

**BOROUGH OF MEDFORD LAKES
County of Burlington**

Report of Audit of Financial Statements

For the Year Ended December 31, 2013

BOROUGH OF MEDFORD LAKES
COUNTY OF BURLINGTON

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BOROUGH OF MEDFORD LAKES

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2013

INVERSO & STEWART, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Medford Lakes
County of Burlington
Medford Lakes, New Jersey

Report on the Financial Statements

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of 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 the State 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 my 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 the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Information

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements

The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 8, 2014 on my consideration of the Borough of Medford Lakes', in the County of Burlington, State of New Jersey, internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Medford Lakes' internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 8, 2014

INVERSO & STEWART, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Medford Lakes
County of Burlington
Medford Lakes, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated April 8, 2014. That report indicated that the Borough of Medford Lakes' financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Borough of Medford Lakes' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, I do not express an opinion on the effectiveness of the Borough of Medford Lakes' 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Medford Lakes' financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 8, 2014

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	Reference	2013	2012
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 4,916,482.01	\$ 4,602,649.55
Cash - Tax Collector	A-5	152,399.57	44,173.19
Cash - Collector's Change Fund		<u>500.00</u>	<u>500.00</u>
Total		<u>5,069,381.58</u>	<u>4,647,322.74</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	299,622.15	289,650.72
Tax Title Lien Receivable	A-7	6,938.50	
Revenue Accounts Receivable	A-8	4,163.21	69,980.93
Due from Capital Fund	C	366.12	109.87
Due from Animal Control Fund	B	2,343.91	1,723.77
Due from Other Trust Fund	B	<u>656.27</u>	<u>666.18</u>
Total		<u>314,090.16</u>	<u>362,131.47</u>
Deferred Charges:			
Special Emergency Authorization	A-22	<u>150,000.00</u>	<u>232,000.00</u>
Total Regular Fund		<u>5,533,471.74</u>	<u>5,241,454.21</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	135,652.42	111,307.09
Federal and State Grants Receivable	A-23	<u>317,387.86</u>	<u>108,732.00</u>
Total Federal and State Grant Fund		<u>453,040.28</u>	<u>220,039.09</u>
Total		<u>\$ 5,986,512.02</u>	<u>\$ 5,461,493.30</u>

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	Reference	2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 246,807.13	\$ 134,218.80
Reserve for Encumbrances	A-3	113,664.15	115,109.21
Accounts Payable	A-9	13,185.00	10,869.54
Reserve for Flood Emergency	A-10		83,290.64
Reserve for Revaluation Program	A-11		41,775.53
Reserve for Tax Map	A-12		143.00
Reserve for Farmers Market	A-13	3,306.91	3,306.91
Reserve for Leon Tood Memorial Park	A-14	6,151.09	4,086.66
Reserve for POAA	A-15	8.00	8.00
Due State of New Jersey per Chapter 20 PL 1971	A-16	1,452.68	6,029.39
Tax Overpayments	A-17	976.56	446.63
Prepaid Taxes	A-4	62,891.64	53,064.68
Reserve for Tax Sale Premiums	A-18	152,399.57	44,173.19
Due to Trust Other Fund	B	42,000.00	28,000.00
Due State of New Jersey:			
Construction Code Fees		686.00	481.00
Marriage License Fees		125.00	228.00
Due County for Added Taxes	A-19	584.04	1,266.74
Regional High School Tax Payable	A-20	1,424,663.29	1,383,605.66
Local District School Tax Payable	A-21	<u>2,018,891.77</u>	<u>1,949,062.27</u>
 Total Liabilities		 4,087,792.83	 3,859,165.85
Reserve for Receivables and Other Assets	A	314,090.16	362,131.47
Fund Balance	A-1	<u>1,131,588.75</u>	<u>1,020,156.89</u>
 Total Regular Fund		 <u>5,533,471.74</u>	 <u>5,241,454.21</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-24	21,357.58	19,090.99
Reserve for Encumbrances	A-25	5,727.98	
Due to Capital Fund	C	50,000.00	50,000.00
Appropriated Reserves	A-25	<u>375,954.72</u>	<u>150,948.10</u>
 Total Federal and State Grant Fund		 <u>453,040.28</u>	 <u>220,039.09</u>
 Total		 <u>\$ 5,986,512.02</u>	 <u>\$ 5,461,493.30</u>

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

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Operations and Changes In Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 545,000.00	\$ 500,000.00
Miscellaneous Revenue Anticipated	1,129,065.80	930,180.28
Receipts from Delinquent Taxes	258,859.19	254,580.68
Receipts from Current Taxes	12,684,228.21	12,454,524.39
Nonbudget Revenues	154,726.23	116,828.53
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	134,804.75	269,102.62
Cancelation of Reserve Balances	109,001.74	
Interfunds Liquidated		19.22
Total Revenue and Other Income Realized	<u>15,015,685.92</u>	<u>14,525,235.72</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,421,487.00	1,375,313.00
Other Expenses	1,200,840.00	1,157,450.00
Deferred Charges and Statutory Expenditures Within "CAPS"	279,155.00	266,724.00
Operations Excluded from "CAPS":		
Salaries and Wages	269,715.99	73,756.93
Other Expenses		
Capital Improvements Excluded from "CAPS"		
Municipal Debt Service Excluded from "CAPS"	841,231.58	847,200.72
Deferred Charges Excluded from "CAPS"	82,000.00	82,000.00
Local District School Tax	5,738,460.00	5,598,801.00
Regional High School Tax	2,767,542.00	2,685,426.63
County Taxes	1,755,269.07	1,809,449.84
Due County for Added Taxes	584.04	1,266.74
Prior Year Tax Overpayment Adjustment	2,719.38	
Cancellation of Prior Year Taxes	250.00	
Interfund Receivables Created		750.00
Total	<u>14,359,254.06</u>	<u>13,898,138.86</u>
Excess	<u>656,431.86</u>	<u>627,096.86</u>
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	656,431.86	627,096.86
Fund Balance January 1	1,020,156.89	893,060.03
Total	1,676,588.75	1,520,156.89
Decreased by Utilization as Anticipated Revenue	<u>545,000.00</u>	<u>500,000.00</u>
Balance December 31,	<u>\$ 1,131,588.75</u>	<u>\$ 1,020,156.89</u>

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

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013

	BUDGET	SPECIAL NJS 40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 545,000.00		\$ 545,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcohol	1,125.00		1,431.00	\$ 306.00
Fees and Permits - Other	15,000.00		22,270.65	7,270.65
Fines and Costs - Municipal Court	60,000.00		59,569.36	(430.64)
Interest and Costs on Taxes	50,000.00		63,242.86	13,242.86
Interest on Investments and Deposits				
Cellular Tower Rental	170,000.00		214,886.75	44,886.75
Consolidated Municipal Property Tax Relief Aid	18,455.00		18,455.00	
Energy Receipts Taxes	271,145.00		271,145.19	0.19
Uniform Construction Code Fees	38,000.00		45,974.00	7,974.00
Reserve for Payment of Debt Service Cost	165,000.00		165,000.00	
Miscellaneous Revenues Offset with Appropriations:				
Municipal Alliance Grant	10,000.00		10,000.00	
Recycling Tonnage Grant	9,623.20		9,623.20	
NJ Department of Transportation - 2013		\$ 188,000.00	188,000.00	
Burlington County Park		50,000.00	50,000.00	
Body Armor	1,200.53		1,200.53	
Clean Communities	8,267.26		8,267.26	
Total	817,815.99	238,000.00	1,129,065.80	73,249.81
Receipts from Delinquent Taxes	230,000.00		258,859.19	28,859.19
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	2,712,922.00		2,871,612.45	158,690.45
Budget Totals	4,305,737.99	238,000.00	4,804,537.44	\$ 260,799.45
Nonbudget Revenues			154,726.23	
Total	\$ 4,305,737.99	\$ 238,000.00	\$ 4,959,263.67	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2013Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 12,684,228.21
Allocated to School and County Taxes	<u>10,261,855.11</u>
Balance for Support of Municipal Budget Appropriations	2,422,373.10
Add Appropriation - Reserve for Uncollected Taxes	449,239.35
Amount for Support of Municipal Budget Appropriations	<u>\$ 2,871,612.45</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>258,859.19</u>
----------------------------	----------------------

Fees and Permits - Other:

Historic Commission Permits	90.00
Street Opening Permits	9,250.00
Firearm Permits	458.00
Zoning Permits	3,500.00
Land Use Board Fees	850.00
Tree Removal Permits	2,280.00
Permits and Fees	680.00
Fire Official Permits and Fees	<u>5,162.65</u>
Total	<u>\$ 22,270.65</u>

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:	
Cable TV Franchise Fee	\$ 60,049.06

Collected - Treasurer

Vet & Senior Citiitizen Admin Fee	\$ 1,043.47
Escrow Fees	5,742.50
JIF Dividend	6,461.54
Photocopies	864.13
FEMA Reimbursement	15,404.95
Interest on Bank Deposits	29,614.82
Sale of Municipal Property	12,546.00
Public Auction	3,075.75
Prior Year Refunds	8,772.68
Miscellaneous	<u>11,151.33</u>
	<u>94,677.17</u>
Total Treasurer	<u>\$ 154,726.23</u>

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

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled	
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
GENERAL APPROPRIATIONS:							
<i>Operations Within "CAPS":</i>							
General Government							
General Administration:							
Salaries and Wages	\$ 77,000.00	\$ 77,000.00	\$ 76,538.36		\$ 461.64		
Other Expenses	17,650.00	17,650.00	9,864.13	\$ 3,155.92		4,629.95	
Mayor and Council:							
Salaries and Wages	8,500.00	8,500.00	8,500.00				
Other Expenses	5,675.00	5,675.00	4,736.81			938.19	
Borough Clerk:							
Salaries and Wages	43,500.00	44,000.00	43,768.84			231.16	
Other Expenses	21,900.00	21,900.00	10,997.76	54.12		10,848.12	
Financial Administration:							
Salaries and Wages	31,800.00	31,800.00	30,156.96			1,643.04	
Other Expenses	2,525.00	2,525.00	1,326.82			1,198.18	
Audit Services:							
Other Expenses	18,000.00	18,000.00	18,000.00				
Computerized Data Processing:							
Other Expenses	8,800.00	8,800.00	7,029.74			1,770.26	
Collection of Taxes:							
Salaries and Wages	20,600.00	21,100.00	20,800.00			300.00	
Other Expenses	2,400.00	2,400.00	922.98	189.56		1,287.46	
Assessment of Taxes:							
Other Expenses	24,000.00	24,000.00	24,000.00				
Legal Services & Costs:							
Other Expenses	35,000.00	37,500.00	30,759.94	2,666.66		4,073.40	
General Government							
Engineering Services:							
Other Expenses	7,500.00	19,500.00	1,176.63	11,373.39		6,949.98	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

