

REPORT OF AUDIT
BOROUGH OF LINCOLN PARK
COUNTY OF MORRIS
DECEMBER 31, 2013

BOROUGH OF LINCOLN PARK, N.J.

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	9
A-3	Statement of Expenditures - Regulatory Basis	11
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	18
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	20
C-1	Statement of Fund Balance - Regulatory Basis	21
	<u>WATER UTILITY FUND</u>	
D	Comparative Balance Sheet - Regulatory Basis	22
D-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	24
D-2	Statement of Fund Balance - Regulatory Basis	25
D-3	Statement of Revenues - Regulatory Basis	26
D-4	Statement of Expenditures - Regulatory Basis	27
	<u>PUBLIC ASSISTANCE FUND</u>	
E	Comparative Balance Sheet - Regulatory Basis	28
	<u>GENERAL FIXED ASSETS</u>	
G	Statement of General Fixed Assets - Regulatory Basis	29
	Notes to Financial Statements Year Ended December 31, 2013	30
	Supplementary Data and Schedules	53

BOROUGH OF LINCOLN PARK, N.J.
TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
<u>SUPPLEMENTARY SCHEDULES</u>		
<u>CURRENT FUND</u>		
A-4	Schedule of Cash - Collector - Treasurer - Current Fund	56
A-5	Schedule of Cash - Change Fund	57
A-6	Schedule of Cash - Petty Cash	57
A-7	Schedule of Amount Due from State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 73, P.L. 1976	58
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	59
A-9	Schedule of Tax Title Liens	60
A-10	Schedule of Property Acquired for Taxes Assessed Valuation	60
A-11	Schedule of Revenue Accounts Receivable	61
A-12	Schedule of Sewer Rents Receivable	62
A-13	Schedule of Interfunds	63
A-14	Schedule of Deferred Charges - Special Emergency Authorization	64
A-15	Schedule of Appropriation Reserves	65
A-16	Schedule of Encumbrances Payable	68
A-17	Schedule of Accounts Payable	68
A-18	Schedule of Prepaid Taxes	69
A-19	Schedule of Local District School Tax Payable	70
A-20	Schedule of County Taxes Payable	70
A-21	Schedule of Various Cash Liabilities and Reserves	71
A-22	Schedule of Grants Receivable - Federal and State Grant Fund	72
A-23	Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund	73
A-24	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	74
A-25	Schedule of Due to Current Fund - Federal and State Grant Fund	75
A-26	Schedule of Due from Other Trust Fund - Federal and State Grant Fund	75
<u>TRUST FUND</u>		
B-1	Schedule of Cash	76
B-2	Schedule of Interfund - Current Fund	77
B-3	Schedule of Interfunds	78
B-4	Reserve for Dog Fund Expenditures	79
B-5	Schedule of Due to State Department of Health	80
B-6	Schedule of Various Reserves and Other Trust Funds	81
B-7	Reserve for Municipal Open Space	82
B-8	Schedule of Payroll Deductions Payable	83
B-9	Schedule of Net Payroll	83
B-10	Statement of Contributions Receivable	84
B-11	Statement of Net Assets Available for Benefits	85

BOROUGH OF LINCOLN PARK, N.J.
TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
<u>GENERAL CAPITAL FUND</u>		
C-2	Schedule of General Capital Cash - Treasurer	86
C-3	Analysis of Cash	87
C-4	Schedule of Deferred Charges to Future Taxation - Funded	88
C-5	Schedule of Deferred Charges to Future Taxation - Unfunded	89
C-6	Schedule of General Serial Bonds Payable	90
C-7	Schedule of Loan Program Bonds Payable	91
C-8	Schedule of Bond Anticipation Notes Payable	92
C-9	Schedule of Improvement Authorizations	93
C-10	Schedule of Capital Improvement Fund	95
C-11	Schedule of Interfunds	96
C-12	Schedule of Reserve for Debt Service	97
C-13	Schedule of Bonds and Notes Authorized But Not Issued	98
<u>WATER UTILITY FUND</u>		
D-5	Schedule of Cash	99
D-6	Schedule of Change Funds	100
D-7	Schedule of Water Utility Capital Cash	100
D-8	Schedule of Consumer Accounts Receivable	101
D-9	Schedule of Fixed Capital	102
D-10	Schedule of Fixed Capital Authorized and Uncompleted	103
D-11	Schedule of Interfunds	104
D-12	Schedule of 2011 Appropriation Reserves	105
D-13	Schedule of Reserve for Encumbrances	106
D-14	Schedule of Water Rent Overpayments	107
D-15	Schedule of Interfunds - Water Utility Operating Fund	108
D-16	Schedule of Accrued Interest on Bonds	109
D-17	Schedule of Accrued Interest	109
D-18	Schedule of Bond Anticipation Notes Payable	110
D-19	Schedule of Loan Program Bonds Payable	111
D-20	Schedule of Improvement Authorizations	112
D-21	Schedule of Capital Improvement Fund	113
D-22	Schedule of Reserve for Amortization	113
D-23	Schedule of Deferred Reserve for Amortization	114
D-24	Schedule of Bonds and Notes Authorized but not Issued	115
<u>PUBLIC ASSISTANCE FUND</u>		
E-1	Schedule of Cash - Treasurer	116
E-2	Schedule of Cash - Treasurer	117
E-3	Schedule of Cash - Treasurer	118
E-4	Schedule of Revenues - Cash Basis	119
E-5	Schedule of Expenditures - Cash Basis	119

BOROUGH OF LINCOLN PARK, N.J.
TABLE OF CONTENTS
(continued)

<u>Exhibit</u>	<u>Page</u>
<u>PART II</u>	
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 and N.J. OMB Circular 04-04 as Amended	120
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	122
Schedule of Expenditures of Federal Awards	125
Schedule of Expenditures of State Awards	126
Notes to the Schedules of Expenditures of Federal and State Awards	128
Schedule of Findings and Questioned Costs	129
General Comments	132
Recommendations	135
Status of Prior Year Audit Findings/Recommendations	135

BOROUGH OF LINCOLN PARK

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013

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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, 2013 and 2012, 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, 2013, 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.



The Honorable Mayor and
Members of the Borough Council
Page 2.

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, 2013 and 2012, or changes in financial position for the years then ended.

The Honorable Mayor and
Members of the Borough Council
Page 3.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 16 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,159,138.64 and \$1,024,730.90 for 2013 and 2012, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, 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, 2013 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 schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 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 and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are 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

The Honorable Mayor and
Members of the Borough Council
Page 4.

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, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are 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 18, 2014 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
Pompton Lakes, New Jersey

May 18, 2014



Borough of Lincoln Park, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Current Fund:			
Cash	A-4	3,952,509.84	3,187,706.56
Change Fund	A-5	1,150.00	1,150.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	14,187.00	15,319.19
		<u>3,967,846.84</u>	<u>3,204,175.75</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	360,454.16	373,900.63
Tax Title Liens	A-9	47,031.36	20,367.62
Property Acquired for Taxes - Assessed Valuation	A-10	1,123,165.00	1,123,165.00
Revenue Accounts Receivable	A-11	9,341.09	5,832.79
Sewer Rents Receivable	A-12	287,005.97	214,515.01
Due from:			
General Capital Fund	A-13	486.23	669.02
Federal and State Grant Fund	A-13	41.90	73.82
Other Trust Fund	A-13	9,104.20	9,947.35
Animal Control Trust Fund	A-13	11,163.83	7,095.24
Payroll Fund	A-13	1,655.96	1,526.81
Public Assistance Trust Fund	A-13	1.52	2.12
Library Payroll Reimbursement	A-13	21,602.21	16,281.42
		<u>1,871,053.43</u>	<u>1,773,376.83</u>
Deferred Charges:			
Special Emergency Authorizations	A-14	240,000.00	320,000.00
		<u>240,000.00</u>	<u>320,000.00</u>
		<u>6,078,900.27</u>	<u>5,297,552.58</u>
Federal and State Grant Fund:			
Cash	A-4	222,294.67	297,859.59
Grants Receivable	A-22	360,216.03	293,581.66
		<u>582,510.70</u>	<u>591,441.25</u>
		<u>6,661,410.97</u>	<u>5,888,993.83</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>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	884,101.76	612,092.10
Due to:			
Water Operating Fund	A-13		497.28
Encumbrances Payable	A-16	309,022.65	254,818.13
Accounts Payable	A-17	10,500.00	2,162.30
Prepaid Taxes	A-18	178,870.61	206,108.04
Local School Tax Payable	A-19	163,350.39	128,624.82
Tax Overpayments	A-21	250.00	2,438.62
Sewer Rent Overpayments	A-21	4,023.89	1,477.63
Due to State of New Jersey:			
Construction Code Surcharge	A-21	967.00	563.00
Marriage License Surcharge	A-21	350.00	750.00
Reserve for:			
Sale of Borough Property	A-21	285,502.16	421,218.02
Revaluation	A-21	17,149.81	17,382.31
Flood Related Costs	A-21	149,040.53	42,765.32
Flood Buy Outs	A-21	87,625.95	
Tax Appeals	A-21		16,323.83
Garden State Trust	A-21		28,287.00
		<u>2,090,754.75</u>	<u>1,735,508.40</u>
Reserve for Receivables	Contra	1,871,053.43	1,773,376.83
Fund Balance	A-1	<u>2,117,092.09</u>	<u>1,788,667.35</u>
		<u>6,078,900.27</u>	<u>5,297,552.58</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	530,205.19	536,338.83
Unappropriated Reserve for Grants	A-24	49,959.61	48,514.73
Interfund - Current Fund	A-25	41.90	73.82
Interfund - Other Trust Fund	A-26	2,304.00	6,513.87
		<u>582,510.70</u>	<u>591,441.25</u>
		<u>6,661,410.97</u>	<u>5,888,993.83</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>2013</u>	<u>2012</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	700,000.00	779,000.00
Miscellaneous Revenue Anticipated	A-2	4,449,230.95	4,366,208.58
Receipts from Delinquent Taxes	A-2	355,082.26	312,579.11
Receipts from Current Taxes	A-2	33,775,562.98	33,462,582.63
Non-Budget Revenue	A-2	39,409.80	170,852.93
Other Credits to Income:			
Statutory Excess in Animal Control Trust	A-13	11,057.40	6,913.33
Interfunds Returned	A-13	35,595.78	57,713.12
Canceled Grant Reserves	A-23	2,684.94	
Unexpended Balance of Appropriation Reserves	A-15	316,221.21	537,968.25
Canceled Accounts Payable	A-17	813.30	1,076.08
		<u>39,685,658.62</u>	<u>39,694,894.03</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,399,376.55	5,295,302.38
Other Expenses	A-3	8,048,106.73	8,050,262.84
Capital Improvement Fund	A-3	214,200.00	180,000.00
Municipal Debt Service	A-3	2,066,770.63	2,074,155.00
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,554,132.00	1,603,099.75
Refund of Prior Year's Revenue	A-4	30,918.72	
Interfund Advances	A-13	44,055.85	35,595.78
Canceled Grants Receivable	A-22	2,684.94	
Municipal Open Space	A-13	68,808.98	
Local District School Tax	A-19	17,709,401.00	17,638,361.50
County Taxes including Added Taxes	A-20	3,518,778.48	3,610,477.14
		<u>38,657,233.88</u>	<u>38,487,254.39</u>
Total Expenditures			

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>2013</u>	<u>2012</u>
Excess (Deficit) Revenue Over Expenditures		1,028,424.74	1,207,639.64
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		_____	_____
Statutory Excess to Fund Balance		1,028,424.74	1,207,639.64
Fund Balance, January 1,	A	1,788,667.35	1,360,027.71
		2,817,092.09	2,567,667.35
Decreased by:			
Fund Balance Utilized as Budget Revenue		700,000.00	779,000.00
Fund Balance, December 31,	A	2,117,092.09	1,788,667.35

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, 2013

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	700,000.00	700,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	17,500.00	17,850.00	350.00
Other	A-2	5,000.00	7,539.00	2,539.00
Fees and Permits	A-2	30,000.00	41,934.58	11,934.58
Fines and Costs:				
Municipal Court	A-11	110,000.00	113,297.64	3,297.64
Interest and Costs on Taxes	A-4	63,000.00	77,126.58	14,126.58
Interest on Investments and Deposits	A-11	25,000.00	17,089.35	(7,910.65)
Sewer Rents	A-12	1,958,615.00	2,292,450.69	333,835.69
Recreation Fees	A-11	120,000.00	160,211.16	40,211.16
Energy Receipts Tax	A-11	794,378.00	794,378.22	0.22
Consolidated Municipal Property Tax Relief Aid	A-11	85,773.00	85,773.00	
Garden State Trust Pilot Funds	A-21	28,287.00	28,287.00	
Uniform Construction Code Fees	A-11	90,000.00	113,308.00	23,308.00
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-22	8,741.86	8,741.86	
Body Armor Grant	A-22	2,514.01	2,514.01	
Clean Communities	A-22	17,157.87	17,157.87	
Alcohol Education and Rehab Grant	A-22	1,618.89	1,618.89	
Recycling Tonnage Grant	A-22	18,482.10	18,482.10	
NJ Transportation Trust	A-22	380,000.00	380,000.00	
Green Communities	A-22	3,000.00	3,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	11,176.00	11,176.00	
Other Special Items:				
Reserve for Debt Service	A-11	20,000.00	20,000.00	
Sale of Municipal Assets	A-21	150,000.00	150,000.00	
General Capital Fund Balance	A-11	40,000.00	40,000.00	
Cable Television Franchise Fees	A-11	44,000.00	44,999.00	999.00
NJ Life Hazard Use Fees	A-11	10,000.00	2,296.00	(7,704.00)
Total Miscellaneous Revenues	A-1	4,034,243.73	4,449,230.95	414,987.22
Receipts from Delinquent Taxes	A-1/A-2	299,602.18	355,082.26	55,480.08
Subtotal General Revenues		5,033,845.91	5,504,313.21	470,467.30
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	12,822,499.00	13,052,333.52	229,834.52
Budget Totals		17,856,344.91	18,556,646.73	700,301.82
Non-Budget Revenue	A-1/A-2		39,409.80	39,409.80
		<u>17,856,344.91</u>	<u>18,596,056.53</u>	<u>739,711.62</u>
	A-3			
Adopted Budget	A-3	17,673,344.91		
Appropriated by (N.J.S. 40A:4-87)	A-3	183,000.00		
		<u>17,856,344.91</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, 2013

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	33,775,562.98
Allocated to School and County Taxes	A-8	<u>21,296,988.46</u>
Balance for Support of Municipal Budget Appropriations		12,478,574.52
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>573,759.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>13,052,333.52</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-2,A-8	<u><u>355,082.26</u></u>
Licenses - Other:		
Clerk	A-11	320.00
Registrar	A-11	234.00
Board of Health	A-11	<u>6,985.00</u>
	A-2	<u><u>7,539.00</u></u>
Fees and Permits - Other:		
Clerk	A-11	16,287.50
Board of Health	A-11	5,512.00
Police	A-11	4,385.08
Fire Prevention	A-11	8,680.00
Registrar	A-11	<u>7,070.00</u>
	A-2	<u><u>41,934.58</u></u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Return Check Fee		125.00
Rental of Borough Property		400.00
Tax Miscellaneous		260.00
Interest on Sewer Rents		18,078.94
Senior Citizens & Veterans Administration Fee		2,183.81
Photo Copies		62.71
Postage		133.26
Canceled Tax Sale Premium		100.00
Canceled Escrow Deposits		11,701.18
Void Checks		259.00
Miscellaneous		2,946.90
State DMV		<u>3,159.00</u>
	A-4	<u><u>39,409.80</u></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, 2013

	<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		153,150.00	153,150.00	124,222.26	28,927.74	
Other Expenses		97,380.00	97,380.00	89,188.91	8,191.09	
Clerk						
Salaries and Wages		105,476.76	105,476.76	103,716.32	1,760.44	
Other Expenses		40,729.00	40,729.00	30,835.04	9,893.96	
Financial Administration						
Salaries and Wages		100,301.24	100,301.24	100,301.24		
Other Expenses		19,870.00	19,870.00	13,025.57	6,844.43	
Audit Services						
Other Expenses		26,000.00	26,000.00	6,000.00	20,000.00	
Collection of Taxes						
Salaries and Wages		69,291.42	69,291.42	69,290.97	0.45	
Other Expenses		5,622.00	5,622.00	2,695.34	2,926.66	
Assessment of Taxes						
Salaries and Wages		59,889.59	59,889.59	59,862.57	27.02	
Other Expenses		4,675.00	4,675.00	3,281.95	1,393.05	
Legal Services and Costs						
Other Expenses		180,000.00	180,000.00	165,623.46	14,376.54	
Engineering Services and Costs						
Other Expenses		50,370.00	50,370.00	44,049.50	6,320.50	
Planning Board						
Salaries and Wages		7,000.00	7,000.00	6,999.98	0.02	
Other Expenses		17,080.00	17,080.00	10,909.72	6,170.28	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<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>						
Planning Department						
Salaries and Wages		72,549.45	72,549.45	72,549.45		
Other Expenses		4,935.00	4,935.00	4,064.91	870.09	
Board of Adjustment						
Salaries and Wages		6,500.00	6,500.00	6,500.00		
Other Expenses		12,305.00	12,305.00	10,064.57	2,240.43	
Fair Housing Committee						
Other Expenses		300.00	300.00		300.00	
Insurance:						
Other Insurance Premiums		378,650.00	378,650.00	377,613.87	1,036.13	
Group Insurance Plan for Employees		1,835,159.00	1,800,159.00	1,503,808.58	296,350.42	
Health Benefit Waiver		32,241.00	32,241.00	28,737.28	3,503.72	
Police						
Salaries and Wages		3,229,993.66	3,229,993.66	3,229,886.97	106.69	
Other Expenses		184,267.00	184,267.00	183,844.25	422.75	
Police Radio and Communications						
Other Expenses		33,820.00	33,820.00	31,345.44	2,474.56	
Emergency Management Services						
Other Expenses		24,120.00	24,120.00	15,890.32	8,229.68	
First Aid Squad Contribution		33,000.00	33,000.00	24,596.59	8,403.41	
Fire						
Other Expenses		126,199.00	126,199.00	115,891.86	10,307.14	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		16,935.00	16,935.00	11,637.62	5,297.38	
Other Expenses		2,500.00	2,500.00	245.00	2,255.00	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<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>						
Municipal Court:						
Salaries and Wages		113,000.66	112,785.66	108,165.59	4,620.07	
Other Expenses		10,055.00	10,055.00	8,328.25	1,726.75	
Public Defender						
Salaries and Wages		3,500.00	3,715.00		3,715.00	
Road Repairs and Maintenance						
Salaries and Wages		885,832.08	895,832.08	887,399.02	8,433.06	
Other Expenses		176,664.00	206,664.00	203,963.05	2,700.95	
Sewer System						
Other Expenses		26,185.00	26,185.00	24,613.66	1,571.34	
Garbage and Trash Removal						
Salaries and Wages		73,227.53	73,227.53	72,418.53	809.00	
Other Expenses		748,915.00	748,915.00	669,615.70	79,299.30	
Public Buildings and Grounds						
Other Expenses		401,404.00	401,404.00	337,429.72	63,974.28	
Condominium Reimbursement		19,000.00	19,000.00	18,419.44	580.56	
Board of Health						
Salaries and Wages		142,968.28	142,968.28	133,419.17	9,549.11	
Other Expenses		87,813.00	87,813.00	75,582.70	12,230.30	
Dog Regulation						
Other Expenses		30,000.00	30,000.00	29,934.52	65.48	
Administration of Public Assistance						
Other Expenses		1,100.00	1,100.00	1,000.00	100.00	
Senior Citizens Transportation						
Other Expenses		84,336.00	84,336.00	84,294.00	42.00	

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<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"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		289,814.00	289,814.00	289,814.00		
Social Security System (O.A.S.I.)		465,000.00	465,000.00	373,420.21	91,579.79	
Police and Firemen's Retirement System of N.J.		632,318.00	632,318.00	632,318.00		
Defined Contribution Retirement Plan		3,000.00	3,000.00	1,630.41	1,369.59	
Unemployment Compensation		10,000.00	10,000.00	10,000.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,400,132.00	1,400,132.00	1,307,182.62	92,949.38	
Total General Appropriations for Municipal Purposes within "CAPS"		11,902,109.55	11,902,109.55	11,112,947.65	789,161.90	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		468,024.00	468,024.00	468,024.00		
Pequanock, Lincoln Park, and Fairfield Regional Sewerage Authority Share of Costs		1,896,997.00	1,896,997.00	1,896,997.00		
Emergency Services Volunteer Length of Service Award Program		92,000.00	92,000.00		92,000.00	
Recycling Tax		13,000.00	13,000.00	10,060.14	2,939.86	
Reserve for Tax Appeals		30,000.00	30,000.00	30,000.00		
Public and Private Programs Offset by Revenues						
Body Armor Grant		2,514.01	2,514.01	2,514.01		
Clean Communities		17,157.87	17,157.87	17,157.87		
Alcohol Education and Rehab Grant		1,618.89	1,618.89	1,618.89		

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Recycling Tonnage Grant		18,482.10	18,482.10	18,482.10		
NJ Transportation Trust		380,000.00	380,000.00	380,000.00		
Drunk Driving Enforcement Fund		8,741.86	8,741.86	8,741.86		
Green Communities		3,000.00	3,000.00	3,000.00		
Municipal Alliance on Alcoholism and Drug Abuse		11,176.00	11,176.00	11,176.00		
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		2,794.00	2,794.00	2,794.00		
Total Operations - Excluded from "CAPS"		<u>2,945,505.73</u>	<u>2,945,505.73</u>	<u>2,850,565.87</u>	<u>94,939.86</u>	
Detail:						
Other Expenses	A-1	2,945,505.73	2,945,505.73	2,850,565.87	94,939.86	
Capital Improvements:						
Capital Improvement Fund		214,200.00	214,200.00	214,200.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>214,200.00</u>	<u>214,200.00</u>	<u>214,200.00</u>		
Municipal Debt Service:						
Payment of Bond Principal		1,020,000.00	1,020,000.00	1,020,000.00		
Interest on Bonds		176,098.13	176,098.13	176,098.13		
Morris County Improvement Authority		870,672.50	870,672.50	870,672.50		
Loan Repayments for Principal and Interest		2,066,770.63	2,066,770.63	2,066,770.63		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>4,027,541.16</u>	<u>4,027,541.16</u>	<u>4,027,541.16</u>		
Deferred Charges:						
Special Emergency Authorizations		80,000.00	80,000.00	80,000.00		
Deferred Charges to Future Taxation - Ord #1485		74,000.00	74,000.00	74,000.00		
Refunding Tax Appeals						
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	<u>154,000.00</u>	<u>154,000.00</u>	<u>154,000.00</u>		

Borough of Lincoln Park, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,380,476.36	5,380,476.36	5,285,536.50	94,939.86	
Subtotal General Appropriations		17,282,585.91	17,282,585.91	16,398,484.15	884,101.76	
Reserve for Uncollected Taxes		573,759.00	573,759.00	573,759.00		
Total General Appropriations		17,856,344.91	17,856,344.91	16,972,243.15	884,101.76	
					A	
	Adopted Budget	17,673,344.91				
	A-2	183,000.00				
	Appropriated by (N.J.S.A. 40A:4-87)	17,856,344.91				
	A-2					
	<u>Analysis of Paid or Charged</u>					
Reserve for Uncollected Taxes	A-2			573,759.00		
Cash Disbursed	A-4			15,533,976.77		
Encumbrances Payable	A-16			309,022.65		
Deferred Charges						
Special Emergency Authorization	A-14			80,000.00		
Reserve for Tax Appeals	A-21			30,000.00		
Reserve for Federal and State Grants	A-23			442,690.73		
Matching Funds for Federal and State Grants	A-4,A-23			2,794.00		
				16,972,243.15		

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

Trust Funds			
December 31,			
	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Animal Control Trust:			
Cash - Treasurer	B-1	35,562.83	31,236.84
		<u>35,562.83</u>	<u>31,236.84</u>
Other Trust Funds:			
Cash - Treasurer	B-1	1,717,774.94	1,730,031.32
Interfund - Grant Fund	B-3	2,304.00	6,513.87
		<u>1,720,078.94</u>	<u>1,736,545.19</u>
Payroll Fund:			
Cash	B-1	7,596.83	45,290.90
		<u>7,596.83</u>	<u>45,290.90</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-1	1,067,138.64	930,430.90
Contributions Receivable	B-10	92,000.00	94,300.00
		<u>1,159,138.64</u>	<u>1,024,730.90</u>
		<u>2,922,377.24</u>	<u>2,837,803.83</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>2013</u>	<u>2012</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust:			
Interfund - Current Fund	B-2	11,163.83	7,095.24
Reserve for Dog Fund Expenditures	B-4	24,393.60	24,141.60
Due to State Department of Health	B-5	5.40	
		<u>35,562.83</u>	<u>31,236.84</u>
Other Trust Fund:			
Interfund - Current Fund	B-2	9,104.20	9,947.35
Various Reserves	B-6	1,163,721.91	1,136,048.12
Open Space	B-7	547,252.83	590,549.72
		<u>1,720,078.94</u>	<u>1,736,545.19</u>
Payroll Fund:			
Interfund - Current Fund	B-2	1,655.96	1,526.81
Payroll Deductions Payable	B-8	5,940.87	43,764.09
		<u>7,596.83</u>	<u>45,290.90</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-11	1,159,138.64	1,024,730.90
		<u>1,159,138.64</u>	<u>1,024,730.90</u>
		<u>2,922,377.24</u>	<u>2,837,803.83</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>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash	C-2/C-3	2,246,094.82	2,054,862.57
Deferred Charges to Future Taxation:			
Funded	C-4	23,976,250.00	25,006,250.00
Deferred Charges to Future Taxation:			
Unfunded	C-5	<u>1,542,123.00</u>	<u>1,168,258.00</u>
		<u>27,764,467.82</u>	<u>28,229,370.57</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	3,522,000.00	4,542,000.00
Loan Program Bonds	C-7	20,454,250.00	20,464,250.00
Bond Anticipation Notes	C-8	1,394,123.00	
Improvement Authorizations:			
Funded	C-9	787,984.36	1,745,239.28
Unfunded	C-9	632,026.61	505,033.93
Capital Improvement Fund	C-10	550,700.00	492,735.00
Interfund - Current Fund	C-11	486.23	669.02
Reserve for:			
Debt Service	C-12	43,145.24	63,145.24
Fund Balance	C-1	<u>379,752.38</u>	<u>416,298.10</u>
		<u>27,764,467.82</u>	<u>28,229,370.57</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2013 of \$148,000.00 as shown on Exhibit C-13.

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

Borough of Lincoln Park, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Balance - January 1,	C	416,298.10	156,298.10
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2	3,454.28	
Funded Improvement Authorizations Canceled		<u>3,454.28</u>	<u>1,250,000.00</u>
		419,752.38	1,406,298.10
Decreased by:			
Anticipated as 2013 Revenue	C-2	40,000.00	40,000.00
Appropriated to Finance Improvement Auth.		<u>40,000.00</u>	<u>950,000.00</u>
Balance - December 31,	C,C-3	<u>379,752.38</u>	<u>416,298.10</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>2013</u>	<u>2012</u>
Operating Fund:			
Cash	D-5	959,453.28	703,147.69
Change Fund	D-6	250.00	250.00
Interfund - Current Fund	D-15		497.28
Interfund - Water Capital	D-15	<u>122.45</u>	<u>195.93</u>
		<u>959,825.73</u>	<u>704,090.90</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-8	<u>365,840.84</u>	<u>316,659.69</u>
		<u>365,840.84</u>	<u>316,659.69</u>
Total Operating Fund		<u>1,325,666.57</u>	<u>1,020,750.59</u>
Capital Fund:			
Cash	D-5, D-7	572,217.48	651,605.88
Fixed Capital	D-9	4,140,461.40	4,140,461.40
Fixed Capital Authorized and Uncompleted	D-10	<u>1,434,235.00</u>	<u>1,049,235.00</u>
Total Capital Fund		<u>6,146,913.88</u>	<u>5,841,302.28</u>
Total Assets		<u>7,472,580.45</u>	<u>6,862,052.87</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>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4, D-12	471,725.31	327,993.43
Encumbrances Payable	D-13	85,635.57	69,920.46
Water Rent Overpayments	D-14	8,258.23	4,690.58
Accrued Interest on Bonds	D-16	4,937.39	5,024.16
Accrued Interest on Notes	D-17	1,625.42	1,245.21
		<u>572,181.92</u>	<u>408,873.84</u>
Reserve for Receivables	Contra	365,840.84	316,659.69
Fund Balance	D-1	<u>387,643.81</u>	<u>295,217.06</u>
Total Operating Fund		<u>1,325,666.57</u>	<u>1,020,750.59</u>
Capital Fund:			
Interfund - Water Operating	D-11	122.45	195.93
Bond Anticipation Notes	D-18	1,174,880.00	974,880.00
Loan Program Bonds Payable	D-19	450,750.00	465,750.00
Improvement Authorizations:			
Funded	D-20	127,988.99	224,848.85
Unfunded	D-20	630,511.46	475,909.06
Capital Improvement Fund	D-21	151,459.29	144,959.29
Reserve for Amortization	D-22	3,536,776.40	3,521,776.40
Reserve for Deferred Amortization	D-23	65,790.00	27,290.00
Fund Balance	D-2	<u>8,635.29</u>	<u>5,692.75</u>
Total Capital Fund		<u>6,146,913.88</u>	<u>5,841,302.28</u>
Total Liabilities, Reserves and Fund Balances		<u>7,472,580.45</u>	<u>6,862,052.87</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 \$346,500.00 of Bonds and Notes Authorized But Not Issued on December 31, 2013 per Exhibit D-24

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, 2013

With comparative figures for 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	198,000.00	193,200.00
Rents	D-3	2,075,020.52	2,041,062.43
Fire Hydrant Service	D-3	5,259.60	5,303.89
Miscellaneous	D-3	92,189.07	87,310.95
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	<u>238,474.75</u>	<u>7,645.09</u>
Total Income		<u>2,608,943.94</u>	<u>2,334,522.36</u>
Expenditures:			
Operating	D-4	2,164,753.19	2,040,381.23
Capital Improvements	D-4	45,000.00	25,000.00
Debt Service	D-4	42,101.00	22,912.00
Deferred Charges and Statutory Expenditures	D-4	<u>66,663.00</u>	<u>65,239.00</u>
Total Expenditures		<u>2,318,517.19</u>	<u>2,153,532.23</u>
Excess/(Deficit) in Revenue over Expenditures		290,426.75	180,990.13
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus		<u>290,426.75</u>	<u>180,990.13</u>
Fund Balance - January 1,	D	<u>295,217.06</u>	<u>307,426.93</u>
		585,643.81	488,417.06
Decreased by:			
Utilized as Anticipated Revenue		<u>198,000.00</u>	<u>193,200.00</u>
Fund Balance - December 31,	D	<u><u>387,643.81</u></u>	<u><u>295,217.06</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, 2013

	<u>Ref.</u>	
Balance - December 31, 2012.	D	5,692.75
Increased by:		
Premium on Sale of Bond Anticipation Notes	D-5	<u>2,942.54</u>
Balance - December 31, 2013	D/D-7	<u><u>8,635.29</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, 2013

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	198,000.00	198,000.00	
Rents	D-8	2,040,000.00	2,075,020.52	35,020.52
Fire Hydrant Service	D-8	5,000.00	5,259.60	259.60
Miscellaneous	D-1	<u>75,517.19</u>	<u>92,189.07</u>	<u>16,671.88</u>
Budget Totals	D-4	<u><u>2,318,517.19</u></u>	<u><u>2,370,469.19</u></u>	<u><u>51,952.00</u></u>
<u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Investments	D-5		4,565.68	
Sprinkler Use	D-8		59,099.23	
Other Miscellaneous	D-5		11,102.28	
Late Payment Penalties	D-5		<u>17,421.88</u>	
			<u><u>92,189.07</u></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, 2013

	Ref.	Appropriated		Expended	Reserved
		Budget	Budget After Modification	Paid or Charged	
Operating:					
Salaries and Wages		473,450.19	473,450.19	428,549.31	44,900.88
Other Expenses		1,691,303.00	1,691,303.00	1,271,537.43	419,765.57
Total Operating	D-1	2,164,753.19	2,164,753.19	1,700,086.74	464,666.45
Capital Improvements:					
Capital Improvement Fund		45,000.00	45,000.00	45,000.00	
Total Capital Improvements	D-1	45,000.00	45,000.00	45,000.00	
Debt Service:					
Payment of Bond Principal		15,000.00	15,000.00	15,000.00	
Interest on Bonds		16,972.00	16,972.00	16,972.00	
Interest on Notes		10,129.00	10,129.00	10,129.00	
Total Debt Service	D-1	42,101.00	42,101.00	42,101.00	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		28,663.00	28,663.00	28,663.00	
Social Security System (O.A.S.I.)		38,000.00	38,000.00	30,941.14	7,058.86
Total Deferred Charges and Statutory Expenditures	D-1	66,663.00	66,663.00	59,604.14	7,058.86
		<u>2,318,517.19</u>	<u>2,318,517.19</u>	<u>1,846,791.88</u>	<u>471,725.31</u>
			D-3		D
Cash Disbursed	D-5			1,734,055.31	
Encumbrances Payable	D-13			85,635.57	
Accrued Interest on Bonds	D-16			16,972.00	
Accrued Interest on Notes	D-17			10,129.00	
				<u>1,846,791.88</u>	

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

Exhibit E

Borough of Lincoln Park, N.J.

Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2013

With Comparative Figures for 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>6,842.15</u>	<u>6,842.75</u>
		<u>6,842.15</u>	<u>6,842.75</u>
<u>Liabilities</u>			
Interfund - Current Fund		1.52	2.12
Reserve for Public Assistance		<u>6,840.63</u>	<u>6,840.63</u>
		<u>6,842.15</u>	<u>6,842.75</u>

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

Borough of Lincoln Park, N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31, 2013

With Comparative Figures for 2012

	<u>2013</u>	<u>2012</u>
<u>General Fixed Assets:</u>		
Land	3,343,900.00	3,343,900.00
Buildings	23,256,919.65	23,256,919.65
Improvements Other Than Buildings	766,579.63	766,579.63
Machinery and Equipment	6,201,933.14	6,023,714.64
	<u>33,569,332.42</u>	<u>33,391,113.92</u>
Investment in Fixed Assets	<u>33,569,332.42</u>	<u>33,391,113.92</u>

See accompanying notes to financial statements.

BOROUGH OF LINCOLN PARK, N.J.

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

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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012

(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 2013, the Borough Council increased the original budget by \$183,000.00. This increase was funded by additional aid allotted the Borough.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013, \$-0- of the Borough's bank balance of \$10,805,092.74 was exposed to custodial credit risk.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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, 2013 and 2012 amounted to \$1,067,138.64 and \$930,430.90, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Index	\$145,576.74	\$98,820.16
Fixed Income	824,639.96	759,098.39
Growth	42,667.11	32,654.05
Global	22,123.61	17,214.62
REIT	1,353.69	1,344.47
Contra	9,432.95	6,366.63
Utilities	2,118.66	1,346.86
All Others	<u>19,225.92</u>	<u>13,585.72</u>
Total	<u>\$1,067,138.64</u>	<u>\$930,430.90</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(continued)

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2012</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	\$25,006,250.00	\$	\$1,030,000.00	\$23,976,250.00	\$967,000.00
Water Utility Debt	465,750.00		15,000.00	450,750.00	50,000.00
Accrued Sick and Vacation Benefits	<u>940,728.80</u>	<u>94,221.90</u>	<u>111,313.00</u>	<u>923,637.70</u>	<u> </u>
	<u>\$26,412,728.80</u>	<u>\$94,221.90</u>	<u>\$1,156,313.00</u>	<u>\$25,350,637.70</u>	<u>\$1,017,000.00</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>2013</u>	<u>2012</u>	<u>2011</u>
Issued			
General Bonds and Notes	\$25,370,373.00	\$25,006,250.00	\$26,006,250.00
Water Utility - Bonds and Notes	<u>1,625,630.00</u>	<u>1,440,630.00</u>	<u>1,140,630.00</u>
Total Issued	<u>26,996,003.00</u>	<u>26,446,880.00</u>	<u>27,146,880.00</u>
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Reserve for Debt Service	<u>43,145.24</u>	<u>63,145.24</u>	<u>83,145.24</u>
Total Deductions	<u>43,145.24</u>	<u>63,145.24</u>	<u>83,145.24</u>
Net Debt Issued	<u>26,952,857.76</u>	<u>26,383,734.76</u>	<u>27,063,734.76</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	148,000.00	1,168,258.00	2,476,713.00
Water Utility Bonds and Notes	<u>346,500.00</u>	<u>200,000.00</u>	<u> </u>
Total Authorized But Not Issued	<u>494,500.00</u>	<u>1,368,258.00</u>	<u>2,476,713.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$27,447,357.76</u>	<u>\$27,751,992.76</u>	<u>\$29,540,447.76</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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 1.812%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$2,845,000.00	\$2,845,000.00	\$0.00
Water Utility Debt	1,972,130.00	1,972,130.00	0.00
General Debt	<u>25,518,373.00</u>	<u>43,145.24</u>	<u>25,475,227.76</u>
	<u>\$30,335,503.00</u>	<u>\$4,860,275.24</u>	<u>\$25,475,227.76</u>

Net Debt \$25,475,227.76 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,405,735,241.33 equals 1.812%.

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

3-1/2% of equalized valuation basis (municipal)	\$49,200,733.45
Net debt	<u>25,475,227.76</u>
	<u>\$23,725,505.69</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	\$2,370,469.19
Deductions:	
Operating and Maintenance Cost	\$2,231,416.19
Debt Service	<u>42,101.00</u>
	<u>2,273,517.19</u>
Excess in Revenue	<u>\$96,952.00</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, 2013 AND 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2013:

<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	\$597,000.00
General Bonds - General Bonds of 2005 with an interest rate of 2.25%-4.00% issued February 1, 2005, due through February 1, 2024	2,925,000.00
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>20,454,250.00</u>
	<u>\$23,976,250.00</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>450,750.00</u>
	<u>\$450,750.00</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>\$148,000.00</u>
Water Capital	<u>\$346,500.00</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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
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	1,130,000.00	835,341.25	1,965,341.25
2019-2023	6,505,000.00	3,396,534.38	9,901,534.38
2024-2028	8,345,000.00	1,774,353.13	10,119,353.13
2029-2030	<u>3,874,250.00</u>	<u>176,236.88</u>	<u>4,050,486.88</u>
	<u>\$23,976,250.00</u>	<u>\$9,908,246.89</u>	<u>\$33,884,496.89</u>

Calendar Year	Water Utility		
	Principal	Interest	Total
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	50,000.00	10,037.50	60,037.50
2019-2021	<u>200,750.00</u>	<u>16,593.75</u>	<u>217,343.75</u>
	<u>\$450,750.00</u>	<u>\$83,343.75</u>	<u>\$534,093.75</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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, 2013, the Borough had \$1,394,123.00 in outstanding general capital bond anticipation notes maturing on October 29, 2014 at an interest rate of 1.00% and \$1,174,880.00 in outstanding water capital bond anticipation notes, maturing on October 29, 2014 at an interest rate of 1.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2013.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies	\$	\$2,569,003.00	\$	\$2,569,003.00
Roosevelt & Cross	<u>974,880.00</u>		<u>974,880.00</u>	
	<u>\$974,880.00</u>	<u>\$2,569,003.00</u>	<u>\$974,880.00</u>	<u>\$2,569,003.00</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, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2013	2014 Budget <u>Appropriation</u>
Current Fund Special Emergency Authorization	<u>\$240,000.00</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, 2013 AND 2012
(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, 2013 AND 2012
(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, 2013 AND 2012
(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>
2013	\$318,477.00	\$632,318.00
2012	313,413.00	603,933.00
2011	323,900.00	766,357.00

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(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, 2013 AND 2012
(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 2013, there were thirty-one (31) retired employees who received this benefit at a cost of \$575,904.00.

Annual OPEB Cost

For 2013, 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 2013, 2012 and 2011 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>
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
2013	575,904.00	2,492,800.00	23.10%	12,065,544.00

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2013 (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	<u>-0-</u>
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, 2013 AND 2012
(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, 2013 that have been anticipated as revenue in the 2014 budget is as follows:

Current Fund	\$727,500.00
Water Operating Fund	\$191,000.00

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(continued)

NOTE 10. FIXED ASSETS

The following is a summary of changes in the General Fixed Asset Account Group for the year 2013.

	<u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2013</u>
Land	\$3,343,900.00	\$	\$	\$3,343,900.00
Land Improvements	766,579.63			766,579.63
Buildings	23,256,919.65			23,256,919.65
Machinery & Equipment	<u>6,023,714.64</u>	<u>243,352.50</u>	<u>65,134.00</u>	<u>6,201,933.14</u>
	<u>\$33,391,113.92</u>	<u>\$243,352.50</u>	<u>\$65,134.00</u>	<u>\$33,569,332.42</u>

NOTE 11. LEASES

In 2013, the Borough leased 3 police cars under a four year lease. The balance remaining at December 31, 2013 was \$-0-. 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.

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 \$923,637.70 as of December 31, 2013. It is expected that the payments will be budgeted as the amounts are used.

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, 2013</u>	<u>Balance</u> <u>Dec 31, 2012</u>
Prepaid Taxes	<u>\$178,870.61</u>	<u>\$206,108.04</u>
Cash Liability for Taxes Collected in Advance	<u>\$178,870.61</u>	<u>\$206,108.04</u>

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(continued)

NOTE 14. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2013 consist of the following:

\$2,304.00	Due to Other Trust Fund from Federal and State Grant Fund for Grant Fund expenditures paid by Other Trust Fund.
11,163.83	Due to Current Fund from Animal Control Trust Fund for interest earned on investments and statutory excess.
1,655.96	Due to Current Fund from Payroll Fund for interest earned on investments.
1.52	Due to Current Fund from Public Assistance Trust Fund for interest earned on investments.
41.90	Due to Current Fund from Federal and State Grant Fund for interest earned on investments.
486.23	Due to Current Fund from General Capital Fund for interest earned on investments.
9,104.20	Due to Current Fund from Other Trust Fund for interest earned on investments and short-term advance.
<u>122.45</u>	Due to Water Operating Fund from Water Capital Fund for interest earned on investments.
<u>\$24,880.09</u>	

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

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 2013 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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(continued)

NOTE 15. RISK MANAGEMENT, (continued)

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.

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.

BOROUGH OF LINCOLN PARK, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(continued)

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

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, 2013, 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.

NOTE 18. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through May 18, 2014, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	2.486	2.458	2.132
<u>Apportionment of Tax Rate:</u>			
Municipal	.900	.880	.752
Municipal Library Tax	.034	.036	.033
Municipal Open Space	.005		
County	.257	.263	.234
Local School	1.29	1.279	1.113

Assessed Valuations

2013	\$1,372,290,200.00		
2012		\$1,379,081.500	
2011			\$1,561,035,700

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>Currently</u>		
<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collection</u>
2013	\$34,211,810.66	\$33,775,562.98	98.72%
2012	33,901,813.73	33,462,582.63	98.70
2011	33,286,994.87	32,737,029.69	98.35

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>
2013	\$47,031.36	\$360,454.16	\$407,485.52	1.19%
2012	20,367.62	373,900.63	394,268.25	1.16
2011	24,736.55	319,702.81	344,439.36	1.03

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>
2013	\$1,123,165.00
2012	1,123,165.00
2011	1,123,165.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2013	\$2,117,092.09	\$727,500.00
	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
Water Utility Operating Fund	2013	\$387,643.81	\$191,000.00
	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

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	
Ellen Ross	Councilwoman	
Ann Thompson	Councilwoman	
James A. Wild	Councilman	
Perry Mayers	Borough Administrator	
Cynthia Sloane	Borough Clerk	
Kerry Geisler	Chief Financial Officer	
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, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2013

	Ref.	Current Fund	Federal & State Grant Fund
Balance - December 31, 2012	A	3,187,706.56	297,859.59
Increased by Receipts:			
Interest and Costs on Taxes	A-2	77,126.58	
Miscellaneous Revenue Not Anticipated	A-2	39,409.80	
Petty Cash	A-6	500.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	109,190.41	
Taxes Receivable	A-8	33,816,478.98	
Revenue Accounts Receivable	A-11	1,458,675.95	
Sewer Rents Receivable	A-12	2,290,973.06	
Interfunds	A-13	35,626.57	
Prepaid Taxes	A-18	178,870.61	
Various Cash Liabilities and Reserves	A-21	2,507,613.67	
Federal and State Grants Receivable	A-22		324,856.69
Matching Funds for Grants Cash Receipts	A-23		2,250.00
Matching Funds for Grants	A-23		2,794.00
Unappropriated Reserves	A-24		49,959.61
Interfund - Current Fund	A-25		41.90
Interfund - Other Trust	A-26		2,304.00
		<u>40,514,465.63</u>	<u>382,206.20</u>
		43,702,172.19	680,065.79
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	30,918.72	
Current Year Budget Appropriations	A-3	15,533,976.77	
Matching Funds for Grants	A-3	2,794.00	
Petty Cash	A-6	500.00	
Interfunds	A-13	102,335.50	
Appropriation Reserves	A-15	540,189.02	
Accounts Payable	A-17	1,349.00	
Local District School Taxes	A-19	17,674,675.43	
County Taxes Payable	A-20	3,518,778.48	
Various Cash Liabilities and Reserves	A-21	2,344,145.43	
Federal & State Grant Appropriations	A-23		451,183.43
Interfund - Current Fund	A-25		73.82
Interfund - Other Trust	A-26		6,513.87
		<u>39,749,662.35</u>	<u>457,771.12</u>
Balance - December 31, 2013	A	<u>3,952,509.84</u>	<u>222,294.67</u>

Exhibit A-5

Borough of Lincoln Park, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	<u>1,150.00</u>
Balance - December 31, 2013	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>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2013

	<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, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	15,319.19
Increased by:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		7,191.78
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		112,250.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>3,000.00</u>
	A-8	<u>108,058.22</u>
		123,377.41
Cash Receipts	A-4	<u>109,190.41</u>
Balance - December 31, 2013	A	<u><u>14,187.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2013

Year	Balance, Dec. 31, 2012	Levy	Added Taxes	Collected 2012	Collected 2013	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2013
prior	373,900.63				359,426.78	(4,344.52)	3,753.75	3.93	15,060.69
2013		34,115,134.45	96,676.21	206,108.04	33,457,052.20	112,402.74	8,636.37	82,217.84	345,393.47
	<u>373,900.63</u>	<u>34,115,134.45</u>	<u>96,676.21</u>	<u>206,108.04</u>	<u>33,816,478.98</u>	<u>108,058.22</u>	<u>12,390.12</u>	<u>82,221.77</u>	<u>360,454.16</u>
	A			A-2/A-18	A-2/A-4	A-2/A-7	A-9		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	34,115,134.45
Added Tax (R.S. 54:4-63.1 et seq.)	<u>96,676.21</u>
	<u>34,211,810.66</u>
Tax Levy:	
Municipal Open Space Tax	68,614.51
Added Municipal Open Space Tax	<u>194.47</u>
	A-13
Local District School Tax	17,709,401.00
County Tax	3,508,784.19
Added County Taxes	<u>9,994.29</u>
	A-19
	A-20
	<u>3,518,778.48</u>
Local Tax for Municipal Purposes	21,296,988.46
Additional Taxes	<u>92,323.20</u>
	A-2
	<u>12,914,822.20</u>
	<u>34,211,810.66</u>

Exhibit A-9

Borough of Lincoln Park, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	20,367.62
Increased by:		
Interest and Costs Accrued by Sale		14,273.62
Transfers from Taxes Receivable	A-8	<u>12,390.12</u>
		<u>26,663.74</u>
Balance - December 31, 2013	A	<u><u>47,031.36</u></u>

Exhibit A-10

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

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	<u><u>1,123,165.00</u></u>
Balance - December 31, 2013	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, 2013

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2		17,850.00	17,850.00	
Other	A-2		320.00	320.00	
Fees and Permits	A-2		16,287.50	16,287.50	
Police					
Fees and Permits	A-2		4,385.08	4,385.08	
Fire Prevention					
Fees and Permits	A-2		8,680.00	8,680.00	
Registrar					
Other Licenses	A-2		234.00	234.00	
Fees and Permits	A-2		7,070.00	7,070.00	
Board of Health					
Other Licenses	A-2		6,985.00	6,985.00	
Fees and Permits	A-2		5,512.00	5,512.00	
Municipal Court :					
Fines and Costs	A-2	5,828.84	116,805.26	113,297.64	9,336.46
Uniform Construction Code Fees					
Construction Fees	A-2		113,308.00	113,308.00	
Energy Receipts Taxes	A-2		794,378.22	794,378.22	
Consolidated Municipal Property Tax					
Relief Aid	A-2		85,773.00	85,773.00	
Interest on Investments and Deposits	A-2	3.95	17,090.03	17,089.35	4.63
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		44,999.00	44,999.00	
NJ Life Hazard Use Fees	A-2		2,296.00	2,296.00	
Recreation Fees	A-2		160,211.16	160,211.16	
		<u>5,832.79</u>	<u>1,462,184.25</u>	<u>1,458,675.95</u>	<u>9,341.09</u>
		A		A-4	A

Borough of Lincoln Park, N.J.

Schedule of Sewer Rents Receivable

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	214,515.01
Increased by:		
Sewer Rents Levied		<u>2,364,941.65</u>
		2,579,456.66
Decreased by:		
Collections	A-4	2,290,973.06
Overpayments Applied	A-21	<u>1,477.63</u>
	A-2	<u>2,292,450.69</u>
Balance - December 31, 2013	A	<u><u>287,005.97</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2013

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u> <u>Balance</u>			<u>Due From/(To)</u> <u>Balance</u>	
		<u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2013</u>	
Other Trust Fund	A	9,947.35	77,913.18	78,756.33	9,104.20	
General Capital Fund	A	669.02	486.23	669.02	486.23	
Federal and State Grant Fund	A	73.82	41.90	73.82	41.90	
Animal Control Trust	A	7,095.24	11,163.83	7,095.24	11,163.83	
Water Operating Fund	A	(497.28)		497.28		
Payroll Fund	A	1,526.81	1,655.96	1,526.81	1,655.96	
Public Assistance Trust Fund	A	2.12	1.52	2.12	1.52	
Library Payroll	A	16,281.42	21,633.00	16,312.21	21,602.21	
		<u>35,098.50</u>	<u>112,895.62</u>	<u>104,932.83</u>	<u>44,055.85</u>	
<u>Analysis</u>						
Due to Current Fund	A/A-1	35,595.78			44,055.85	
Due From Current Fund	A	<u>(497.28)</u>			<u>44,055.85</u>	
		<u>35,098.50</u>			<u>44,055.85</u>	
Stat. Excess in Animal Trust	A-1		11,057.40			
Disbursed	A-4		101,838.22	497.28		
Received	A-4			35,626.57		
Municipal Open Space	A-1,A-8			68,808.98		
			<u>112,895.62</u>	<u>104,932.83</u>		

Borough of Lincoln Park, N.J.

Schedule of Deferred Charges - Special Emergency Authorization

Current Fund

Year Ended December 31, 2013

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2012</u>	<u>Reduced in 2013</u>	<u>Balance, Dec. 31, 2013</u>
Flood Emergency	400,000.00	80,000.00	320,000.00	80,000.00	240,000.00
	<u>400,000.00</u>	<u>80,000.00</u>	<u>320,000.00</u>	<u>80,000.00</u>	<u>240,000.00</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, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	5,009.28	9.28		9.28
Clerk	5,937.13	937.13		937.13
Financial Administration	1,248.52	1,248.52		1,248.52
Assessment of Taxes	160.36	160.36		160.36
Planning Board	194.93	194.93		194.93
Planning Department	62.54	62.54		62.54
Police	5,596.07	5,596.07	1,091.53	4,504.54
Uniform Fire Safety Act	3,905.47	3,905.47		3,905.47
Municipal Court	1,234.68	1,234.68		1,234.68
Public Defender	3,700.00	3,700.00		3,700.00
Road Repairs and Maintenance	6,769.14	6,769.14		6,769.14
Garbage and Trash Removal	485.45	485.45		485.45
Board of Health	6,921.14	6,921.14		6,921.14
Parks and Playgrounds	513.54	513.54		513.54
Municipal Lake	2,556.23	2,556.23		2,556.23
Building Inspector	201.67	201.67		201.67
Total Salaries and Wages Within "CAPS"	44,496.15	34,496.15	1,091.53	33,404.62
Other Expenses Within "CAPS":				
Administrative and Executive	1,416.03	15,730.82	15,576.22	154.60
Clerk	4,241.86	5,649.56	328.66	5,320.90
Financial Administration	3,434.97	5,138.30	3,144.99	1,993.31
Audit Services	22,750.00	22,750.00	22,750.00	
Collection of Taxes	1,935.44	2,122.39	200.94	1,921.45
Assessment of Taxes	2,050.70	3,984.60	2,140.26	1,844.34
Legal Services and Costs	38,077.13	43,579.28	35,052.73	8,526.55
Engineering Services and Costs	13,080.00	8,080.00	2,185.00	5,895.00
Planning Board	4,409.28	4,626.94	1,159.66	3,467.28
Planning Department	1,849.09	2,237.28	388.19	1,849.09
Board of Adjustment	5,054.88	5,064.88	1,431.24	3,633.64
Fair Housing Committee	300.00	300.00	24.99	275.01

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Insurance:				
Other Insurance Premiums	10,492.85	5,492.85	1,158.00	4,334.85
Group Insurance for Employees		4,118.65	4,118.65	
Health Benefit Waiver	1,333.22	1,333.22	850.06	483.16
Police	23,031.23	46,522.53	31,087.29	15,435.24
Police Radio and Communications	6,822.04	9,994.94	3,125.90	6,869.04
Emergency Management Services	12,402.56	17,532.94	6,749.46	10,783.48
First Aid Organization Contribution	84.23	748.68	748.68	
Fire	3,297.52	22,271.51	18,248.70	4,022.81
Uniform Fire Safety	1,000.00	1,000.00		1,000.00
Municipal Court	6,020.39	6,506.89	346.50	6,160.39
Road Repairs and Maintenance	25,916.99	53,577.35	49,352.68	4,224.67
Sewer System	5,250.19	21,052.87	14,230.85	6,822.02
Garbage and Trash Removal	63,150.34	125,706.05	112,508.86	13,197.19
Public Building and Grounds	39,421.02	86,739.85	69,270.55	17,469.30
Condominium Reimbursement	102.20	102.20		102.20
Board of Health	4,101.64	20,335.01	12,346.86	7,988.15
Dog Regulation	3,859.50	3,859.50		3,859.50
Administration of Public Assistance	100.00	100.00		100.00
Senior Citizen's Transportation	1,173.12	1,173.12		1,173.12
Parks and Playgrounds	6,453.24	13,213.02	5,533.52	7,679.50
Municipal Lake	177.55	476.57		476.57
Building Inspector	3,126.56	3,182.06		3,182.06
Plumbing Inspector	402.00	402.00		402.00
Electrical Inspector	402.00	402.00		402.00
Celebration of Public Events	1,135.00	1,500.00	672.20	827.80
Street Lighting	27,029.77	32,712.72	15,108.32	17,604.40
Street Signs	1,317.35	1,317.35		1,317.35
Gasoline	9,556.46	18,860.26	8,698.20	10,162.06
Contingent	1,000.00	1,000.00		1,000.00
Total Other expenses Within "CAPS"	<u>356,758.35</u>	<u>620,498.19</u>	<u>438,538.16</u>	<u>181,960.03</u>

Borough of Lincoln Park, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	81,980.74	81,980.74		81,980.74
Defined Contribution Retirement Plan	3,875.40	3,875.40		3,875.40
Unemployment Compensation	<u>10,000.00</u>	<u>10,000.00</u>		<u>10,000.00</u>
 Total Deferred Charges and Statutory Expenditures Within "CAPS"	 <u>95,856.14</u>	 <u>95,856.14</u>		 <u>95,856.14</u>
 Total Reserves Within "CAPS"	 <u>497,110.64</u>	 <u>750,850.48</u>	 <u>439,629.69</u>	 <u>311,220.79</u>
Other Expenses Excluded From "CAPS":				
Emergency Services Volunteer Length of Service Award Program	92,000.00	92,000.00	90,850.00	1,150.00
Increase Costs P.L. 2007,c.62 Group Insurance for Employees	18,256.39	18,256.39	18,256.39	
Recycling Tax	2,541.07	3,619.36	1,952.94	1,666.42
Matching Funds for Grants	<u>2,184.00</u>	<u>2,184.00</u>		<u>2,184.00</u>
 Total Other Expenses Excluded from "CAPS"	 <u>114,981.46</u>	 <u>116,059.75</u>	 <u>111,059.33</u>	 <u>5,000.42</u>
 Total Reserves Excluded from "CAPS"	 <u>114,981.46</u>	 <u>116,059.75</u>	 <u>111,059.33</u>	 <u>5,000.42</u>
 Total Reserves	 <u>612,092.10</u>	 <u>866,910.23</u>	 <u>550,689.02</u>	 <u>316,221.21</u>
	A			A-1
	Ref.			
Appropriation Reserves	above	612,092.10		
Transfer from Reserve for Encumbrances	A-16	<u>254,818.13</u>		
		<u>866,910.23</u>		
			540,189.02	
Cash Disbursements	A-4		10,500.00	
Transfer to Accounts Payable	A-17		<u>550,689.02</u>	

Borough of Lincoln Park, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	254,818.13
Increased by:		
Transfer from Current Appropriations	A-3	<u>309,022.65</u>
		563,840.78
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>254,818.13</u>
Balance - December 31, 2013	A	<u><u>309,022.65</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	A		2,162.30
Increased by:			
Transfer from Appropriation Reserves	A-15		<u>10,500.00</u>
			12,662.30
Decreased by:			
Disbursed	A-4	1,349.00	
Canceled	A-1	<u>813.30</u>	
			<u>2,162.30</u>
Balance - December 31, 2013	A		<u><u>10,500.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	206,108.04
Increased by:		
Receipts - Prepaid 2014 Taxes	A-4	<u>178,870.61</u>
		384,978.65
Decreased by:		
Applied to 2013 Taxes	A-8	<u>206,108.04</u>
Balance - December 31, 2013	A	<u><u>178,870.61</u></u>

Borough of Lincoln Park, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	128,624.82
Increased by:		
Levy Calendar Year , 2013	A-1/A-8	<u>17,709,401.00</u>
		17,838,025.82
Decreased by:		
Payments	A-4	<u>17,674,675.43</u>
Balance - December 31, 2013	A	<u><u>163,350.39</u></u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	A		
Increased by:			
Levy	A-1/A-8	3,508,784.19	
Added and Omitted Taxes	A-1/A-8	<u>9,994.29</u>	
			<u>3,518,778.48</u>
			3,518,778.48
Decreased by:			
Payments	A-4		<u>3,518,778.48</u>
Balance - December 31, 2013	A		<u><u> </u></u>

Borough of Lincoln Park, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2013

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2012	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2013
<u>Liabilities:</u>				
Tax Overpayments	2,438.62	20,678.59	22,867.21	250.00
Sewer Rent Overpayments	1,477.63	4,023.89	1,477.63	4,023.89
Outside Liens		154,439.22	154,439.22	
Due to State of New Jersey:				
Construction Code Surcharge	563.00	4,263.00	3,859.00	967.00
Marriage License Surcharge	750.00	1,950.00	2,350.00	350.00
<u>Reserves for:</u>				
Sale of Borough Property	421,218.02	14,284.14	150,000.00	285,502.16
Revaluation	17,382.31		232.50	17,149.81
Flood Related Costs	42,765.32	251,594.94	145,319.73	149,040.53
Flood Buy Outs		2,056,379.89	1,968,753.94	87,625.95
Tax Appeals	16,323.83	30,000.00	46,323.83	
Garden State Trust	28,287.00		28,287.00	
	<u>531,205.73</u>	<u>2,537,613.67</u>	<u>2,523,910.06</u>	<u>544,909.34</u>
	A			A

	<u>Ref.</u>		
2013 Anticipated Revenue	A-2		178,287.00
2013 Budget Appropriation	A-3	30,000.00	
Receipts	A-4	2,507,613.67	
Disbursed	A-4		2,344,145.43
Applied to Sewer Receivable	A-12		1,477.63
		<u>2,537,613.67</u>	<u>2,523,910.06</u>

Borough of Lincoln Park, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance, Dec. 31, 2012	Budget Revenue	Received	Canceled	Balance, Dec. 31, 2013
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		14,757.24		8,000.00
CDBG - Water Booster Station	42,490.76		42,490.76		
NJDOT - Safe Routes to Schools		200,000.00			200,000.00
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>92,167.39</u>	<u>200,000.00</u>	<u>57,248.00</u>		<u>234,919.39</u>
State Grants:					
Alcohol Education & Rehab Grant		1,618.89	1,618.89		
Body Armor Grant		2,514.01	2,514.01		
Municipal Alliance on Alcoholism and Drug Abuse	8,542.50	11,176.00	15,644.70	2,684.94	1,388.86
Recycling Tonnage Grant		18,482.10	18,482.10		
Clean Communities		17,157.87	17,157.87		
Drunk Driving Enforcement Fund		8,741.86	8,741.86		
NJ Green Communities		3,000.00			3,000.00
NJ Transportation Trust - Two Bridges Rd	62,500.00				62,500.00
NJ Transportation Trust - Ryerson Rd	75,076.04		68,911.54		6,164.50
NJ Transportation Trust - Beaver Brook Rd	50,000.00		44,802.45		5,197.55
NJ Transportation Trust - Two Bridges Rd		180,000.00	135,000.00		45,000.00
PEC Grant	5,295.73		3,250.00		2,045.73
	<u>201,414.27</u>	<u>242,690.73</u>	<u>316,123.42</u>	<u>2,684.94</u>	<u>125,296.64</u>
	<u>293,581.66</u>	<u>442,690.73</u>	<u>373,371.42</u>	<u>2,684.94</u>	<u>360,216.03</u>
	A	A-2		A-23	A
		<u>Ref.</u>			
	Cash Receipts	A-4	324,856.69		
Transferred from Unappropriated Reserves		A-24	48,514.73		
			<u>373,371.42</u>		

Borough of Lincoln Park, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance, Dec. 31, 2012	Transfer From 2013 Budget	Expended	Canceled	Balance, Dec. 31, 2013
Local Grants:					
Pedestrian Safe Route to School	500.00				500.00
Keep Kids Alive Drive 25	19.94				19.94
NJHOA - H1N1	2,814.70				2,814.70
PEC Grant	3,604.46				3,604.46
NJ Green Communities		2,250.00			2,250.00
Municipal Alliance on Alcoholism and Drug Abuse	1,056.43	2,794.00	3,287.93		562.50
	<u>7,995.53</u>	<u>5,044.00</u>	<u>3,287.93</u>		<u>9,751.60</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	44,809.32		3,542.00		41,267.32
CDBG - Jacksonville Rd Water Booster Station II	44,680.00				44,680.00
NJDOT - Safe Routes to School		200,000.00	1,680.00		198,320.00
Click It or Ticket	143.56				143.56
Pandemic Influenza Phase II	11,428.96				11,428.96
Stormwater Management Grant	647.32				647.32
Domestic Violence Grant	641.11				641.11
	<u>149,457.44</u>	<u>200,000.00</u>	<u>9,572.00</u>		<u>339,885.44</u>
State Grants:					
Drunk Driving Enforcement Fund	17.99	8,741.86	617.50		8,142.35
PEC Grant	5,857.50		2,760.00		3,097.50
Body Armor Replacement Grant	5,772.59	2,514.01	2,097.99		6,188.61
NJ Transportation Trust - Two Bridges Rd	237,350.00		219,881.89		17,468.11
NJ Transportation Trust - Ryerson Rd	3,792.74		3,792.74		
NJ Transportation Trust - Beaver Brook Rd	36,582.32		2,500.00		34,082.32
NJ Transportation Trust - Two Bridges Rd		180,000.00	160,787.84		19,212.16
Municipal Alliance on Alcoholism and Drug Abuse	2,452.50	11,176.00	9,973.80	2,684.94	969.76
NJ Green Communities		3,000.00			3,000.00
Clean Communities Grant	35,907.44	17,157.87	15,028.80		38,036.51
Recycling Tonnage Grant	45,736.99	18,482.10	17,630.00		46,589.09
Alcohol Education & Rehab Grant	5,415.79	1,618.89	3,252.94		3,781.74
	<u>378,885.86</u>	<u>242,690.73</u>	<u>438,323.50</u>	<u>2,684.94</u>	<u>180,568.15</u>
	<u>536,338.83</u>	<u>447,734.73</u>	<u>451,183.43</u>	<u>2,684.94</u>	<u>530,205.19</u>
	A		A-4	A-22	A
	<u>Ref.</u>				
State and Federal Grants	A-3	442,690.73			
Matching Funds Cash Receipts	A-4	2,250.00			
Matching Funds for Grants	A-3,A-4	2,794.00			
		<u>447,734.73</u>			

Borough of Lincoln Park, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2013

Grant	Balance	Transfer	Received	Balance
	<u>Dec. 31, 2012</u>	To 2013 <u>Budget</u>		<u>Dec. 31, 2013</u>
State Grants:				
Recycling Tonnage Grant	18,482.10	18,482.10	22,106.99	22,106.99
Body Armor Replacement Fund	2,514.01	2,514.01	3,125.80	3,125.80
Clean Communities	17,157.87	17,157.87	20,144.72	20,144.72
Drunk Driving Enforcement Fund	8,741.86	8,741.86	3,262.73	3,262.73
Alcohol Education and Rehab Grant	1,618.89	1,618.89	1,319.37	1,319.37
	<u>48,514.73</u>	<u>48,514.73</u>	<u>49,959.61</u>	<u>49,959.61</u>
	A	A-22	A-4	A

Borough of Lincoln Park, N.J.
Schedule of Due to Current Fund
Federal and State Grant Fund
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	A		73.82
Increased by:			
Cash Receipts	A-4	41.90	
Canceled Grant Reserves	A-23	<u>2,684.94</u>	
			<u>2,726.84</u>
			2,800.66
Decreased by:			
Cash Disbursements	A-4	73.82	
Canceled Grants Receivable	A-22	<u>2,684.94</u>	
			<u>2,758.76</u>
Balance - December 31, 2013	A		<u><u>41.90</u></u>

Schedule of Due to Other Trust Fund
Federal and State Grant Fund
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	A		6,513.87
Increased by:			
Cash Receipts	A-4		<u>2,304.00</u>
			8,817.87
Decreased by:			
Cash Disbursements	A-4		<u>6,513.87</u>
Balance - December 31, 2013	A		<u><u>2,304.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2013

	<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, 2012	B	31,236.84	1,730,031.32	45,290.90	930,430.90
Increase by Receipts:					
Interfund - Current Fund	B-2	106.43	7,455.36	325.81	
Dog License Fees	B-4	12,369.40			
Due to State of NJ	B-5	1,020.60			
Other Trust Funds	B-6		485,079.10		
Municipal Open Space	B-7		69,317.41		
Payroll Deductions Payable	B-8			3,586,958.83	
Net Payroll	B-9			3,874,777.73	
Contributions Receivable	B-10				90,850.00
Net Assets Available for Benefits	B-11				74,339.34
Total Receipts		<u>13,496.43</u>	<u>568,365.74</u>	<u>7,462,062.37</u>	<u>165,189.34</u>
		<u>44,733.27</u>	<u>2,298,397.06</u>	<u>7,507,353.27</u>	<u>1,095,620.24</u>
Decreased by Disbursements:					
Interfund - Current Fund	B-2	7,095.24	8,298.51	196.66	
Interfunds	B-3		2,304.00		
Reserve for Dog Expenditures	B-4	1,060.00			
Due to State of NJ	B-5	1,015.20			
Other Trust Funds	B-6		457,405.31		
Open Space	B-7		112,614.30		
Payroll Deductions Payable	B-8			3,624,782.05	
Net Payroll	B-9			3,874,777.73	
Net Assets Available for Benefits	B-11				28,481.60
Total Disbursements		<u>9,170.44</u>	<u>580,622.12</u>	<u>7,499,756.44</u>	<u>28,481.60</u>
Balance - December 31, 2013	B	<u>35,562.83</u>	<u>1,717,774.94</u>	<u>7,596.83</u>	<u>1,067,138.64</u>

Borough of Lincoln Park, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2013

	Due to/(from) Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2013</u>
Dog License Trust	7,095.24	11,163.83	7,095.24	11,163.83
Other Trust	9,947.35	7,455.36	8,298.51	9,104.20
Payroll Fund	<u>1,526.81</u>	<u>325.81</u>	<u>196.66</u>	<u>1,655.96</u>
	<u>18,569.40</u>	<u>18,945.00</u>	<u>15,590.41</u>	<u>21,923.99</u>
	B			B
	<u>Ref.</u>			
Receipts - Animal Control Trust	B-1	106.43		
Disbursed - Animal Control Trust	B-1		7,095.24	
Receipts - Other Trust Fund	B-1	7,455.36		
Disbursed - Other Trust Fund	B-1		8,298.51	
Receipts - Payroll Fund	B-1	325.81		
Disbursements - Payroll Fund	B-1		196.66	
Statutory Excess Due to Current Fund	B-4	11,057.40		
		<u>18,945.00</u>	<u>15,590.41</u>	

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Other Trust Funds

Year Ended December 31, 2013

	Due to/(from) Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2013</u>
Grant Fund	<u>(6,513.87)</u>	<u>2,304.00</u>	<u>6,513.87</u>	<u>(2,304.00)</u>
	<u>(6,513.87)</u>	<u>2,304.00</u>	<u>6,513.87</u>	<u>(2,304.00)</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-1		6,513.87	
Cash Disbursements	B-1	<u>2,304.00</u>		
		<u>2,304.00</u>	<u>6,513.87</u>	

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

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	B		24,141.60
Increased by:			
Collections			
Dog License Fees -2013		11,978.40	
Late Charge Fees		390.00	
Miscellaneous		1.00	
	B-1	12,369.40	12,369.40
			36,511.00
Decreased by:			
Expenditures R.S. 4:19-1511	B-1	1,060.00	
Statutory Excess Due to Current	B-2	11,057.40	
		12,117.40	12,117.40
Balance - December 31, 2013	B		24,393.60

License Fees Collected

<u>Year</u>	
2012	12,381.60
2011	12,012.00
	24,393.60

Borough of Lincoln Park, N.J.

Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	1,020.60
Decreased by:		
Paid to State	B-1	<u>1,015.20</u>
Balance - December 31, 2013	B	<u><u>5.40</u></u>

Borough of Lincoln Park, N.J.

Schedule of Various Reserves and Other Trust Funds

Trust Funds

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Reserve for:				
Escrow Deposits	339,813.46	101,952.83	193,750.58	248,015.71
Recycling	150,258.15	76,502.16	11,286.99	215,473.32
Special Law Enforcement	17,435.83	1,733.18	4,055.29	15,113.72
Resale for Set Aside Housing	130,857.85	382.11	5,872.50	125,367.46
Affordable Housing	2,040.23	5,109.08	1,327.65	5,821.66
Dare/Drug Alliance	8,939.31		2,081.93	6,857.38
POAA	1,498.79	76.00		1,574.79
Acorn One Set Aside Housing	32,717.78	97.70		32,815.48
Stormwater Management Contributions	121,344.14	344.77	16,929.00	104,759.91
Premiums on Tax Sale	84,700.00	172,200.00	126,100.00	130,800.00
Off Duty Police	51,395.15	27,017.27	20,929.00	57,483.42
Public Defender	5,991.32	5,010.00	6,449.84	4,551.48
Unemployment	11,367.20	17,649.74	9,869.12	19,147.82
Municipal Donations	133,549.66	53,288.94	34,103.43	152,735.17
LOSAP	16,661.20	3,588.48		20,249.68
Food Pantry	28,809.88	16,152.00	19,952.83	25,009.05
Flex Spending	(1,331.83)	3,974.84	4,697.15	(2,054.14)
	<u>1,136,048.12</u>	<u>485,079.10</u>	<u>457,405.31</u>	<u>1,163,721.91</u>
	B	B-1	B-1	B

Borough of Lincoln Park, N.J.

Reserve for Municipal Open Space

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	590,549.72
Increased by:		
Collections		
2013 Tax Levy		68,614.51
2013 Added Taxes		194.47
Interest Earned		508.43
	B-1	<u>69,317.41</u>
		659,867.13
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>112,614.30</u>
Balance - December 31, 2013	B	<u><u>547,252.83</u></u>

Borough of Lincoln Park, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Withholding Tax		726,284.59	726,284.59	
Social Security		842,548.75	842,548.75	
State Withholding Tax		195,590.44	195,590.44	
Unemployment Insurance	873.24	20,839.73	20,839.73	873.24
PERS, PFRS, DCRP	42,026.22	1,472,392.03	1,510,142.38	4,275.87
Garnish		28,874.04	28,874.04	
P.B.A. Union Dues		11,040.00	11,040.00	
Union Dues	409.06	20,572.31	20,619.00	362.37
AFLAC	455.19	10,945.63	10,972.62	428.20
Med. Co-Pay		146,447.11	146,447.11	
Flexible Spending		3,974.84	3,974.84	
Deferred Compensation		59,545.92	59,545.92	
AXA		2,860.00	2,860.00	
Lincoln Financial		24,665.00	24,665.00	
Accident Insurance	0.38	20,378.44	20,377.63	1.19
	<u>43,764.09</u>	<u>3,586,958.83</u>	<u>3,624,782.05</u>	<u>5,940.87</u>
	B	B-1	B-1	B

Schedule of Net Payroll

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Increased by :		
Receipts	B-1	<u>3,874,777.73</u>
Decreased by :		
Disbursements	B-1	<u>3,874,777.73</u>

Borough of Lincoln Park, N.J.
Statement of Contributions Receivable

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	94,300.00
Increased by:		
Adjustment		(3,450.00)
Borough Contributions		<u>92,000.00</u>
	B-11	<u>88,550.00</u>
		182,850.00
Decreased by:		
Cash Receipts	B-1	<u>90,850.00</u>
Balance - December 31, 2013	B	<u><u>92,000.00</u></u>

Borough of Lincoln Park, N.J.

Statement of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	B		1,024,730.90
Increased by:			
Borough Contributions	B-10	88,550.00	
Appreciation	B-1	<u>74,339.34</u>	
			<u>162,889.34</u>
			1,187,620.24
Decreased by:			
Withdrawals		25,388.72	
Account Fees		<u>3,092.88</u>	
	B-1		<u>28,481.60</u>
Balance - December 31, 2013	B		<u><u>1,159,138.64</u></u>

Borough of Lincoln Park, N.J.

Schedule of General Capital Cash - Treasurer

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	C		2,054,862.57
Increased by Receipts:			
Premium on Sale of Bond Anticipation Notes	C-1	3,454.28	
Deferred Charges Unfunded	C-5	74,000.00	
Bond Anticipation Notes	C-8	1,394,123.00	
Capital Improvement Fund	C-10	214,200.00	
Interfunds	C-11	486.23	
		<u>1,686,263.51</u>	
			3,741,126.08
Decreased by Disbursements:			
2013 Anticipated Revenue	C-1	40,000.00	
Improvement Authorizations	C-9	1,434,362.24	
Interfunds	C-11	669.02	
Reserve for Debt Service	C-12	20,000.00	
		<u>1,495,031.26</u>	
Balance - December 31, 2013	C		<u><u>2,246,094.82</u></u>

Borough of Lincoln Park, N.J.

Exhibit C-3

Analysis of Cash

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Fund Balance	C-1	379,752.38
Capital Improvement Fund	C-10	550,700.00
Interfund Current Fund	C-11	486.23
Reserve for Debt Service	C-12	43,145.24

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1266	Various Capital Improvements	3,900.41
1281	Various Capital Improvements	21,852.60
1309/1345/1371	Construction & Renovation to Borough Buildings	290,996.75
1311	Improvements to Municipal Fields	144.52
1327	Various Capital Improvements	37,261.77
1340	Various Capital Improvements	4,748.74
1353	Various Capital Improvements	82,353.46
1374	Various Capital Improvements	212,683.47
1450	Various Improvements and Acquisitions	29.95
1467	Various Improvements and Acquisitions	88,877.65
1485	Refunding Tax Appeals	(139,200.00)
1489	Purchase of Fire Truck	35,769.04
1491	Various Improvements and Acquisitions	86,454.01
1508	Various Improvements and Acquisitions	490,487.00
1509	Purchase of Various Equipment	55,651.60
		<hr/>
		C,C-2 2,246,094.82
		<hr/>

Borough of Lincoln Park, N.J.

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

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	C	25,006,250.00
Decreased by:		
2013 Budget Appropriation		
General Serial Bonds	C-6	1,020,000.00
Loan Program Bonds	C-7	<u>10,000.00</u>
		<u>1,030,000.00</u>
Balance - December 31, 2013	C	<u><u>23,976,250.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2013

Analysis of Balance - Dec. 31, 2013

Ordinance Number	Improvement Description	Balance, Dec. 31, 2012	2013 Authorizations	Cash Receipts	Balance, Dec. 31, 2013	Analysis of Balance - Dec. 31, 2013	
						Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
	<u>General Improvements:</u>						
1266	Various Capital Improvements	973.00			973.00	973.00	
1450	Various Improvements and Acquisitions	452,540.00			452,540.00	452,540.00	
1467	Various Improvements and Acquisitions	205,700.00			205,700.00	205,700.00	
1485	Refunding Tax Appeals	222,000.00		74,000.00	148,000.00		139,200.00
1491	Various Improvements and Acquisitions	287,045.00			287,045.00	287,045.00	
1508	Various Improvements and Acquisitions		447,865.00		447,865.00	447,865.00	
		<u>1,168,258.00</u>	<u>447,865.00</u>	<u>74,000.00</u>	<u>1,542,123.00</u>	<u>1,394,123.00</u>	<u>8,800.00</u>
		C	C-9, C-13	C-2	C		

Improvement Authorizations Unfunded	C-9	632,026.61
Less: Unexpended Proceeds of Bond Anticipation Notes		
Ordinance Number:		
1450	29.95	
1467	88,877.65	
1491	86,454.01	
1508	447,865.00	
		<u>623,226.61</u>
		<u>8,800.00</u>

Borough of Lincoln Park, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2013		Interest Rate	Balance, Dec. 31, 2012	Decreased	Balance, Dec. 31, 2013
			Date	Amount				
General Improvements	08/01/01	4,437,000.00	08/01/14	597,000.00	4.25%	1,167,000.00	570,000.00	597,000.00
General Improvements	09/15/03	3,490,000.00			3.10%	435,000.00	435,000.00	
General Improvements	02/01/05	3,000,000.00	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	2.25%-4.00%	2,940,000.00	15,000.00	2,925,000.00
						<u>4,542,000.00</u>	<u>1,020,000.00</u>	<u>3,522,000.00</u>
						C	C-4	C

Borough of Lincoln Park, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Increased	Balance, Dec. 31, 2013
1266	Various Capital Improvements	10/30/13	10/30/13	10/29/14	1.00%	973.00	973.00
1450	Various Improvements & Acquisitions	10/30/13	10/30/13	10/29/14	1.00%	452,540.00	452,540.00
1467	Various Improvements & Acquisitions	10/30/13	10/30/13	10/29/14	1.00%	205,700.00	205,700.00
1491	Various Improvements & Acquisitions	10/30/13	10/30/13	10/29/14	1.00%	287,045.00	287,045.00
1508	Various Improvements & Acquisitions	10/30/13	10/30/13	10/29/14	1.00%	447,865.00	447,865.00
						1,394,123.00	1,394,123.00
						C-2	C

Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description <u>General Improvements:</u>	Ordinance Amount	Balance, Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance, Dec. 31, 2013	
			Funded	Unfunded			Funded	Unfunded
1266	Various Capital Improvements Streets and Roads	662,740.00	4,020.41			120.00	3,900.41	
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	12,204.90 3,168.85 1,880.71 0.01 4,205.55 2,092.08			1,699.50	2,506.05 2,092.08	
1309/1345/1371	Construction and Renovation to Borough Buildings	22,000,000.00	351,772.74			60,775.99	290,996.75	
1311	Improvement to Municipal Fields	225,000.00	144.52				144.52	
1327	Various Capital Improvements DPW Administration Recreation	260,800.00 36,000.00 88,800.00	56,167.60 901.37 1,063.30			20,870.50	35,297.10 901.37 1,063.30	
1340	Various Capital Improvements Administration	76,555.56	4,748.74				4,748.74	
1353	Various Capital Improvements Fire Department Library Miscellaneous	40,000.00 50,000.00 107,475.00	1,977.13 9,600.00 70,776.33				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 1,468.85 17,827.62 3,524.00 200.00 2,559.00			841.32	187,104.00	1,468.85 17,827.62 3,524.00 200.00 2,559.00

Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Amount	Balance, Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance, Dec. 31, 2013	
			Funded	Unfunded			Funded	Unfunded
1450	Various Improvements and Acquisitions DPW	169,400.00		32,738.29		32,738.29		
	Road Improvements	121,000.00		42,663.35		42,663.35		
	Fire Department	49,500.00		4,841.22		4,841.22		
	First Aid Squad	192,500.00		17,861.82		17,831.87		29.95
1467	Various Improvements and Acquisitions Acquisition of Packer Truck	93,500.00		10,500.00		10,500.00		
	Acquisition of Leaf Vacuum	38,500.00	5,775.00	32,725.00		31,527.19		6,972.81
	Road Improvements	110,000.00	6,964.00	93,500.00		18,559.16		81,904.84
1485	Refunding Tax Appeals	222,000.00		8,800.00				8,800.00
1489	Purchase of Fire Truck	950,000.00	948,876.25			913,107.21	35,769.04	
1491	Various Improvements and Acquisitions DPW	192,500.00	28,875.00	163,625.00		192,500.00		
	Road Improvements	110,000.00	16,500.00	93,500.00		24,451.14		85,548.86
	Police Department	35,200.00		4,279.25		3,374.10		905.15
1508	Various Improvements and Acquisitions DPW	376,200.00			376,200.00	33,654.00	22,776.00	319,770.00
	Road Improvements	110,000.00			110,000.00	2,759.00	13,741.00	93,500.00
	Improvement to PAL Building	40,700.00			40,700.00		6,105.00	34,595.00
1509	Purchase of Various Equipment	77,200.00			77,200.00	21,548.40	55,651.60	
			<u>1,745,239.28</u>	<u>505,033.93</u>	<u>604,100.00</u>	<u>1,434,362.24</u>	<u>787,984.36</u>	<u>632,026.61</u>
			C	C		C-2	C	C
	Deferred Charges to Future Taxation - Unfunded			Ref.				447,865.00
	Capital Improvement Fund			C-5				156,235.00
				C-10				<u>604,100.00</u>

Borough of Lincoln Park, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	C	492,735.00
Increased by:		
Budget Appropriation	C-2	<u>214,200.00</u>
		706,935.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>156,235.00</u>
Balance - December 31, 2013	C, C-3	<u><u>550,700.00</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2013

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2012</u>	Increases by Cash <u>Receipts</u>	Decreased by Cash <u>Disbursements</u>	Due From/(To) Balance <u>Dec. 31, 2013</u>
Current Fund	C	(669.02)	486.23	669.02	(486.23)
		<u>(669.02)</u>	<u>486.23</u>	<u>669.02</u>	<u>(486.23)</u>
			C-2	C-2	

Borough of Lincoln Park, N.J.

Reserve for Debt Service

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	C	63,145.24
Decreased by:		
2013 Anticipated Revenue	C-2	<u>20,000.00</u>
Balance - December 31, 2013	C, C-3	<u><u>43,145.24</u></u>

Borough of Lincoln Park, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance, Dec. 31, 2012	2013 Authorizations	Decreased	Balance, Dec. 31, 2013
	<u>General Improvements:</u>				
1266	Various Capital Improvements	973.00		973.00	
1450	Various Improvements and Acquisitions	452,540.00		452,540.00	
1467	Various Improvements and Acquisitions	205,700.00		205,700.00	
1485	Refunding Tax Appeals	222,000.00		74,000.00	148,000.00
1491	Various Improvements and Acquisitions	287,045.00		287,045.00	
1508	Various Improvements and Acquisitions		447,865.00	447,865.00	
		<u>1,168,258.00</u>	<u>447,865.00</u>	<u>1,468,123.00</u>	<u>148,000.00</u>
			C-5		Footnote C

Borough of Lincoln Park, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2012	D	<u>703,147.69</u>	<u>651,605.88</u>
Increased by Receipts:			
Premium on Sale of Bond Anticipation Note	D-2		2,942.54
Interest on Investments	D-3	4,565.68	
Other Miscellaneous	D-3	11,102.28	
Late Payment Penalties	D-3	17,421.88	
Consumer Accounts Receivable	D-8	2,139,379.35	
Water Rent Overpayments	D-14	8,258.23	
Interfunds	D-11, D-15	2,128.26	1,557.50
Bond Anticipation Notes	D-18		1,174,880.00
Capital Improvement Fund	D-21		45,000.00
		<u>2,182,855.68</u>	<u>1,224,380.04</u>
		<u>2,886,003.37</u>	<u>1,875,985.92</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,734,055.31	
Appropriation Reserves	D-12	159,439.14	
Water Rent Overpayments	D-14	4,690.58	
Accrued Interest on Bonds	D-16	17,058.77	
Accrued Interest on Notes	D-17	9,748.79	
Interfunds	D-11, D-15	1,557.50	1,630.98
Bond Anticipation Notes	D-18		974,880.00
Improvement Authorizations	D-20		327,257.46
		<u>1,926,550.09</u>	<u>1,303,768.44</u>
Balance - December 31, 2013	D	<u><u>959,453.28</u></u>	<u><u>572,217.48</u></u>

Exhibit D-6

Borough of Lincoln Park, N.J.

Schedule of Change Funds

Water Utility Fund

Year Ended December 31, 2013

<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Water Utility Collector	250.00	250.00
	D	D

Exhibit D-7

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Fund Balance	D-2	8,635.29
Interfund - Water Operating	D-11	122.45
Capital Improvement Fund	D-21	151,459.29
 <u>Improvement Authorizations</u>		
<u>Ordinance</u>		
<u>Number</u>		
1285	Water Main Replacement	1,591.40
1303	Water Main Extension	26,858.68
1341	Water Tie-In	37,159.99
1352	Acquisition of Dump Truck	36.39
1375	Various Water Utility Improvements	23,842.53
1409	Various Water Utility Improvements	982.46
1486	Purchase of Water Meters	283,029.00
1507	Various Water Utility Improvements	38,500.00
		D
		<u>572,217.48</u>

Borough of Lincoln Park, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Water Rents	309,765.36	2,123,219.66	2,075,020.52	357,964.50
Sprinklers	6,483.97	59,681.60	59,099.23	7,066.34
Hydrants	410.36	5,659.24	5,259.60	810.00
	<u>316,659.69</u>	<u>2,188,560.50</u>	<u>2,139,379.35</u>	<u>365,840.84</u>
	D		D-5	D

Borough of Lincoln Park, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Description</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2013</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	1,162,086.37	1,162,086.37
Bog and Vly Street Construction	132,000.00	132,000.00
Various Water Utility Improvements	213,565.00	213,565.00
Water Main Extensions	150,000.00	150,000.00
	<u>4,140,461.40</u>	<u>4,140,461.40</u>
	D	D

Borough of Lincoln Park, N.J.
Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Operating Fund

Year Ended December 31, 2013

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Balance, Dec. 31, 2013</u>
		<u>Date</u>	<u>Amount</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	90,435.00		90,435.00
1409	Various Capital Improvements	11/17/08	710,400.00	28,800.00		28,800.00
1486	Purchase of Water Meters	07/02/12	500,000.00	500,000.00		500,000.00
1507	Various Capital Improvements	08/19/13	385,000.00		385,000.00	385,000.00
				1,049,235.00	385,000.00	1,434,235.00
				D	D-20	D

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2013</u>
Water Operating	D	(195.93)	1,557.50	1,630.98	(122.45)
		<u>(195.93)</u>	<u>1,557.50</u>	<u>1,630.98</u>	<u>(122.45)</u>
Cash Receipts	D-5		1,557.50		
Cash Disbursements	D-5			1,630.98	
			<u>1,557.50</u>	<u>1,630.98</u>	

Borough of Lincoln Park, N.J.

Schedule of 2012 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Balance, Dec. 31, 2012</u>	<u>Balance after Transfers and Encumbrances</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	89,788.87	89,788.87		89,788.87
Other Expenses	201,219.96	271,140.42	159,439.14	111,701.28
Statutory Expenditures:				
Public Employees' Retirement System	27,239.00	27,239.00		27,239.00
Social Security System (O.A.S.I.)	9,745.60	9,745.60		9,745.60
	<u>327,993.43</u>	<u>397,913.89</u>	<u>159,439.14</u>	<u>238,474.75</u>
	D		D-5	D-1
	<u>Ref.</u>			
Appropriation Reserves	above	327,993.43		
Transfer from Reserve				
for Encumbrances	D-13	<u>69,920.46</u>		
		<u>397,913.89</u>		

Borough of Lincoln Park, N.J.

Schedule of Reserve for Encumbrances

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	69,920.46
Increased by:		
Charges Against Current Year Appropriations	D-4	<u>85,635.57</u>
		155,556.03
Decreased by:		
Transferred to Appropriation Reserves	D-12	<u>69,920.46</u>
Balance - December 31, 2013	D	<u><u>85,635.57</u></u>

Borough of Lincoln Park, N.J.

Schedule of Water Rent Overpayments

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	4,690.58
Increased by:		
Cash Receipts	D-5	<u>8,258.23</u>
		12,948.81
Decreased by:		
Cash Disbursements	D-5	<u>4,690.58</u>
Balance - December 31, 2013	D	<u><u>8,258.23</u></u>

Borough of Lincoln Park, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year Ended December 31, 2013

	Due to/(from) Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2013</u>
Current Fund	(497.28)		497.28	
Water Capital Fund	<u>(195.93)</u>	<u>1,557.50</u>	<u>1,630.98</u>	<u>(122.45)</u>
	<u>(693.21)</u>	<u>1,557.50</u>	<u>2,128.26</u>	<u>(122.45)</u>
	D			D
	<u>Ref.</u>			
Receipts	D-5		2,128.26	
Disbursed	D-5	<u>1,557.50</u>		
		<u>1,557.50</u>	<u>2,128.26</u>	

Borough of Lincoln Park, N.J.
Schedule of Accrued Interest on Bonds
Water Utility Operating Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	5,024.16
Increased by:		
Budget Appropriation for Interest on Bonds	D-4	<u>16,972.00</u>
		21,996.16
Decreased by:		
Interest Paid	D-5	<u>17,058.77</u>
Balance - December 31, 2013	D	<u><u>4,937.39</u></u>

Schedule of Accrued Interest on Notes
Water Utility Operating Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	1,245.21
Increased by:		
Budget Appropriation for Interest on Notes	D-4	<u>10,129.00</u>
		11,374.21
Decreased by:		
Interest Paid	D-5	<u>9,748.79</u>
Balance - December 31, 2013	D	<u><u>1,625.42</u></u>

Borough of Lincoln Park, N.J.
 Schedule of Bond Anticipation Notes Payable

Water Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2012	Increased	Decreased	Balance, Dec. 31, 2013
1409	Various Water Improvements	674,880.00	11/03/11	11/01/12	10/29/14	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	10/29/14	1.00%	300,000.00	300,000.00	300,000.00	300,000.00
1486	Purchase of Water Meters	200,000.00	10/30/13	10/30/13	10/29/14	1.00%		200,000.00	200,000.00	200,000.00
							974,880.00	1,174,880.00	974,880.00	1,174,880.00
							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, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2013		Interest Rate	Balance, Dec. 31, 2012	Decreased	Balance, Dec. 31, 2013
			Date	Amount				
Water Improvements	03/15/09	465,750.00	3/15/2014	50,000.00	2.00%-5.00%	465,750.00	15,000.00	450,750.00
			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				
						<u>465,750.00</u>	<u>15,000.00</u>	<u>450,750.00</u>
						D	D-22	D

Borough of Lincoln Park, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance Dec. 31, 2013	
				Funded	Unfunded			Funded	Unfunded
1285	Water Main Replacement	07/15/02	110,000.00	63,823.41			62,232.01	1,591.40	
1303	Water Main Extension	04/21/03	110,000.00	37,887.58			11,028.90	26,858.68	
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			62,098.95	23,842.53	
1409	Various Improvements	11/17/08							
	Utility Van		28,800.00						982.46
1486	Purchase of Water Meters	07/02/12	500,000.00	474,926.60			191,897.60		283,029.00
1507	Various Improvements	08/19/13	330,000.00		330,000.00			33,000.00	297,000.00
	Improve. to Davit Water Tank		55,000.00		55,000.00			5,500.00	49,500.00
	Acquisition of Generator								
				224,848.85	475,909.06	385,000.00	327,257.46	127,988.99	630,511.46
				D	D	D-10	D-5	D	D

Exhibit D-21

Borough of Lincoln Park, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	144,959.29
Increased by:		
Transfer from Budget Appropriation	D-5	<u>45,000.00</u>
		189,959.29
Decreased by:		
Appropriated to Finance Improvement Authorization	D-23	<u>38,500.00</u>
Balance - December 31, 2013	D	<u><u>151,459.29</u></u>

Exhibit D-22

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	3,521,776.40
Increased by:		
Serial Bonds Payable	D-19	<u>15,000.00</u>
Balance - December 31, 2013	D	<u><u>3,536,776.40</u></u>

Borough of Lincoln Park, N.J.
Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2012</u>	<u>Fixed Capital Authorized</u>	<u>Balance, Dec. 31, 2013</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	4,350.00		4,350.00
1409	Various Improvements	11/17/08	1,440.00		1,440.00
1507	Various Improvements	08/19/13		38,500.00	38,500.00
			<u>27,290.00</u>	<u>38,500.00</u>	<u>65,790.00</u>
			D	D-21	D

Borough of Lincoln Park, N.J.

Schedule of Bonds and Notes Authorized but not Issued

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Notes Issued</u>	<u>Balance, Dec. 31, 2013</u>
1486	Purchase of Water Meters	200,000.00		200,000.00	
1507	Various Improvements		346,500.00		346,500.00
		<u>200,000.00</u>	<u>346,500.00</u>	<u>200,000.00</u>	<u>346,500.00</u>
					Footnote D

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2013

	<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, 2012	E	6,842.75	6,513.45	329.30
Increased by Receipts:				
Other Receipts	E-3	<u>20.42</u>	<u>19.44</u>	<u>0.98</u>
		<u>6,863.17</u>	<u>6,532.89</u>	<u>330.28</u>
Decreased by:				
Disbursements	E-3	<u>21.02</u>	<u>20.01</u>	<u>1.01</u>
		<u>21.02</u>	<u>20.01</u>	<u>1.01</u>
Balance - December 31, 2013	E	<u><u>6,842.15</u></u>	<u><u>6,512.88</u></u>	<u><u>329.27</u></u>

Exhibit E-2

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2013	E-1	6,842.15
Increased by:		
Cash Receipts Record		<u>4.25</u>
Balance - March 14, 2014		<u><u>6,846.40</u></u>

<u>Reconciliation - March 14, 2014</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	6,516.93	329.47	6,846.40
	<u>6,516.93</u>	<u>329.47</u>	<u><u>6,846.40</u></u>
Balance - March 14, 2014			<u><u>6,846.40</u></u>

Exhibit E-3

Borough of Lincoln Park, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	E	6,842.75
Increased by Receipts:		
Cash Receipts Record	E-1	<u>20.42</u>
		6,863.17
Decreased by:		
Cash Disbursements	E-1	<u>21.02</u>
Balance - December 31, 2013	E	<u><u>6,842.15</u></u>

<u>Reconciliation - December 31, 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	6,512.88	329.27	6,842.15
	<u>6,512.88</u>	<u>329.27</u>	<u><u>6,842.15</u></u>
Balance, December 31, 2013	<u><u>6,512.88</u></u>	<u><u>329.27</u></u>	<u><u>6,842.15</u></u>

Exhibit E-4

Borough of Lincoln Park, N.J.

Schedule of Revenues - Cash Basis

Public Assistance Fund

Year Ended December 31, 2013

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interest Earned	<u>20.42</u>	<u>19.44</u>	<u>0.98</u>
Total Receipts	<u><u>20.42</u></u>	<u><u>19.44</u></u>	<u><u>0.98</u></u>

Exhibit E-5

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2013

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interfund Transfer	<u>21.02</u>	<u>20.01</u>	<u>1.01</u>
Total Disbursements	<u><u>21.02</u></u>	<u><u>20.01</u></u>	<u><u>1.01</u></u>

BOROUGH OF LINCOLN PARK

PART II

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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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, 2013 and the related notes to the financial statements, and have issued our report thereon dated May 18, 2014, 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.



Honorable Mayor and
Members of the Borough Council
Page 2.

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
Pompton Lakes, New Jersey



May 18, 2014

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Lincoln Park in the County of Morris compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013. The Borough of Lincoln Park's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Lincoln Park's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular



Honorable Mayor and
Members of the Borough Council
Page 2.

04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Lincoln Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the Borough of Lincoln Park's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Lincoln Park complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Borough of Lincoln Park is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Lincoln Park's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Lincoln Park's internal control over compliance.

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

Honorable Mayor and
Members of the Borough Council
Page 3.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report 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
Pompton Lakes, New Jersey

May 18, 2014



Borough of Lincoln Park

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

Federal Grantor Department	Program Title	Federal Account Number	Program Amount	Balance Jan. 1, 2013	Receipts/Revenues	Expended	Balance Dec. 31, 2013	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		4,350.00
	Safe Routes to Schools	20.205	200,000.00			1,680.00	(1,680.00)	1,680.00
Department of Homeland Security	Public Assistance Grant Program	97.036	266,907.56		138,439.20	266,907.56	(128,468.36)	266,907.56
	Hazard Mitigation Grant Program	97.039	1,539,547.19		1,539,547.19	1,539,547.19		1,539,547.19
Department of Energy	Energy Efficiency and Conservation Block Grant	81.128	8,250.31 4,053.53 7,696.09					
	Community Development Block Grant	14.218	22,757.24 80,000.00 80,000.00	44,680.00 2,318.56	14,757.24	42,490.76	14,757.24 44,680.00 41,267.32	35,320.00 35,190.68
Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605	2,552.00	(1,904.68)			(1,904.68)	1,824.66
	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
				<u>57,290.05</u>	<u>1,735,234.39</u>	<u>1,816,026.75</u>	<u>(23,502.31)</u>	<u>1,900,133.92</u>

(1) Pass-Thru Grant - County of Morris

Borough of Lincoln Park

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2013

State Grantor Department	Program Title	State Account Number	Program Amount	Balance Jan. 1, 2013	Receipts/ Revenues	Expended	Balance Dec. 31, 2013	Cumulative Expenditures
Department of Environmental Protection and Energy	Clean Communities Grant	4900-765-042-6020	20,144.72	17,157.87	20,144.72		20,144.72	
			17,157.87	17,440.70	14,947.81	17,157.87	14,947.81	
			18,385.75	80.99	80.99		3,437.94	14,947.81
			17,728.94					17,728.94
	Recycling Grant	4900-752-042-4900-6020	22,106.99	18,482.10	22,106.99		22,106.99	
			18,482.10	14,288.18	18,482.10		18,482.10	
			14,288.18	13,435.00	14,288.18		14,288.18	
			13,435.00	12,253.85	13,435.00		13,435.00	
			12,253.85	7,861.73	11,870.04		383.81	11,870.04
			7,861.73	5,759.96	5,759.96			7,861.73
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400	3,262.73	8,741.86	3,262.73		3,262.73	
			8,741.86	17.99	599.51	8,142.35	599.51	
			3,565.43		17.99			3,565.43
Department of Community Affairs	Alcohol Ed. Rehab. Enforce. Fund	9735-760-098-Y900-6020	1,319.37	1,618.89	1,319.37		1,319.37	
			1,618.89	1,618.04	1,618.89		1,618.89	
			1,618.04	1,206.55	1,618.04		1,618.04	
			1,206.55	1,021.01	661.74	544.81	661.74	
			1,021.01	1,570.19	1,021.01		1,021.01	
			1,820.55		1,570.19			1,820.55
	PEC Grant	2010-05157-0382-00	3,250.00	561.77	3,250.00		1,051.77	2,198.23
			2,829.47		561.77			2,829.47
Department of Transportation	N.J. Transportation Trust Fund		180,000.00	174,850.00	135,000.00		(25,787.84)	160,787.84
			250,000.00	(13,417.68)	219,881.89		(45,031.89)	232,531.89
			200,000.00	(71,283.30)	44,802.45		28,884.77	165,917.68
			250,000.00		68,911.54		(6,164.50)	250,000.00

Borough of Lincoln Park
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2013

<u>State Grantor Department</u>	<u>Program Title</u>	<u>State Account Number</u>	<u>Program Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Receipts/Revenues</u>	<u>Expended</u>	<u>Balance Dec. 31, 2013</u>	<u>Cumulative Expenditures</u>
NJ Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-YCJS-6120	3,125.80	3,125.80	3,125.80		3,125.80	
			2,514.01	2,514.01		2,514.01		
			2,374.56	2,374.56		2,374.56		
			3,478.36	3,398.03		2,097.99	1,300.04	2,178.32
Morris County (1)	Municipal Drug Alliance		8,491.06		7,102.20	7,521.30	(419.10)	7,521.30
			8,542.50	(6,090.00)	8,542.50	2,452.50	8,542.50	
(1) Pass-Thru Grant - County of Morris				225,986.32	317,568.30	438,323.50	105,231.12	892,583.99

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

**BOROUGH OF LINCOLN PARK
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of Lincoln Park. The Borough is defined in Note 1A to the Borough's financial statements. All federal and state financial assistance received directly from federal and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Notes 1(B) to the Borough's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$1,806,454.75	\$	\$1,806,454.75
Current Grant Fund	<u>9,572.00</u>	<u>438,323.50</u>	<u>447,895.50</u>
Total Financial Awards	<u>\$1,816,026.75</u>	<u>\$438,323.50</u>	<u>\$2,254,350.25</u>

**BOROUGH OF LINCOLN PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse - GAAP, qualified-regulatory basis

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none

reported

2. Material weakness(es) identified? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none

reported

2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

97.039

FEMA - Flood Mitigation

**BOROUGH OF LINCOLN PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I - Summary of Auditor's Results, Continued

State Awards Section

Not Applicable

BOROUGH OF LINCOLN PARK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(continued)

Section II - Schedule of Financial Statement Findings

N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

N/A

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:

Flood Buy Out Demolitions
Lanes Field Irrigation Project

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 7, 2013 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 26, 2013 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>
2013	11
2012	9
2011	9

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, 2013, 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, 2013, 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.

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.

OTHER

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

The actuarial report for the Borough's Other Post Employment Benefits contribution was not available for audit.

RECOMMENDATIONS

- 1.* That Political Disclosure forms be obtained from all vendors required to submit them.
2. That the actuarial report for the Borough's Other Post Employment Benefits contribution be available for audit.

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



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