800.00						
1486	Purchase of Water Meters	07/02/12	500,000.00			500,000.00	25,073.40		474,926.60
				248,421.54		500,000.00	145,121.63	224,848.85	475,909.06
				D	D	D-11	D-5	D	D

**Exhibit D-22**

**Borough of Lincoln Park, N.J.**  
**Schedule of Capital Improvement Fund**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	119,959.29
Increased by:		
Transfer from Budget Appropriation	D-5	<u>25,000.00</u>
Balance - December 31, 2012	D	<u><u>144,959.29</u></u>

**Exhibit D-23**

**Schedule of Reserve for Amortization**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	D	3,485,796.40
Increased by:		
Transfer from Deferred Reserve for Amortization	D-24	<u>35,980.00</u>
Balance - December 31, 2012	D	<u><u>3,521,776.40</u></u>

Borough of Lincoln Park, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2011</u>	<u>Transferred to Reserve for Amortization</u>	<u>Balance, Dec. 31, 2012</u>
1285	Water Main Replacement	07/15/02	5,500.00		5,500.00
1303	Water Main Extension	04/21/03	5,500.00		5,500.00
1341	Water Tie-In	05/16/05	7,750.00		7,750.00
1352	Acquisition of Dump Truck	03/20/06	2,750.00		2,750.00
1375	Various Improvements	03/19/07	6,250.00	1,900.00	4,350.00
1409	Various Improvements	11/17/08	35,520.00	34,080.00	1,440.00
			<u>63,270.00</u>	<u>35,980.00</u>	<u>27,290.00</u>
			D	D-23	D

**Borough of Lincoln Park, N.J.**

**Schedule of Bonds and Notes Authorized but not Issued**

**Water Utility Capital Fund**

**Year Ended December 31, 2012**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2011</u>	<u>2012 Authorizations</u>	<u>Notes Issued</u>	<u>Balance, Dec. 31,2012</u>
1486	Purchase of Water Meters		500,000.00	300,000.00	200,000.00
			<u>500,000.00</u>	<u>300,000.00</u>	<u>200,000.00</u>
					Footnote D

**Borough of Lincoln Park, N.J.**

**Schedule of Cash-Treasurer**

**Public Assistance Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2011	E	6,895.31	6,563.89	331.42
Increased by Receipts:				
Other Receipts	E-3	<u>36.55</u>	<u>34.79</u>	<u>1.76</u>
		<u>6,931.86</u>	<u>6,598.68</u>	<u>333.18</u>
Decreased by:				
Disbursements	E-3	<u>89.11</u>	<u>85.23</u>	<u>3.88</u>
		<u>89.11</u>	<u>85.23</u>	<u>3.88</u>
Balance - December 31, 2012	E	<u><u>6,842.75</u></u>	<u><u>6,513.45</u></u>	<u><u>329.30</u></u>

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2012	E-1	6,842.75
Increased by:		
Cash Receipts Record		<u>3.92</u>
Balance - March 25, 2013		<u><u>6,846.67</u></u>

<u>Reconciliation - March 25, 2013</u>	<u>P.A.T.F. I</u> <u>Account</u>	<u>P.A.T.F. II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Statement of: Valley National Bank Checking	6,517.18	329.49	6,846.67
	<u>6,517.18</u>	<u>329.49</u>	<u><u>6,846.67</u></u>
Balance - March 25, 2013	<u><u>6,517.18</u></u>	<u><u>329.49</u></u>	<u><u>6,846.67</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Cash-Treasurer**

**Public Assistance Fund**

**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	E	6,895.31
Increased by Receipts:		
Cash Receipts Record	E-1	<u>36.55</u>
		6,931.86
Decreased by:		
Cash Disbursements	E-1	<u>89.11</u>
Balance - December 31, 2012	E	<u><u>6,842.75</u></u>

<u>Reconciliation - December 31, 2012</u>	<u>P.A.T.F. I Account</u>	<u>P.A.T.F. II Account</u>	<u>Total</u>
Balance on Deposit per Statement of: Valley National	6,513.45	329.30	6,842.75
	<u>6,513.45</u>	<u>329.30</u>	<u><u>6,842.75</u></u>
Balance, December 31, 2012	<u><u>6,513.45</u></u>	<u><u>329.30</u></u>	<u><u>6,842.75</u></u>