<i>Operations Within "CAPS" (Continued)</i>	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
General Government						
Historic Preservation Commission:						
Salaries and Wages	\$ 2,000.00	\$ 2,000.00	\$ 1,500.00		\$ 500.00	
Other Expenses	100.00	100.00			100.00	
Land Use Administration:						
Planning Board:						
Salaries & Wages	4,326.00	4,326.00	4,187.84		138.16	
Other Expenses	7,000.00	7,000.00	987.58	\$ 5,200.00	812.42	
Insurance:						
Liability Insurance	171,500.00	171,500.00	166,721.42		82.50	4,696.08
Employees Group Insurance	255,000.00	249,000.00	228,803.29			20,196.71
Unemployment Compensation	6,000.00	6,000.00	3,280.57			2,719.43
Health Benefit Waiver	18,000.00	18,000.00	16,598.65			1,401.35
Public Safety:						
Police:						
Salaries and Wages	755,000.00	755,000.00	734,016.89		20,983.11	
Other Expenses	31,000.00	31,000.00	14,677.42	8,201.36		8,121.22
Office of Emergency Management:						
Salaries and Wages	4,000.00	4,000.00	1,999.92		2,000.08	
Other Expenses	2,000.00	2,000.00			2,000.00	
Aid to Volunteer Ambulance Companies:						
Other Expenses						
Emergency Medical Services:						
Salaries and Wages	3,000.00	3,250.00	3,250.00			
Other Expenses	11,000.00	10,750.00	6,614.77	2,659.72	1,475.51	
Fire Department:						
Other Expenses	51,000.00	51,000.00	33,066.12	13,565.21	4,368.67	
Fire Official:						
Salaries & Wages	12,000.00	13,560.00	13,557.96		2.04	
Other Expenses	1,100.00	1,040.00	577.56		462.44	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<i>Operations Within "CAPS" (Continued)</i>						
Borough Prosecutor:						
Other Expenses	\$ 6,300.00	\$ 6,300.00	\$ 5,250.00		\$ 1,050.00	
Public Works:						
Streets & Roads:						
Salaries and Wages	294,000.00	294,000.00	274,649.45		19,350.55	
Other Expenses	77,000.00	77,000.00	37,995.48	\$ 19,808.31	19,196.21	
Solid Waste Collection:						
Salaries & Wages	36,000.00	37,500.00	36,848.47		651.53	
Other Expenses	50,000.00	50,000.00	23,441.27	6,303.50	20,255.23	
Public Buildings and Grounds:						
Salaries & Wages	25,000.00	25,000.00	20,293.25		4,706.75	
Other Expenses	16,000.00	16,000.00	7,818.05	2,802.17	5,379.78	
Vehicle Maintenance:						
Other Expenses	50,000.00	50,000.00	25,787.24	14,923.07	9,289.69	
Utility Expenses and Bulk Purchases:						
Electricity	30,000.00	30,000.00	20,550.04	1,973.43	7,476.53	
Street Lighting	11,000.00	11,000.00	8,014.35	366.23	2,619.42	
Telephone	11,000.00	11,000.00	8,687.74	576.26	1,736.00	
Natural Gas	11,600.00	11,600.00	7,077.88		4,522.12	
Gasoline	68,000.00	61,100.00	47,523.10	5,000.00	8,576.90	
Printing & Postage	7,500.00	7,500.00	4,521.25		2,978.75	
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	142,000.00	136,000.00	110,429.80	13,000.00	12,570.20	
Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	13,296.00	13,696.00	12,795.06		900.94	
Other Expenses	21,700.00	21,700.00	19,707.11	198.51	1,794.38	
Zoning Code Enforcement Officer:						
Salaries and Wages	11,255.00	11,255.00	10,667.05		587.95	
Other Expenses	300.00	300.00			300.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Accumulated Sick Leave Compensation						
Salaries and Wages	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00			
Municipal Court:						
Salaries and Wages	33,500.00	33,500.00	25,243.12		\$ 8,256.88	
Other Expenses	3,800.00	3,800.00	1,614.03	\$ 1,564.23	621.74	
Public Defender						
Salaries and Wages	1,700.00					
Other Expenses		1,700.00	1,700.00			
Total Operations - Within "CAPS"	2,621,827.00	2,621,827.00	2,271,032.70	113,664.15	237,130.15	
Contingent	500.00	500.00			500.00	
Total Operations Including Contingent - within "CAPS"	2,622,327.00	2,622,327.00	2,271,032.70	113,664.15	237,630.15	
Detail:						
Salaries and Wages	1,418,477.00	1,421,487.00	1,318,773.17		60,713.83	
Other Expenses	1,203,850.00	1,200,840.00	952,259.53	113,664.15	176,916.32	
Deferred Charges and Statutory Expenditures -						
Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	44,500.00	44,500.00	44,500.00			
Social Security System (O.A.S.I.)	112,000.00	112,000.00	105,279.42		6,720.58	
Police and Firemen's Retirement System	119,655.00	119,655.00	119,655.00			
Defined Contribution Retirement Fund	3,000.00	3,000.00	543.60		2,456.40	
Total Deferred Charges and Statutory Expenditures -						
Municipal Within "CAPS"	279,155.00	279,155.00	269,978.02		9,176.98	
Total General Appropriations -						
For Municipal Purposes Within "CAPS"						
	<u>2,901,482.00</u>	<u>2,901,482.00</u>	<u>2,541,010.72</u>	<u>113,664.15</u>	<u>246,807.13</u>	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<i>Operations Excluded from "CAPS":</i>						
Public and Private Programs Offset By Revenues:						
Municipal Alliance for Alcoholism and Drug Abuse						
State Share	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00			
Borough Share	2,625.00	2,625.00	2,625.00			
Recycling Tonnage Grant	9,623.20	9,623.20	9,623.20			
Clean Communities	8,267.26	8,267.26	8,267.26			
Burlington County Mun. Park Development		50,000.00	50,000.00			
NJ Transportation Trust Fund		188,000.00	188,000.00			
Body Armor	1,200.53	1,200.53	1,200.53			
Total Operations - Excluded From "CAPS"	31,715.99	269,715.99	269,715.99			
Detail:						
Salaries and Wages						
Other Expenses	31,715.99	269,715.99	269,715.99			
<i>Municipal Debt Service - Excluded From "CAPS"</i>						
Payment of Bond Principal	291,000.00	291,000.00	291,000.00			
Interest on Bonds	12,800.00	12,800.00	12,730.93			\$ 69.07
Loan Repayment - Principal	408,833.61	408,833.61	408,833.61			
Loan Repayment - Interest	128,667.04	128,667.04	128,667.04			
Total Municipal Debt Service - Excluded From "CAPS"	841,300.65	841,300.65	841,231.58			69.07
<i>Deferred Charges - Municipal - Excluded From "CAPS"</i>						
Special Emergency Authorizations	82,000.00	82,000.00	82,000.00			
Total Deferred Charges - Municipal - Excluded From "CAPS"	82,000.00	82,000.00	82,000.00			

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded From "CAPS"						
Subtotal General Appropriations	\$ 955,016.64	\$ 1,193,016.64	\$ 1,192,947.57	\$ 113,664.15	\$ 246,807.13	\$ 69.07
Reserve for Uncollected Taxes	3,856,498.64	4,094,498.64	3,733,958.29			69.07
TOTAL GENERAL APPROPRIATIONS	\$ 4,305,737.99	\$ 4,543,737.99	\$ 4,183,197.64	\$ 113,664.15	\$ 246,807.13	\$ 69.07
Analysis of Budget After Modification:						
Original Budget		\$ 4,305,737.99				
Appropriation by 40A: 4-87		238,000.00				
Total		\$ 4,543,737.99				
Analysis of Expended - Paid or Charged:						
Reserve for Federal and State Grants		\$ 269,715.99				
Deferred Charges - Emergency		82,000.00				
Reserve for Uncollected Taxes		449,239.35				
Disbursed		3,382,242.30				
Total		\$ 4,183,197.64				

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

BOROUGH OF MEDFORD LAKES

TRUST FUND

Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
December 31, 2013 and 2012

<u>ASSETS</u>	Reference	2013		2012	
Animal Control Fund:					
Cash - Treasurer	B-1	\$ 10,492.71		\$ 10,556.77	
Other Funds:					
Cash - Treasurer	B-1	187,044.38		52,773.61	
Due from Current Fund	A	42,000.00		28,000.00	
Other receivable		51.67			
Total Other Funds		229,096.05		80,773.61	
Total		\$ 239,588.76		\$ 91,330.38	
<u>LIABILITIES AND RESERVES</u>					
Animal Control Fund:					
Due to State Department of Health		\$ 6.60			
Accounts Payable	B-2	-		\$ 215.00	
Due to Current Fund	A	2,343.91		1,723.77	
Reserve for Animal Control Fund Expenditures	B-2	8,142.20		8,618.00	
Total Animal Control Fund		10,492.71		10,556.77	
Other Funds:					
Due to Current Fund	A	656.27		666.18	
Payroll Deductions Payable	B-3	18,274.76		24,299.10	
Reserve for Planning and Zoning Escrow Deposits	B-4	307.27		6,164.10	
Reserve for Unemployment Compensation Trust	B-5	8,033.29		8,513.36	
Reserve for Public Defender Fund	B-6	544.92		1,692.51	
Reserve for Compensated Absences	B-7	42,000.00		28,000.00	
Reserve for Special Law Enforcement Fund	B-8	2,197.94		2,193.89	
Reserve for Street Opening Deposits	B-9	19,443.29		9,244.47	
Reserve for EMS	B-10	129,752.76			
Reserve for Health Care	B-11	7,885.55			
Total Other Funds		229,096.05		80,773.61	
Total		\$ 239,588.76		\$ 91,330.38	

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

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	Reference	2013	2012
<u>ASSETS</u>			
Cash	C-2	\$ 295,160.79	\$ 548,390.75
Investments - Bond Anticipation Notes		821,000.00	1,166,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	6,126,218.31	6,826,051.92
Unfunded	C-5	1,945,781.63	1,996,299.41
Due from Federal & State Grant Fund	A	50,000.00	50,000.00
Total		<u>\$ 9,238,160.73</u>	<u>\$ 10,586,742.08</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-6	\$ -	\$ 291,000.00
Encumbrances Payable	C-8	188,638.19	58,862.43
Due to Current Fund	A	366.12	109.87
EDA Loan Payable	C-7	6,126,218.31	6,535,051.92
Improvement Authorizations:			
Funded	C-8	720,927.60	697,907.72
Unfunded	C-8	530,707.28	1,056,727.79
Capital Improvement Fund	C-9	2,257.76	2,257.76
Reserve for Payment of Debt Service Costs	C-3	1,656,405.58	1,821,405.58
Fund Balance	C-1	12,639.89	123,419.01
Total		<u>\$ 9,238,160.73</u>	<u>\$ 10,586,742.08</u>

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

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 123,419.01
Increased by:	
Cancelation of Funded Improvement authorization	11,220.88
	134,639.89
Decreased by:	
Appropriated to Finance Improvement Authorizations	122,000.00
Balance December 31, 2013	\$ 12,639.89

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

BOROUGH OF MEDFORD LAKES
SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	D-5	\$ 863,895.48	\$ 783,009.87
Due from Sewer Utility Capital Fund	D	237.44	168.92
Receivables with Full Reserves:			
Sewer Service Charges Receivable	D-7	142,779.26	143,369.08
Sewer Service Lien Receivable	D-8	2,253.30	_____
Total Operating Fund		<u>1,009,165.48</u>	<u>926,547.87</u>
 <u>Capital Fund:</u>			
Cash - Treasurer	D-5	179,229.77	202,255.84
Fixed Capital	D-9	5,068,641.40	5,068,641.40
Fixed Capital Authorized & Uncompleted	D-10	841,900.00	841,900.00
Total Capital Fund		<u>6,089,771.17</u>	<u>6,112,797.24</u>
Total		<u>\$ 7,098,936.65</u>	<u>\$ 7,039,345.11</u>

(Continued)

BOROUGH OF MEDFORD LAKES
SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	<u>Reference</u>	<u>2012</u>	<u>2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 109,772.05	\$ 87,606.86
Encumbrances Payable	D-4	42,087.15	66,234.67
Prepaid Sewer Service Charges	D-5	52,504.54	43,000.35
Sewer Rent Overpayments		1,852.82	1,586.76
Accrued Interest on Bonds and Notes	D-16	<u>7,382.20</u>	<u>9,525.00</u>
Total		213,598.76	207,953.64
Reserve for Receivables	D	145,032.56	143,369.08
Fund Balance	D-1	<u>650,534.16</u>	<u>575,225.15</u>
Total Operating Fund		<u>1,009,165.48</u>	<u>926,547.87</u>
Capital Fund:			
Serial Bonds			
Bond Anticipation Notes Payable	D-17	821,000.00	1,166,000.00
Encumbrances Payable	D-13	12,552.19	35,496.78
Due to Sewer Utility Operating Fund	D	237.44	168.92
Improvement Authorization			
Funded	D-13	2,945.00	3,846.50
Unfunded	D-13	60,290.66	295,430.82
Reserve for Amortization	D-14	4,054,550.97	4,054,550.97
Deferred Reserve for Amortization	D-15	886,095.00	541,095.00
Reserve for Debt		234,990.16	
Capital Improvement Fund	D-12	3,458.25	3,458.25
Capital Fund Balance	D-2	<u>13,651.50</u>	<u>12,750.00</u>
Total Capital Fund		<u>6,089,771.17</u>	<u>6,112,797.24</u>
Total		<u>\$ 7,098,936.65</u>	<u>\$ 7,039,345.11</u>

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Operations and Changes In Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 81,003.00	\$ 38,750.00
Sewer Service Charges	1,232,619.90	1,269,076.99
Miscellaneous	31,661.02	36,464.22
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>89,888.29</u>	<u>90,970.37</u>
 Total Revenues	 <u>1,435,172.21</u>	 <u>1,435,261.58</u>
 Expenditures:		
Operating	855,700.00	800,750.00
Debt Service	366,177.20	365,673.37
Deferred Charges and Statutory Expenditures	56,983.00	69,500.00
Refund of Sewer Service Charges	<u>53.29</u>	<u>53.29</u>
 Total Expenditures	 <u>1,278,860.20</u>	 <u>1,235,976.66</u>
 Excess in Revenues	 156,312.01	 199,284.92
Fund Balance January 1	<u>575,225.15</u>	<u>414,690.23</u>
 Decreased by Utilization by Sewer Utility Operating Budget	 <u>731,537.16</u>	 <u>613,975.15</u>
 Fund Balance Balance December 31	 <u>\$ 650,534.16</u>	 <u>\$ 575,225.15</u>

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Statement of Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2013 and 2012

Balance December 31, 2012	\$ 12,750.00
Increased by - Improvement Authorization Canceled	<u>901.50</u>
Balance December 31, 2013	<u>\$ 13,651.50</u>

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Revenues – Regulatory Basis
For the Year Ended December 31, 2013

	Anticipated	Realized	Excess (Deficit)
Fund Balance	\$ 81,003.00	\$ 81,003.00	
Sewer Service Charges	<u>1,200,000.00</u>	<u>1,232,619.90</u>	<u>\$ 32,619.90</u>
Total	1,281,003.00	1,313,622.90	32,619.90
Miscellaneous		<u>31,661.02</u>	<u>31,661.02</u>
Total	<u>\$ 1,281,003.00</u>	<u>\$ 1,345,283.92</u>	<u>\$ 64,280.92</u>

Analysis of Realized Revenues

Sewer Service Charges:

Consumer Accounts Receivable:	
Collections - 2013	\$ 1,189,619.55
Prepayments Applied	43,000.35
Sewer Liens Receivable - Collections	

Total	<u>\$ 1,232,619.90</u>
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Miscellaneous:

Sewer Late Fee Charges	\$ 27,416.09
Interest Earned on Investments	1,826.41
Connection Fees	500.00
Sump Pump Fees	1,850.00
Prior Year Expenditures Refunded	
	<u>31,592.50</u>
Due from Sewer Capital Fund	<u>68.52</u>
Total	<u>\$ 31,661.02</u>

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2013

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbrances Payable	Reserved	
Operating:						
Salaries and Wages	\$ 231,000.00	\$ 231,000.00	\$ 228,775.57		\$ 2,224.43	
Other Expenses	624,700.00	624,700.00	488,285.74	\$ 42,087.15	94,327.11	
Debt Service:						
Payment of Bond Principal						
Payment of Note Principal	345,000.00	345,000.00	345,000.00			
Interest on Bonds						
Interest on Notes	23,320.00	23,320.00	21,177.20			\$ 2,142.80
Statutory Expenditures:						
Public Employees Retirement System	23,983.00	23,983.00	23,983.00			
Social Security System	25,000.00	25,000.00	17,525.49		7,474.51	
Defined Contribution Retirement	4,000.00	4,000.00	33.95		3,966.05	
Unemployment Compensation						
Insurance (NJSA 43:21-3 et. seq.)	4,000.00	4,000.00	2,220.05		1,779.95	
Total	\$ 1,281,003.00	\$ 1,281,003.00	\$ 1,127,001.00	\$ 42,087.15	\$ 109,772.05	\$ 2,142.80

Analysis of Paid or Charged:

Interest on Bonds and Notes	\$ 21,177.20
Disbursed	1,105,823.80
Total	\$ 1,127,001.00

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

BOROUGH OF MEDFORD LAKES

ACCOUNT GROUP

Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2013

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013
General Fixed Assets:				
Buildings	\$ 6,634,023.26			\$ 6,634,023.26
Improvements Other Than to Buildings	9,866.20			9,866.20
Furniture and Equipment	9,000.00		\$ -	9,000.00
Vehicles and Equipment	2,420,737.00	\$ 225,400.00		2,646,137.00
 Total General Fixed Assets	 <u>9,073,626.46</u>	 <u>225,400.00</u>	 <u>-</u>	 <u>9,299,026.46</u>
 Total Investment in General Fixed Assets	 <u>\$ 9,073,626.46</u>	 <u>\$ 225,400.00</u>	 <u>\$ -</u>	 <u>\$ 9,299,026.46</u>

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Medford Lakes (hereafter referred to as the "Borough") is located in the western portion of the County of Burlington, State of New Jersey. The present population according to the 2010 census is 4,110.

The Borough was incorporated in 1939 and operates under the provisions of the Municipal Manager's Act of Chapter 113 of the 1923 Laws of New Jersey, as amended. Under this act the Borough is governed by a five member Borough Council. At least one councilmember is elected every two years to a four year term. At its reorganization the council selects a mayor and appoints a professionally qualified Manager. The Council is the legislative body of the Borough, while the Mayor acts as the Chief Executive Officer. The Borough Manager monitors the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units – The Borough of Medford Lakes had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds which are described as follows.

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Capital Funds - The Sewer Utility Operating and Capital Funds account for operations of the utility and the acquisition of capital facilities of the municipally-owned sewer utility.

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft. No depreciation of general fixed assets is recorded.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements and contributed capital. Depreciation is not recorded on these fixed assets.

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

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the Borough until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the Current Fund and Utility Operating Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation and sick leave are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the Medford Lakes Borough School District, the Lenape Regional High School and the County of Burlington. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Medford Lakes Borough School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012 and decreased by the amount deferred at December 31, 2013.

County Taxes - The Borough is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

Comparative Data - Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk refers to the risk that, in the event of a bank failure, the Municipality's deposits may not be recovered. Although the Municipality does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$6,829,750 as of December 31, 2013, \$250,000 was insured under FDIC and the remaining balance of \$6,579,750 was collateralized under GUDPA.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013

NOTE 3. PROPERTY TAXES

The following is a comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years ending December 31.

<u>Comparative Schedule of Tax Rates</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Tax Rate without Business					
Improvement District Tax Rate	<u>\$ 2.877</u>	<u>\$ 2.818</u>	<u>\$ 2.778</u>	<u>\$ 2.757</u>	<u>\$ 5.259</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.601	\$ 0.587	\$ 0.587	\$ 0.590	\$ 1.153
County	0.391	0.401	0.402	0.410	0.804
Local School	1.272	1.237	1.228	1.215	2.317
Regional High School Tax	0.613	0.593	0.561	0.542	0.985

Assessed Valuation

2013	\$ 450,990,502
2012	452,710,270
2011	453,665,850
2010	456,281,111 R
2009	233,569,538

R = Revaluation Year

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 12,979,897	\$ 12,684,228	97.72%
2012	12,774,326	12,454,524	97.50%
2011	12,611,157	12,329,509	97.77%
2010	12,581,974	12,306,782	97.81%
2009	12,297,461	12,073,816	98.18%

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 3. PROPERTY TAXES (CONTINUED)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 6,939	\$ 299,622	\$ 306,561	2.35%
2012	-	289,651	289,651	2.27%
2011	15,453	245,332	260,785	1.95%
2010	11,253	240,922	252,175	1.91%
2009	-	223,644	223,644	1.82%

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<u>Year</u>	<u>Number</u>
2013	1
2012	0
2011	1
2010	1
2009	0

NOTE 4. SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) and collections for the current and previous four years.

<u>Year</u>	<u>Balance Beginning of Year</u>			<u>Cash</u>		
	<u>Receivables</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	<u>Collections</u>	<u>Percentage</u>
2013	\$ 143,369	\$ -	\$ 1,251,464	\$ 1,394,833	\$ 1,232,620	88.37%
2012	144,299	-	1,263,509	1,407,808	1,264,439	89.82%
2011	121,146	-	1,254,055	1,375,201	1,229,501	89.41%
2010	95,018	-	1,200,053	1,295,071	1,171,386	90.45%
2009	75,157	-	1,072,645	1,147,802	1,052,784	91.72%

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013

NOTE 5. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2013	\$ 1,131,589	\$ 545,000	* 48.16%
2012	1,020,157	545,000	53.42%
2011	893,060	500,000	55.99%
2010	772,233	500,000	64.75%
2009	816,059	500,000	61.27%
<u>Sewer Utility Fund</u>			
2013	\$ 650,534	\$ 100,000	* 15.37%
2012	575,225	81,003	14.08%
2011	414,690	38,750	9.34%
2010	286,009	99,455	34.77%
2009	273,991	208,096	75.95%

* As introduced on April 9, 2014

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2013:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 3,366.30	\$ 42,000.00
Federal & State Grant Fund		50,000.00
Trust Fund:		
Animal Control Fund		2,343.91
Other Trust Funds	42,000.00	656.27
General Capital Fund	50,000.00	366.12
Sewer Utility Fund		
Operating Fund	237.44	
Capital Fund		<u>237.44</u>
	<u>\$ 95,603.74</u>	<u>\$ 95,603.74</u>

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013

NOTE 7. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in 1944. The PFRS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 10.0% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

	2013		2012		2011	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 19,061	\$ 55,532	\$ 26,290	\$ 52,093	\$ 31,537	\$ 82,556
Accrued Liability	45,575	58,813	52,581	47,546	50,252	59,594
Total Regular Pension Cont.	64,636	114,345	78,871	99,639	81,789	142,150
Non-Contributory Group						
Life Insurance	3,847	5,310	5,025	4,089	6,212	7,009
Total Due	\$ 68,483	\$ 119,655	\$ 83,896	\$ 103,728	\$ 88,001	\$ 149,159

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013

NOTE 7. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

Fiscal Year	Total Liability	Employee Contribution	Paid by Borough
2013	\$ 1,636	\$ 1,020	\$ 616
2012	1,120	743	377
2011	8,380	4,537	3,843

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The financial statements of the Borough are not prepared in accordance with Governmental Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description – The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. A Borough employee will receive paid health insurance benefits upon retirement from the Borough provided they 1) retire from the Borough with at least twenty-five years of service in the New Jersey Public Employees Retirement System, 2) retire from the Borough with at least twenty years of service with the Borough, and 3) at the time of retirement the employee is at least sixty-two years of age. Retirees will not be eligible to receive paid health coverage for their spouses or for their dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the years 2013, 2012 and 2011 there were 0, 1 and 0 retired employees, respectively who received this benefit resulting in payments of \$0, \$9,628, and \$0 in related health care premiums.

NOTE 9. COMPENSATED ABSENCES

Borough employees are entitled to sick leave, personal days and vacation days each year in varying amounts as outlined in the employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year. Personal days cannot be carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year unless specifically approved by Council. Vacations days carried forward must be used in the next succeeding year or be forfeited.

Police officers, regardless of the number of years serving the Borough and upon retirement from the Borough, will be compensated for any accumulated unused sick leave at 100% of their final pay. The maximum benefit payable under this provision shall be limited to a maximum of seventy-five thousand dollars (\$75,000).

All other Borough employees do not receive compensation for any accumulated unused sick leave.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2013, accrued benefits for compensated absences are valued at \$349,928.91.

The Borough has established a Compensated Absences Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2013 the balance of the fund is \$42,000.00.

NOTE 10. DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which have been approved by the Director of the Division of Local Government Services. The plan, available to all full time employees at their option, permits them to defer a portion of their salary to future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

NOTE 11. JOINT INSURANCE POOL

The Borough is a member of the Professional Municipal Management Joint Insurance Fund. The Fund provides its members with the following coverage:

Public Employees Bond
Public Official Bonds
Business Automobile
Workers' Compensation and Employer's Liability
Environmental Liability
Property Damage

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 11. JOINT INSURANCE POOL (CONTINUED)

Annual contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report which can be obtained by writing to: Professional Municipal Management JIF, 250 Pehle Avenue, Suite 701, Saddle Brook, New Jersey, 07663.

NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

Fiscal Year	Borough Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2013	\$ 4,512	\$ 2,770	\$ 7,762	\$ 8,033
2012	21,013	1,271	19,088	8,513
2011	29	2,604	427	5,317

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	Year 2013	Year 2012	Year 2011
<u>Issued:</u>			
General Bonds and Notes	\$ -	\$ 291,000	\$ 576,000
Sewer Utility Bonds and Notes	821,000	1,166,000	1,509,000
Loans	6,126,218	6,535,052	6,935,830
Total Issued	6,947,218	7,992,052	9,020,830
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	1,945,782	1,996,299	1,996,299
Sewer Utility Bonds and Notes	148,895	148,895	148,895
Net Debt	\$ 9,041,895	\$ 10,137,246	\$ 11,166,024

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013

NOTE 13. CAPITAL DEBT (CONTINUED)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.416%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,240,000	\$ 3,240,000	
Regional School District Debt	2,080,228	2,080,228	
Sewer Utility Debt	969,896	969,896	
General Debt	<u>8,072,000</u>	<u>6,126,218</u>	<u>\$ 1,945,782</u>
 Total	 <u>\$ 14,362,124</u>	 <u>\$ 12,416,342</u>	 <u>\$ 1,945,782</u>

Net Debt, \$1,945,782 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$468,211,556 equals 0.416%.

Equalized Valuation Basis:

2011	\$ 478,465,956
2012	465,638,460
2013	<u>460,530,253</u>
 Average	 <u>\$ 468,211,556</u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,387,404
Net Debt	<u>1,945,782</u>
 Remaining Borrowing Power	 <u>\$ 14,441,622</u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 1,435,172
Deductions:	
Operating and Maintenance Costs	\$ 912,683
Debt Service Costs	<u>366,177</u>
	<u>1,278,860</u>
 Total Excess in Revenues	 <u>\$ 156,312</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013**

NOTE 13. CAPITAL DEBT (CONTINUED)

NJDEP Loan Payable

The Borough received two (2) loan proceeds totaling \$8,684,442 from the State of New Jersey Department of Environmental Protection Loan Program. The loan has a stated interest rate of 2.00% with a final maturity on September 15, 2026. As of December 31, 2013, the balance payable amounts to \$6,126,218.

Future principal and interest payments are as follows:

Year	Principal	Interest	Total
2014	\$ 417,051	\$ 120,449	\$ 537,500
2015	425,434	112,067	537,501
2016	433,985	103,516	537,501
2017	442,708	94,792	537,500
2018	451,607	85,894	537,501
2019-23	2,397,897	289,606	2,687,503
2024-26	<u>1,557,536</u>	<u>54,966</u>	<u>1,612,502</u>
Total	<u>\$ 6,126,218</u>	<u>\$ 861,290</u>	<u>\$ 6,987,508</u>

Bond Anticipation Notes Payable

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed 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.

As of December 31, 2013, the Borough had outstanding bond anticipation notes as follows:

Fund	Amount Outstanding	Interest Rate	Maturity Date
Sewer Utility Capital	\$ 288,000	2.00%	October 11, 2014
Sewer Utility Capital	<u>533,000</u>	2.00%	June 5, 2014
Total	<u>\$ 821,000</u>		

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2013

NOTE 14. SCHOOL TAXES

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund Liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance December 31, 2013	2012	Balance December 31, 2013	2012
Balance of Tax	\$ 2,535,582	\$ 2,465,752	\$ 1,716,474	\$ 1,675,417
Deferred	<u>516,690</u>	<u>516,690</u>	<u>291,811</u>	<u>291,811</u>
School Tax Payable	<u><u>\$ 2,018,892</u></u>	<u><u>\$ 1,949,062</u></u>	<u><u>\$ 1,424,663</u></u>	<u><u>\$ 1,383,606</u></u>

NOTE 15. 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 statement of assets, liabilities, reserves and fund balance of the following funds:

	Balance	2014 Budget
	December 31, 2013	Appropriation
Current Fund:		
Hurricane Irene	<u>\$ 150,000</u>	<u>\$ 50,000</u>
Total	<u><u>\$ 150,000</u></u>	<u><u>\$ 50,000</u></u>

The appropriations in the 2013 Budget as introduced are not less than that required by the statutes.

NOTE 16. CONTINGENCIES

The Borough participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

NOTE 17. GUARANTOR OF DEBT

On November 2, 2006 the Borough of Medford Lakes (Borough) approved a loan agreement with the State of New Jersey, Department of Environmental Protection (State) whereby, the Borough acts as a co-borrower with the State for a loan in an amount not to exceed \$2,245,000 to be made to the Medford Lakes Colony (Colony) a not-for-profit corporation located in the Borough. The terms of the agreement are such that the Borough agrees to complete the dredging and lake restoration project and to reimburse the State in accordance with the terms and conditions set forth in the loan agreement, in the event of a default on the part of the Colony. The dredging and lake restoration project has been completed by the Colony. The final loan amount borrowed by the Colony was \$2,171,451.50 and has a 2% interest rate with a maturity date of January 13, 2027. As of the date of this report the Colony has not defaulted on its loan obligation.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2013

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2012	\$ 4,602,649.55	\$ 111,307.09
Receipts:		
Taxes Receivable	\$ 12,836,076.09	
Tax Title Liens		
Prepaid 2013 Taxes	62,891.64	
Revenue Accounts Receivable	861,974.81	
Reserve for Leon Todd Memorial Park	3,240.00	
Tax Overpayments	19,132.67	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	48,673.29	
Due to State of New Jersey:		
Marriage License Fees	272.00	
DCA Training Fees	2,647.00	
Federal and State Grants Receivable		\$ 60,701.72
Miscellaneous Revenue Not Anticipated	154,726.23	
Budget Refunds	47,603.96	
Matching Funds for State Grants		<u>2,625.00</u>
Total Receipts	<u>14,037,237.69</u>	<u>63,326.72</u>
Total Funds Available	<u>18,639,887.24</u>	<u>174,633.81</u>
Disbursements:		
2013 Appropriations	3,340,242.30	
Matching Funds for State Grants	2,625.00	
County Taxes Payable	1,755,269.07	
Due County for Added Taxes	1,266.74	
Refund of Tax Overpayments	20,875.49	
Due to Trust Other Fund	28,000.00	
Due to State of New Jersey:		
Marriage License Fees	375.00	
DCA Training Fees	2,442.00	
Local District School Tax	5,668,630.50	
Regional High School Tax	2,726,484.37	
2012 Appropriation Reserves and		
Reserve for Encumbrances	112,157.80	
Accounts Payable	50.00	
Reserve for Flood Damage		
Reserve for Revaluation	16,207.43	
Reserve for Leon Todd Memorial Park	1,175.57	
Budget Refunds	47,603.96	
Reserve for Federal and State Grant Funds:		
Appropriated		<u>38,981.39</u>
Total Disbursements	<u>13,723,405.23</u>	<u>38,981.39</u>
Balance December 31, 2013	<u>\$ 4,916,482.01</u>	<u>\$ 135,652.42</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Collector
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 44,173.19
Receipts:	
Tax Sale Premiums	271,045.08
Total Funds Available	315,218.27
Disbursements:	
Refund of Tax Premiums Redeemed	162,818.70
Balance December 31, 2013	<u>\$ 152,399.57</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2013

Year	Balance		Collections by Cash		State Share of Senior Citizen and Veterans Deductions Allowed	Transfer to Tax Title Liens	Overpayments Applied	Overpayments Canceled	Balance	
	December 31, 2012	Added Taxes	2013 Levy	2012	2013				December 31, 2013	2013
2008	\$ 4,576.00								\$ 4,576.00	
2009	6,642.12								6,642.12	
2010	5,693.21								5,693.21	
2011	8,902.20				\$ 3,477.65				5,424.55	
2012	263,837.19	\$ 250.00			255,381.54		\$ 2,160.65		182.80	6,362.20
	289,650.72	250.00			258,859.19		2,160.65		182.80	28,698.08
2013			\$ 12,979,897.30	\$ 53,064.68	12,577,216.90	\$ 53,500.00	\$ 4,350.02	\$ 446.63	20,395.00	270,924.07
Total	\$ 289,650.72	\$ 250.00	\$ 12,979,897.30	\$ 53,064.68	\$ 12,836,076.09	\$ 53,500.00	\$ 6,510.67	\$ 446.63	\$ 20,577.80	\$ 299,622.15

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:
General Purpose Tax \$ 12,979,897.30

Total \$ 12,979,897.30

Tax Levy:

Local District School Tax (Abstract) \$ 5,738,460.00
Regional High School District Tax (Abstract) 2,767,542.00

County Taxes:

County Tax (Abstract) \$ 1,545,751.02
County Library Tax (Abstract) 140,513.25
County Open Space Tax (Abstract) 69,004.80
Amount Due County for Added Taxes
(54:4-63.1 et.seq.) 584.04 1,755,853.11
Local Tax for Municipal Purposes 2,712,922.00
Additional Tax Levies 5,120.19 2,718,042.19

Total \$ 12,979,897.30

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Title Liens
For the Year Ended December 31, 2013

Balance December 31, 2012	\$	-
Increased by:		
Interest and Costs	\$	427.83
Transfers from Taxes Receivable		<u>6,510.67</u>
Total		6,938.50
Decreased by:		
Cash Received		<u>6,938.50</u>
Balance December 31, 2013	\$	<u>6,938.50</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2013

	Balance December 31, 2012	Accrued in 2013	Collected	Balance December 31, 2013	Remarks
Borough Clerk:					
Alcohol Licenses	\$ 1,431.00	\$ 1,431.00			
Historic Commission Permits	90.00	90.00			
Street Opening Permits	9,250.00	9,250.00			
Firearm Permits	458.00	458.00			
Zoning Permits	3,500.00	3,500.00			
Land Use Board Fees	850.00	850.00			
Tree Removal Permits	2,280.00	2,280.00			
Permits and Fees	680.00	680.00			
Fire Official - Uniform Fire Safety -					
Fees and Permits	5,162.65	5,162.65			
Construction Official - Fees and Permits	45,974.00	45,974.00			
Energy Receipt Taxes	271,145.19	271,145.19			
Consolidated Municipal Property Tax Relief	18,455.00	18,455.00			
Municipal Court - Fines and Costs	\$ 9,931.87	53,800.70	59,569.36	\$ 4,163.21	Dec. Receipts
Interest on Investments and					
Bank Deposits					
Reserve for Payment of Debt	165,000.00	165,000.00			
Interest and Costs on Taxes	63,242.86	63,242.86			
Cell Tower Rental	214,886.75	214,886.75			
Cable Franchise Fee	60,049.06		60,049.06		
Total	\$ 69,980.93	\$ 856,206.15	\$ 922,023.87	\$ 4,163.21	

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2012 Appropriation Reserves
For The Year Ended December 31, 2013

	Balance December 31, 2012		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Salaries and Wages:					
General Administration	\$ 1,654.28		\$ 1,654.28		\$ 1,654.28
Borough Clerk	28.54		28.54		28.54
Financial Administration	110.70		110.70		110.70
Collection of Taxes	143.36		143.36		143.36
Planning Board	743.22		743.22		743.22
Police	3,332.75		3,332.75	\$ 500.00	2,832.75
Office of Emergency Management	2,000.08		2,000.08	300.00	1,700.08
Fire Official	362.04		362.04		362.04
Streets and Roads	12,218.36		12,218.36		12,218.36
Solid Waste Collection	591.48		591.48		591.48
Public Buildings and Grounds	1,857.84		1,857.84		1,857.84
Construction Official	381.61		381.61		381.61
Zoning Code Enforcement	182.82		182.82		182.82
Municipal Court	3,066.82		3,066.82		3,066.82
Public Defender	1,700.00		1,700.00	1,700.00	
Other Expenses:					
General Administration	1,435.35	\$ 1,511.11	2,946.46	1,712.34	1,234.12
Mayor and Council	286.17		286.17		286.17
Borough Clerk	2,799.93	224.19	3,024.12	835.85	2,188.27
Financial Administration	590.71		590.71		590.71
Computerized Data Processing	1,355.14		1,355.14	99.00	1,256.14
Collection of Taxes	503.74	166.49	670.23	529.25	140.98
Legal Services	6,314.25		6,314.25	4,293.50	2,020.75
Engineering Services	3,972.14	2,638.65	6,610.79	2,300.90	4,309.89
Historic Preservation Commission	100.00		100.00		100.00
Planning Board	5,777.81	105.00	5,882.81	5,338.48	544.33
Insurance					
Unemployment Compensation	2,966.43		2,966.43		2,966.43
Employee Group Insurance	6,421.68		6,421.68	4,618.70	1,802.98
Liability Insurance	1,352.76		1,352.76		1,352.76
Health Benefit Waiver	249.84		249.84		249.84
Police	6,030.64	11,982.72	18,013.36	11,918.45	6,094.91
Office of Emergency Management	955.00		955.00		955.00
Aid to Volunteer Ambulance Companies	1,323.02		1,323.02		1,323.02
Emergency Medical Services	226.50	417.42	643.92	301.54	342.38
Fire	2,607.67	11,746.51	14,354.18	12,168.03	2,186.15
Fire Official	525.67	208.00	733.67	236.00	497.67
Streets and Roads	13,474.46	10,691.64	24,166.10	6,643.35	17,522.75
Solid Waste Collection	9,425.51	6,775.00	16,200.51	7,422.90	8,777.61
Public Buildings and Grounds	7,852.32	3,391.24	11,243.56	2,425.56	8,818.00
Vehicle Maintenance	6,847.41	22,153.95	29,001.36	20,388.85	8,612.51
<hr/>					
Forward	111,768.05	72,011.92	183,779.97	83,732.70	100,047.27

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2012 Appropriation Reserves
For The Year Ended December 31, 2013

	Balance December 31, 2012		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Forward	\$ 111,768.05	\$ 72,011.92	\$ 183,779.97	\$ 83,732.70	\$ 100,047.27
Other Expenses (Cont'd):					
Construction Code Official	3,376.13	18,500.00	21,876.13	18,500.00	3,376.13
Zoning Code Enforcement	200.00		200.00		200.00
Municipal Court	206.66	203.80	410.46	216.69	193.77
Electricity	1,276.16	1,790.00	3,066.16	3,060.97	5.19
Street Lighting	2,495.28	750.00	3,245.28	883.91	2,361.37
Telephone	1,721.53	778.85	2,500.38	771.02	1,729.36
Natural Gas	1,724.02	985.00	2,709.02	1,382.14	1,326.88
Gasoline	260.01	8,089.64	8,349.65	7,430.46	919.19
Printing & Postage	1,500.00		1,500.00		1,500.00
Landfill Fees	6,652.22	12,000.00	18,652.22	9,296.39	9,355.83
Contingent	500.00		500.00	68.52	431.48
Social Security System	81.18		81.18		81.18
Defined Contribution Retirement Fund	2,457.56		2,457.56		2,457.56
Other Expenses - Outside CAP:					
Tax Collector - Salaries and Wages					
Tax Collector - Other Expenses					
Recycling Tax					
Total	\$ 134,218.80	\$ 115,109.21	\$ 249,328.01	\$ 125,342.80	\$ 123,985.21
			Cash Disbursed	\$ 112,157.80	
			Accounts Payable	13,185.00	
					\$ 125,342.80

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Reserve for Flood Emergency
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 83,290.64
Decreased by:	
Canceled	<u>83,290.64</u>
Balance December 31, 2013	<u>\$ -</u>

Schedule of Reserve for Revaluation Program
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 41,775.53
Decreased by:	
Cash Disbursed	\$ 16,207.43
Canceled	<u>25,568.10</u>
Balance December 31, 2013	<u>\$ -</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Reserve for Tax Map
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 143.00
Decreased by:	
Canceled	<u>143.00</u>
Balance December 31, 2013	\$ <u>-</u>

**Schedule of Reserve for Farmers' Market
For the Year Ended December 31, 2013**

Balance December 31, 2012 and 2013	\$ <u>3,306.91</u>
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BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Reserve for Leon Todd Memorial Park
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 4,086.66
Increased by:	
Collected	<u>3,240.00</u>
Subtotal	7,326.66
Decreased by:	
Disbursements	<u>1,175.57</u>
Balance December 31, 2013	<u>\$ 6,151.09</u>

Schedule of Reserve for POAA
For the Year Ended December 31, 2013

Balance December 31, 2012 and 2013	\$ <u>8.00</u>
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BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Due State of New Jersey-
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 6,029.39
Increased by:	
Prior Year Senior Citizen and Veteran Deductions Disallowed by Collector	\$ 250.00
Cash Received	<u>48,673.29</u>
Total	54,952.68
Decreased by:	
Accrued in 2013:	
Senior Citizens Deductions Per Billings	\$ 6,500.00
Veterans Deductions Per Billings	46,000.00
Senior Citizens and Veteran Deductions Allowed by Collector	<u>1,500.00</u>
	54,000.00
Less - Senior Citizen Deductions Disallowed by Collector	<u>500.00</u>
Total	<u>53,500.00</u>
Balance December 31, 2013	<u>\$ 1,452.68</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Overpayments
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 446.63
Increased by:	
Collected	\$ 19,132.67
Prior Year Overpayments Created	<u>2,719.38</u>
	<u>21,852.05</u>
Subtotal	22,298.68
Decreased by:	
Applied to 2013 Taxes	\$ 446.63
Refunded	<u>20,875.49</u>
	<u>21,322.12</u>
Balance December 31, 2013	<u><u>\$ 976.56</u></u>

Schedule of Tax Sale Premiums
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 44,173.19
Increased by:	
Collected	<u>271,045.08</u>
Subtotal	315,218.27
Decreased by:	
Disbursed	<u>162,818.70</u>
Balance December 31, 2013	<u><u>\$ 152,399.57</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of County Tax Payable
For the Year Ended December 31, 2013

Balance December 31, 2012:	\$ 1,266.74
Increased by:	
County Tax	\$ 1,545,751.02
County Library Tax	140,513.25
County Open Space Tax	69,004.80
County Added and Omitted	<u>584.04</u>
Total	1,757,119.85
Decreased by:	
Payments	<u>1,756,535.81</u>
Balance December 31, 2013:	\$ <u>584.04</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Regional School Tax Payable
For the Year Ended December 31, 2013

Balance December 31, 2012:

School Tax Payable	\$ 1,383,605.66
School Tax Deferred	<u>291,811.49</u>
	\$ 1,675,417.15

Increased by:

Levy - School Year July 1, 2013 to June 30, 2014	<u>2,767,542.00</u>
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Total	4,442,959.15
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Decreased by:

Payments	<u>2,726,484.37</u>
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Balance December 31, 2013:

School Tax Payable	1,424,663.29
School Tax Deferred	<u>291,811.49</u>
	\$ 1,716,474.78

2013 Liability for Local District School Tax:

Tax Paid	\$ 2,726,484.37
Tax Payable December 31, 2013	<u>1,424,663.29</u>

Total	4,151,147.66
-------	--------------

Less:

Tax Payable December 31, 2012	<u>1,383,605.66</u>
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Amount Charged to 2013 Operations

\$ 2,767,542.00

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Local District School Tax Payable
For the Year Ended December 31, 2013

Balance December 31, 2012:			
School Tax Payable	\$ 1,949,062.27		
School Tax Deferred	<u>516,689.81</u>		\$ 2,465,752.08
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			<u>5,738,460.00</u>
Total			8,204,212.08
Decreased by:			
Payments			<u>5,668,630.50</u>
Balance December 31, 2013:			
School Tax Payable	2,018,891.77		
School Tax Deferred	<u>516,689.81</u>		<u>\$ 2,535,581.58</u>
2013 Liability for Local District School Tax:			
Tax Paid			\$ 5,668,630.50
Tax Payable December 31, 2013			<u>2,018,891.77</u>
Total			7,687,522.27
Less:			
Tax Payable December 31, 2012			<u>1,949,062.27</u>
Amount Charged to 2013 Operations			<u>\$ 5,738,460.00</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Deferred Charges
N.J.S. 40A:4-55 Special Emergency
For the Year Ended December 31, 2013

Date Authorized	Purpose	Net Amount	1/5 of	Balance		Balance	
		Authorized	Net Amount Authorized	December 31, 2012	Increased In 2013	Decreased In 2013	December 31, 2013
12/4/08	Revaluation Program	\$ 150,000.00	\$ 30,000.00	\$ 30,000.00		\$ 30,000.00	\$ -
12/4/08	Tax Map	10,000.00	2,000.00	2,000.00		2,000.00	
9/14/11	Hurricane Irene	250,000.00	50,000.00	200,000.00		50,000.00	150,000.00
	Total	<u>\$ 410,000.00</u>	<u>\$ 82,000.00</u>	<u>\$ 232,000.00</u>	<u>\$ -</u>	<u>\$ 82,000.00</u>	<u>\$ 150,000.00</u>

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2013

	Balance December 31, 2012	Accrued	Received	Canceled	Balance December 31, 2013
Federal Grants:					
NJ Trans. Safe Streets to School	\$ 48,732.00				\$ 48,732.00
NJ Transportation Trust Fund	_____	\$ 188,000.00	\$ 35,140.20	_____	152,859.80
Total Federal	<u>48,732.00</u>	<u>188,000.00</u>	<u>35,140.20</u>	_____	<u>201,591.80</u>
State Grants:					
Municipal Alliance Grant	\$ 10,000.00	\$ 12,625.00	\$ 6,828.94		\$ 15,796.06
Clean Communities Grant		9,706.44	9,706.44		
Recycling Tonnage Grant		7,737.82	7,737.82		
Body Armor Grant		1,413.32	1,413.32		
Drunk Driving Enforcement Fund		2,500.00			
Burlington City Park Development	<u>50,000.00</u>	<u>50,000.00</u>	_____	_____	<u>100,000.00</u>
Total State	<u>60,000.00</u>	<u>83,982.58</u>	<u>25,686.52</u>	_____	<u>115,796.06</u>
Total	<u>\$ 108,732.00</u>	<u>\$ 271,982.58</u>	<u>\$ 60,826.72</u>	<u>\$ -</u>	<u>\$ 317,387.86</u>

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2013

	Transferred				
	Balance December 31, 2012	2013 Budget Appropriation	Appropriated by NJ 40A:4-87	Realized as Revenue in 2013	Balance December 31, 2013
Federal Grants:					
NJTF			\$ 188,000.00	\$ 188,000.00	
Total Federal			188,000.00	188,000.00	
State Grants:					
Body Armor Grant	\$ 1,200.53	\$ 1,200.53		\$ 1,413.32	\$ 1,413.32
Municipal Alliance Grant		12,625.00		12,625.00	
Clean Communities Grant	8,267.26	8,267.26		9,706.44	9,706.44
Drunk Driving Enforcement Grant				2,500.00	2,500.00
Recycling Tonnage Grant	9,623.20	9,623.20		7,737.82	7,737.82
Burlington County Park Grant			50,000.00	50,000.00	
Total State	19,090.99	31,715.99	50,000.00	83,982.58	21,357.58
Total	\$ 19,090.99	\$ 31,715.99	\$ 238,000.00	\$ 271,982.58	\$ 21,357.58

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year ended December 31, 2013

	Balance December 31, 2012	Transferred from 2013 Budget Appropriation	Appropriated by NJ 40A:4-87	Paid or Charged	Balance December 31, 2013
Federal Grants:					
FEMA Fire Safety Act	\$ 1.00				\$ 1.00
NJ Safe Streets to School	23,990.16			\$ 511.90	23,478.26
NJ DOT Roadways Grant - 2010	6,884.96				6,884.96
NJTTF Roadways Grant			\$ 188,000.00		188,000.00
Over the Limit	4,400.00				4,400.00
Total Federal	35,276.12		188,000.00	511.90	222,764.22
State Grants:					
Drunk Driving Enforcement Grant	4,042.84			1,810.85	2,231.99
Clean Communities Grant	16,293.03	\$ 8,267.26		12,419.44	12,140.85
Alcoholic Education Rehabilitation Fund	5,082.44				5,082.44
Body Armor Fund	3,093.41	1,200.53		3,320.00	973.94
Municipal Alliance Grant	27,020.24	12,625.00		14,176.18	25,469.06
Shared Services Grant	2,950.00				2,950.00
Recycling Tonnage Grant	4,661.38	9,623.20		6,251.00	8,033.58
Smart Future Award	4,069.64				4,069.64
Medford Lakes Colony Grant	2,309.00				2,309.00
Burlington City Park Development Prog.	46,150.00		50,000.00	6,220.00	89,930.00
Total State	115,671.98	31,715.99	50,000.00	44,197.47	153,190.50
Total State Grants	\$ 150,948.10	\$ 31,715.99	\$ 238,000.00	\$ 44,709.37	\$ 375,954.72

Analysis of Paid or Charged:

Cash Disbursed	\$ 38,981.39
Encumbrances	5,727.98
<u>\$ 44,709.37</u>	

TRUST FUND

BOROUGH OF MEDFORD LAKES

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2013

	Animal Control	Total Other Trust Funds	Payroll	Planning and Zoning	Unemployment	Public Defender	Special Law Enforcement	Street Opening	EMS	Health Care
Balance December 31, 2012	\$ 10,556.77	\$ 52,773.61	\$ 24,299.10	\$ 6,174.01	\$ 8,513.36	\$ 1,799.12	\$ 2,315.19	\$ 9,672.83		
Receipts:										
Dog License Fees:										
Municipal Licenses	3,722.60									
State Registration Fees	626.40									
Late Fees	1,190.00									
Net Payroll		1,126,644.66	1,126,644.66							
Payroll Deductions Payable		655,847.23	655,847.23							
Planning and Zoning Escrows		1,517.50		1,517.50						
Employee Withholdings		2,770.65			2,770.65					
Budget Appropriation		4,500.00			4,500.00					
Street Openings		18,300.00					18,300.00			
Public Defender Fees		1,650.00				1,650.00				
EMS Deposits		129,726.58						\$ 129,726.58		
Due from Wastewater		3,000.00							\$ 3,000.00	
Due from Current Fund		208,138.00	188,138.00						20,000.00	
Interest Earned	20.92	148.03	70.51	7.27	11.52	2.41	4.05	22.19	26.18	3.90
Total Receipts	5,559.92	2,152,242.65	1,970,700.40	1,524.77	7,282.17	1,652.41	4.05	18,322.19	129,752.76	23,003.90
Disbursements:										
Expenditures Under RS4:19-15.11	5,004.18									
State Registration Fees	619.80									
Net Payroll		1,126,644.66	1,126,644.66							
Payroll Deductions Payable		661,942.08	661,942.08							
Annual Pension Billing		188,138.00	188,138.00							
Planning and Zoning		1,367.50		1,367.50						
Escrow Refunds		14,120.87		5,997.50				8,123.37		
Unemployment Claims		7,813.91		7,813.91						
Public Defender Fees		2,800.00			2,800.00					
Health Care Expense		15,118.35							15,118.35	
Due to Current Fund		26.51	26.51							
Total Disbursements	5,623.98	2,017,971.88	1,976,724.74	7,391.51	7,813.91	2,800.00		8,123.37		15,118.35
Balance December 31, 2013	\$ 10,492.71	\$ 187,044.38	\$ 18,274.76	\$ 307.27	\$ 7,981.62	\$ 651.53	\$ 2,319.24	\$ 19,871.65	\$ 129,752.76	\$ 7,885.55

BOROUGH OF MEDFORD LAKES

ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 8,618.00
Increased by:	
2013 Dog License Fees Collected	\$ 2,919.00
2013 Cat Licenses Collected	803.60
Late Fees	1,190.00
Interest Earned	<u>20.92</u>
	<u>4,933.52</u>
Total	13,551.52
Decreased by:	
Expenditures Under R.S. 4:19-15.11:	
Cash	4,789.18
Statutory Excess Due to Current Fund	<u>620.14</u>
	<u>5,409.32</u>
Balance December 31, 2013	<u>\$ 8,142.20</u>

License Fees Collected

Year:	
2012	\$ 4,049.60
2011	<u>4,092.60</u>
Total	<u>\$ 8,142.20</u>

EXHIBIT B-3

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 24,299.10
Increased by:	
Payroll Deductions Received	\$ 655,847.23
Net Pay	1,126,644.66
Interest earned	<u>70.51</u>
	<u>1,782,562.40</u>
Total	1,806,861.50
Decreased by:	
Payroll Deductions Disbursed	661,942.08
Net Pay	<u>1,126,644.66</u>
	<u>1,788,586.74</u>
Balance December 31, 2013	<u>\$ 18,274.76</u>

EXHIBIT B-4

Schedule of Reserve For Planning and Zoning Escrow Deposits
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 6,164.10
Increased by:	
Interest Earned	\$ 7.27
2013 Deposits	<u>1,517.50</u>
	<u>1,524.77</u>
Total	7,688.87
Decreased by:	
Disbursed	<u>7,381.60</u>
Balance December 31, 2013	<u>\$ 307.27</u>

A permanent list of individual account balances is on file in the Treasurer's office.

EXHIBIT B-5

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Unemployment Compensation Insurance Trust
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 8,513.36
Increased by:	
Interest Earned	\$ 11.52
Board Contribution	4,500.00
Employee Withholdings	2,770.65
Due from State for overpayment	<u>51.67</u>
	<u>7,333.84</u>
Total	15,847.20
Decreased by:	
Disbursed to State Department of Labor	<u>7,813.91</u>
Balance December 31, 2013	<u>\$ 8,033.29</u>

EXHIBIT B-6

**Schedule of Reserve For Public Defender Trust Fund
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 1,692.51
Increased by:	
Interest Earned	\$ 2.41
Receipts	<u>1,650.00</u>
	<u>1,652.41</u>
Decreased by:	3,344.92
Disbursed	<u>2,800.00</u>
Balance December 31, 2013	<u>\$ 544.92</u>

EXHIBIT B-7

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 28,000.00
<hr/>	
Decreased by:	
Due from Current Fund	
	42,000.00
	70,000.00
<hr/>	
Decreased by:	
Disbursed	
	28,000.00
<hr/>	
Balance December 31, 2013	\$ 42,000.00
	<u> </u>

EXHIBIT B-8

**Schedule of Reserve For Special Law Enforcement Fund
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 2,193.89
<hr/>	
Increased by:	
Interest Earned	
	4.05
	2,197.94
<hr/>	
Decreased by:	
Disbursed	
	<u> </u>
Balance December 31, 2013	\$ 2,197.94
	<u> </u>

EXHIBIT B-9

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Street Openings
For the Year Ended December 31, 2013**

Balance December 31, 2012		\$ 9,244.47
Increased by:		
Escrow Deposits	\$ 18,300.00	
Interest Earned	22.19	<u>18,322.19</u>
		27,566.66
Decreased by:		
Disbursed		<u>8,123.37</u>
Balance December 31, 2013		<u>\$ 19,443.29</u>

EXHIBIT B-10

**Schedule of Reserve For EMS
For the Year Ended December 31, 2013**

Balance December 31, 2012		\$ -
Increased by:		
Deposits	\$ 129,726.58	
Interest Earned	26.18	<u>129,752.76</u>
		129,752.76
Decreased by:		
Disbursed		<u> </u>
Balance December 31, 2013		<u>\$ 129,752.76</u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Health Care
For the Year Ended December 31, 2013

Balance December 31, 2012	\$	-
Increased by:		
Deposits	\$ 23,000.00	
Interest Earned	3.90	<u>23,003.90</u>
		23,003.90
Decreased by:		
Disbursed		<u>15,118.35</u>
Balance December 31, 2013	\$	<u>7,885.55</u>

GENERAL CAPITAL FUND

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2013

Balance December 31, 2012		\$ 548,390.75
Receipts:		
Interest Earned on Investments	\$ 256.25	
Investment - Utility Fund Bond Anticipation Note	<u>345,000.00</u>	<u>345,256.25</u>
Total		893,647.00
Disbursements:		
Improvement Authorizations	433,486.21	
Reserve for Payment of Debt Service Costs	<u>165,000.00</u>	<u>598,486.21</u>
Balance December 31, 2013		<u>\$ 295,160.79</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2013

Capital Improvement Fund	\$ 2,257.76
Fund Balance	12,639.89
Encumbrances Payable	188,638.19
Due to Current Fund	366.12
Reserve for Payment of Debt Service Costs	1,656,405.58
Due from Federal & State Grant Fund	(50,000.00)

Improvement Authorizations:

Ordinance <u>Number</u>	Multi-Purpose:	
468	Improvements to Municipal Building	5,597.54
	Improvements to Public Works Department Building	623,620.00
518	Various Road Repairs	(21,000.00)
534	Purchase of Public Works Dept. Equipment	5,000.00
550	Construction of Drainage Improvements	(41,968.60)
550	Acquisition of Utility Truck	(2,451.00)
563	Acquisition of Trash Truck	(197,762.00)
564	Construction of Maintenance Improv. To Mishemokwa Dam	(168,000.67)
564	Construction of Maintenance Improv. To Quoque Dam	(242,067.86)
569	Purchase of Fire Truck	(354,950.00)
581	Acquisition of Brush Chipper	(47,348.10)
581	Acquisition of Dump Truck	(47,500.00)
581	Acquisition of Police Vehicle	(28,500.00)
581	Acquisition of Natural Gas Generator	(22,534.50)
588	Acquisition of Heavy Equip for PWD	(142,500.00)
588	Acquisition of 4 Wheel Drive Police Vehicle	(30,743.00)
588	Improvements to Oaks Hall	(32,944.62)
588	Storm Water Drainage Improvements	(34,804.00)
598	Acquisition of Public Works Dept. Equipment	1,710.00
598	Acquisition of Police Dept. Equipment	680.00
605	Acquisition of Public Works Dept. Equipment	50,000.00
605	Acquisition of Fire Dept. Equipment	892.00
605	Acquisition of Police Dept. Equipment	3,428.06
605	Emergency Management Communication Equipment	30,000.00
	Total	\$ 1,116,160.79

BOROUGH OF MEDFORD LAKES
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 6,826,051.92
Decreased By:	
Budget Appropriations:	\$ 408,833.61
Budget Appropriations to Pay Serial Bond Principal	<u>291,000.00</u> <u>699,833.61</u>
Balance December 31, 2013	<u>\$ 6,126,218.31</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2013**

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2013

Purpose	Date of Issue	Amount of Original Issue	Maturity of Bonds Outstanding December 31, 2013		Interest Rate	Balance December 31, 2012	Decreased by Paid by Budget	Balance December 31, 2013
			Date	Amount				
General Bonds of 2001	10/10/01	\$ 2,816,000				\$ 291,000.00	\$ 291,000.00	\$ -

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Environmental Protection Loan Payable
For the Year Ended December 31, 2013

Balance December 31, 2012	\$ 6,535,051.92
Decreased by:	
Paid by Budget Appropriation	<u>408,833.61</u>
Balance December 31, 2013	<u>\$ 6,126,218.31</u>

Year	Principal	Interest	Total
2014	\$ 417,051.16	\$ 120,449.48	\$ 537,500.64
2015	425,433.89	112,066.75	537,500.64
2016	433,985.11	103,515.54	537,500.65
2017	442,708.21	94,792.43	537,500.64
2018	451,606.64	85,894.00	537,500.64
2019	460,683.93	76,816.71	537,500.64
2020	469,943.69	67,556.96	537,500.65
2021	479,389.55	58,111.09	537,500.64
2022	489,025.28	48,475.36	537,500.64
2023	498,854.69	38,645.96	537,500.65
2024	508,881.67	28,618.99	537,500.66
2025	519,110.20	18,390.46	537,500.66
2026	529,544.29	7,956.33	537,500.62
	<u>\$ 6,126,218.31</u>	<u>\$ 861,290.06</u>	<u>\$ 6,987,508.37</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2012		2013 Authorizations		Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Canceled	Balance December 31, 2013		
				Funded	Unfunded	Capital Fund Balance	Reserves					Funded	Unfunded	
468	Multi-Purpose: Improvements to Municipal Building Improvements to Public Works Dept. Building	06/12/01	\$ 2,100,000		\$ 9,109.32				\$ 2,311.78	\$ 1,200.00 20,552.50		\$ 5,597.54		
					629,620.00					1,275.00			623,620.00	
512	Construction of Dams	09/08/05	8,846,561.00	11,220.88										
518	Multi-Purpose: Various Road Improvements	05/25/06	150,000.00		\$ 74,450.41									
534	Purchase of PWD Equipment	10/11/07	8,405.00	5,000.00									5,000.00	
550	Multi-Purpose: Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails Acquisition of Utility Truck	05/08/08			70,000.00	24,506.00			25.40		24,506.00		25.40	
					45,000.00	886.00					886.00			
564	Multi-Purpose: Construction of Maintenance Improv. To Mishemokwa Dam	05/27/09			280,000.00	209,050.00			16,724.60	8,000.42	119,774.85		97,999.33	
	Construction of New Improvements to Quoqua Dam				600,000.00	561,462.14					179,985.38	23,544.62	357,932.14	
581	Multi-Purpose: Acquisition of Brush Chipper Acquisition of Natural Gas Generator	11/10/10			53,000.00	3,001.90						3,001.90		
					25,000.00	1,215.50						1,215.50		
588	Multi-Purpose: Acquisition of Heavy Equip for PWD Acquisition of 4 Wheel Drive Police Vehicle	09/14/11			150,000.00	7,500.00	142,500.00			150,000.00				
					35,000.00		2,507.00					2,507.00		
	Improvements to Oaks Hall Storm Water Drainage Improvements				35,000.00	18,752.84			650.00	18,297.46	800.00	5.38	300.00	
					56,000.00	18,396.00			8,020.00	8,020.00		18,396.00		
598	Multi-Purpose: Acquisition of Public Works Dept Equipment Acquisition of Fire Dept. Equipment	08/15/12			33,595.00	33,595.00				31,885.00			1,710.00	
					21,000.00	442.52			4,600.71	5,043.23			0.00	
	Acquisition of Police Dept. Equipment				12,000.00	1,420.00				740.00			680.00	
605	Multi-Purpose: Acquisition of Public Works Dept Equipment Acquisition of Fire Dept. Equipment				50,000.00		\$ 50,000.00						50,000.00	
					10,000.00		10,000.00						892.00	
	Acquisition of Police Dept. Equipment				32,000.00		32,000.00						3,428.06	
	Emergency Management Communication Equipment				30,000.00		30,000.00						30,000.00	
	Total				\$ 697,907.72	\$ 1,056,727.79	\$ 122,000.00	\$ -	\$ 58,862.43	\$ 433,486.21	\$ 188,638.19	\$ 61,738.66	\$ 720,927.60	\$ 530,707.28

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Statement of Capital Improvement Fund
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 2,257.76
Increased by:	
2013 Budget Appropriation	
Subtotal	2,257.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	
Balance December 31, 2013	<u>\$ 2,257.76</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance December 31, 2012	2013 Appropriation	Funded by Budget Appropriation	Balance December 31, 2013
518	Various Road Improvements	\$ 95,450.41			\$ 95,450.41
550	Multi-purpose				
	Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails	66,500.00			66,500.00
	Acquisition of Utility Truck	3,337.00			3,337.00
563	Purchase of Trash Truck	197,762.00			197,762.00
564	Multi-purpose				
	Construction of Maintenance Improv. to Mishemokwa Dam	266,000.00			266,000.00
	Construction of New Improvements to Quoque Dam	600,000.00			600,000.00
569	Purchase of Fire Truck	354,950.00			354,950.00
581	Multi-purpose				
	Acquisition of Brush Chipper	50,350.00			50,350.00
	Acquisition of Dump Truck	47,500.00			47,500.00
	Acquisition of Police Vehicle	28,500.00			28,500.00
	Acquisition of Natural Gas Generator	23,750.00			23,750.00
588	Multi-Purpose:				
	Acquisition of Heavy Equip for PWD	142,500.00			142,500.00
	Acquisition of 4 Wheel Drive Police Vehicle	33,250.00			33,250.00
	Improvements to Oaks Hall	33,250.00			33,250.00
	Storm Water Drainage Improvements	53,200.00			53,200.00
Total		\$ 1,996,299.41	\$ -	\$ -	\$ 1,996,299.41

SEWER UTILITY FUND

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2013

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	\$ 783,009.87	\$ 202,255.84
Receipts:		
Sewer Service Charges Receivable	\$ 1,189,619.55	
Sewer Overpayments	758.56	
Prepaid Sewer Rent	52,504.54	
Interest Earned Due to Sewer Utility Operating Fund	\$ 68.52	
Miscellaneous Revenue	<u>31,592.50</u>	<u>68.52</u>
 Total Receipts	 <u>1,274,475.15</u>	 <u>68.52</u>
 Total	 2,057,485.02	 202,324.36
 Disbursements:		
2013 Appropriations	1,105,823.80	
Appropriation Reserves and Encumbrances Payable	63,953.24	
Interest on Bonds and Notes	23,320.00	
Refund Overpayments	492.50	
Improvement Authorizations	<u>23,094.59</u>	<u>23,094.59</u>
 Total Disbursements	 <u>1,193,589.54</u>	 <u>23,094.59</u>
 Balance December 31, 2013	 <u>\$ 863,895.48</u>	 <u>\$ 179,229.77</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
At December 31, 2013

Fund Balance	\$ 13,651.50
Capital Improvement Fund	3,458.25
Due to Sewer Utility Operating Fund	237.44

Improvement Authorization:

Ord. 515 Acquisition of Sewer Collection Line Cleaning Equipment	(14,090.43)
Ord. 518 Construction and Repairs to Sewer Collection System	22,801.72
Ord. 558 Replacement of Wastewater Mixer	224,740.63
Ord. 588 Various Capital Improvements	(74,514.34)
Ord. 588 Acquisition of Computer Equipment	2,945.00
Total	\$ <u>179,229.77</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

**Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 143,369.08
Increased by:	
Sewer Billings	<u>1,251,464.00</u>
Total	1,394,833.08
Decreased by:	
2013 Collections	\$ 1,189,619.55
Prepayments Applied	43,000.35
Transfer to Municipal Liens	2,100.00
Prior Year Balance Adjustment	11,628.75
Canceled	<u>5,705.17</u>
	<u>1,252,053.82</u>
Balance December 31, 2013	\$ 142,779.26

**Schedule of Sewer Service Liens Receivable
For the Year Ended December 31, 2013**

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
For the Year Ended December 31, 2013

	Balance December 31, 2012	Increase By Additions	Less Retirements	Balance December 31, 2013
Sewer Plant	\$ 4,805,239.65			\$ 4,805,239.65
Pumping Station and Structures	64,031.95			64,031.95
General Equipment	199,369.80			199,369.80
Total	\$ 5,068,641.40	\$ -	\$ -	\$ 5,068,641.40

NOTE - The Fixed Capital reported above is taken from the Municipal Records and does not necessarily show the true value.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2013

Improvement Description	Date	Ordinance Amount	Balance December 31, 2012	Deferred Reserve For Amortization	Canceled	Balance December 31, 2013
Ord. 518: Construction and Repairs to Sewer Collection Line	5/11/06	\$ 400,000.00	\$ 400,000.00			\$ 400,000.00
Ord. 558: Replacement of Wastewater Mixer	4/8/09	300,000.00	300,000.00			300,000.00
Ord. 588: Multipurpose Construction of Various Capital Improvements	9/14/11					83,000.00
Acquisition of Computer		83,000.00	83,000.00			83,000.00
		58,900.00	58,900.00			58,900.00
Total		\$ 841,900.00	\$ -	\$ -		\$ 841,900.00

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of 2012 Appropriation Reserves
For the Year Ended December 31, 2013

	Balance December 31, 2012		Balance		
	Encumbrances Payable	Reserves	After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages		\$ 15,914.33	\$ 15,914.33		\$ 15,914.33
Other Expenses	\$ 66,234.67	58,699.79	124,934.46	\$ 63,953.24	60,981.22
Public Employees Retirement					
Social Security System		8,056.01	8,056.01		8,056.01
Defined Contribution Retirement		3,763.47	3,763.47		3,763.47
Unemployment Compensation		1,173.26	1,173.26		1,173.26
Total	\$ 66,234.67	\$ 87,606.86	\$ 153,841.53	\$ 63,953.24	\$ 89,888.29

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2013

Balance December 31, 2012 and 2013	\$ <u>3,458.25</u>
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BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2012		Prior Year Encumbrances Payable	Current Year Encumbrances Payable			Balance December 31, 2013	
				Funded	Unfunded		Paid or Charged	Canceled	Funded	Unfunded	
518	Construction and Repairs to Sewer Collection System	5/11/2006	\$ 400,000		\$ 10,249.53	\$ 27,608.38	\$ 15,056.19	\$ 12,552.19	\$ 10,249.53		
548	Repairs to Sand Filter and Electric for Utility Projects	5/8/2008	42,000	\$ 901.50						901.50	
558	Replacement of Wastewater Mixer	4/8/2009	300,000		224,740.63					224,740.63	
588	Multipurpose Various Capital Improvements Acquisition of Computer Equipment	9/14/2011		83,000	4,485.66	7,888.40	8,038.40				\$ 4,335.66
				58,900	2,945.00	55,955.00					55,955.00
					\$ 3,846.50	\$ 295,430.82	\$ 35,496.78	\$ 23,094.59	\$ 12,552.19	\$ 235,891.66	\$ 2,945.00
											\$ 60,290.66
							Fund Balance			\$ 901.50	
							Reserve for Debt Service			234,990.16	
							Total			\$ 235,891.66	

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

**Schedule of Reserve for Amortization
For the Year Ended December 31, 2013**

Balance December 31, 2012 and 2013	<u>\$ 4,054,550.97</u>
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BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date of Ordinance	Balance December 31, 2012	Fixed Capital Authorized	Paid From Operating Budget - Notes	Balance December 31, 2013
501	Improvement to Treatment Plant, Construction of Bypass Line, Construction of Office Space and Construction of Public Walkway	10/19/04				
588	Multipurpose Construction of Various Capital Improvements	9/14/11	\$ 534,000.00	\$ 178,000.00	\$	\$ 712,000.00
	Acquisition of Computer		4,150.00	167,000.00		171,150.00
			2,945.00			2,945.00
			<hr/>	<hr/>	<hr/>	<hr/>
			<u>\$ 541,095.00</u>	<u>\$ 345,000.00</u>	<u>\$</u>	<u>\$ 886,095.00</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

**Schedule of Accrued Interest on Bonds
and Analysis of Balance
For the Year Ended December 31, 2013**

Balance December 31, 2012	\$ 9,525.00
Increased By:	
Budget Appropriation for: Interest on Notes	<u>21,177.20</u>
Subtotal	30,702.20
Decreased By:	
Interest Paid on Notes	<u>23,320.00</u>
Balance December 31, 2013	<u>\$ 7,382.20</u>

Analysis of Accrued Interest, December 31, 2013

Principal Outstanding December 31, 2013	Interest Rate	From	To	Amount
<u>Bond Anticipation Notes</u>				
288,000.00	2.00%	10/11/2013	12/31/2013	\$1,278.25
533,000.00	2.00%	6/5/2013	12/31/2013	<u>6,103.95</u>
Total				<u>\$7,382.20</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date of Issue of	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2012			Balance December 31, 2013	
		Original Note				Increased	Decreased	2013		
501	Improvements to Treatment Plant, Construction of Bypass Line, Construction of Office Space, and Construction of Public Walkway	10/19/04	10/12/12	10/11/13	2.00%	\$ 466,000.00		\$ 466,000.00		
		10/19/04	10/11/13	10/11/14	2.00%		\$ 288,000.00		\$ 288,000.00	
518	Construction and Repairs to Sewer Collection System	06/07/10	06/06/12	06/05/13	2.00%	400,000.00		400,000.00		
		06/07/10	06/05/13	06/05/14	2.00%		233,000.00		233,000.00	
558	Replacement of Wastewater Mixers	06/07/10	06/06/12	06/05/13	2.00%	300,000.00		300,000.00		
		06/07/10	06/05/13	06/05/14	2.00%		300,000.00		300,000.00	
Total						\$ 1,166,000.00	\$ 821,000.00	\$ 1,166,000.00	\$ 821,000.00	
						Renewals	\$ 821,000.00	\$ 821,000.00		
						Paid by Budget Appropriation		345,000.00		
							\$ 821,000.00	\$ 1,166,000.00		

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes Authorized But Not Issued
For the Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance December 31, 2012	2013 Authorizations	Notes Issued	Balance December 31, 2013
515	Acquisition of Sewer Collection Line Cleaning Equipment	\$ 14,090.43			\$ 14,090.43
588	Multipurpose Construction of Various Capital Improvements	78,850.00			78,850.00
	Acquisition of Computer	55,955.00			55,955.00
		<hr/>	<hr/>	<hr/>	<hr/>
		\$ 148,895.43	\$ -	\$ -	\$ 148,895.43

BOROUGH OF MEDFORD LAKES

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2013

BOROUGH OF MEDFORD LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>			
Internal control over financial reporting:				
1) Material weaknesses identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X <input type="checkbox"/>	no
2) Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X <input type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X <input type="checkbox"/>	no

Federal Awards

NOT APPLICABLE

State Awards

NOT APPLICABLE

BOROUGH OF MEDFORD LAKES

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2013**

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Questioned Cost
For the Year Ended December 31, 2013

Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

A State single audit was not required.

BOROUGH OF MEDFORD LAKES

Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standard*, OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

A State single audit was not required.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2013:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Thomas J. Cranston	Mayor		
Robert D. Hannold	Deputy Mayor		
Gary A. Miller	Councilman		
Robert J. Burton	Councilman		
Jeffrey Fitzpatrick	Councilman		
Julie Horner-Keizer	Borough Manager	\$ 1,000,000	(A)
Mark J. McIntosh	Borough Clerk	1,000,000	(A)
Donna A. Condo	Chief Financial Officer	1,000,000	(A)
Sherri Rockhill	Tax Collector, Administrative Clerk and Utility Rent Collector	1,000,000 1,000,000	(A) (A)
Stacy McBride	Court Administrator	1,000,000	(A)
Peter Lange, Jr.	Municipal Magistrate	1,000,000	(A)
Colleen Guarerra	Deputy Court Administrator	1,000,000	(A)
Shared Services:			
Medford Township	Construction Code Official		
Evesham Township	Assessor		
Douglas L. Heinold	Solicitor		

All Bonds were examined and properly executed.

(A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

ACKNOWLEDGMENT

We express our appreciation for the assistance and courtesies extended to us by the Borough Officials during the course of our audit.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

April 8, 2014