**Borough of Lincoln Park, N.J.**

**Schedule of Revenues - Cash Basis**

**Public Assistance Fund**

**Year Ended December 31, 2012**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interest Earned	<u>36.55</u>	<u>34.79</u>	<u>1.76</u>
Total Receipts	<u><u>36.55</u></u>	<u><u>34.79</u></u>	<u><u>1.76</u></u>

**Schedule of Expenditures - Cash Basis**

**Public Assistance Fund**

**Year Ended December 31, 2012**

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interfund Transfer	<u>89.11</u>	<u>85.23</u>	<u>3.88</u>
Total Disbursements	<u><u>89.11</u></u>	<u><u>85.23</u></u>	<u><u>3.88</u></u>

**BOROUGH OF LINCOLN PARK**

**PART II**

**REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

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# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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

Honorable Mayor and  
Members of the Borough Council  
Borough of Lincoln Park  
County of Morris, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Lincoln Park in the County of Morris as of and for the year ended December 31, 2012 and the related notes to the financial statements, and have issued our report thereon dated May 2, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

### **Internal Control Over Financial Reporting**

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

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



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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Lincoln Park in the accompany comments and recommendations section of this report.

### **Compliance and Other Matters**

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Lincoln Park in the accompanying comments and recommendations section of this report.

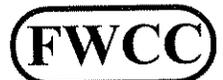
### **Purpose of this Report**

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

  
Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388

  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

May 2, 2013



## GENERAL COMMENTS

### Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$21,000.00 and \$29,000.00 with a qualified purchasing agent. On July 1, 2010, the bid threshold was increased to \$29,000.00 and \$36,000.00 with a qualified purchasing agent..

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$29,000.00 or \$36,000.00 after July 1, 2010, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Recyclables  
Water Main Interconnect  
Flood Buyout Demolition

Multi Use Hook Loader Truck  
Fire Truck

**GENERAL COMMENTS, (continued)**

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

**Collection of Interest on Delinquent Taxes, Assessments and Water Charges**

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

The governing body on January 3, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and water charges:

RESOLVED, that interest will be charged at the rate of eight percent (8%) per annum on the first \$1,500.00 of all delinquent taxes, assessments and Borough charges and eighteen percent (18%) of any amounts over \$1,500.00 delinquency, except that no interest will be charged on taxes for the current quarter if the said taxes are paid within the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED that the interest rates shall revert to the percentages as aforesaid from the first day of any current quarter unless taxes for the same quarter are paid during the first ten days of such quarter.

BE IT FURTHER RESOLVED that a certified copy of this resolution be transmitted to the Collector of Taxes forthwith.

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

**GENERAL COMMENTS, (continued)**

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 27, 2012 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2012	9
2011	9
2010	7

**VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices. In addition, we used analytical review procedures to satisfy the validity of the receivables.

The result of the test, which was made as of December 31, 2012, is not yet known but, a separate report will be rendered if any irregularities develop.

The foreclosed property list should be reviewed for a possible sale of property so such properties can be added to the tax rolls.

**SCHOOL TAXES PAYABLE**

The amount due to the local school district, as of December 31, 2012, was verified by the school secretary.

**REVENUE**

Receipts from licenses, fees, permits, etc., for all departments, including the Municipal Court, were checked to the extent deemed appropriate to the records maintained.

**EXPENDITURES**

In connection with the expenditures, vouchers were examined to the extent deemed necessary to determine that the vouchers carried properly executed certifications as required by statute.

In some instances, purchases were made prior to approval of the purchase order.

An examination was made of the employees' compensation records to determine that salaries were paid in conformity with amounts of salaries and wages authorized in the ordinance.

Payments for payroll deductions made by the Borough's third-party payroll provider were not verified.

**OTHER**

Political Disclosure forms were not obtained from all vendors required to submit them.

**RECOMMENDATIONS**

1. That purchases be made only after approval of purchase orders.
2. That all payments of payroll deductions made by the Borough's third-party payroll provider be verified.
3. That Political Disclosure forms be obtained from all vendors required to submit them.

**STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS**

A review was performed on all prior year recommendations and corrective action was taken on all items, except those marked with an "\*".

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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 me.

Very truly yours,



Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants