

BOROUGH OF LAKEHURST

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2013**

**BOROUGH OF LAKEHURST
COUNTY OF OCEAN**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Lakehurst
County of Ocean
Lakehurst, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Lakehurst, County of Ocean, State of New Jersey as of December 31, 2013 and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Borough of Lakehurst prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws 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 these regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Lakehurst, County of Ocean, State of New Jersey, as of December 31, 2013, or the results of its operations and changes in fund balance for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Lakehurst, County of Ocean, State of New Jersey, as of December 31, 2013, and the results of its operations and changes in fund balance --regulatory basis of such funds for the year then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, 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 Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. 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 is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Prior Period Financial Statements

The financial statements as of December 31, 2012, were audited by other auditors whose report dated September 30, 2013 expressed an adverse opinion on generally accepted accounting principles and an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Borough of Lakehurst's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Lakehurst's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
CR 498

June 20, 2014
Medford, New Jersey

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

The Honorable Mayor and Members
of the Borough Council
Borough of Lakehurst
County of Ocean
Lakehurst, New Jersey

We 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Lakehurst (herein referred to as “the Borough”), 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 our report thereon dated June 20, 2014 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

HOLMAN FRENIA ALLISON, P. C.

Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
CR 498

June 20, 2014
Medford, New Jersey

CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash - Treasurer	A-14	\$ 1,660,533.58	\$ 1,584,956.39
Cash - Change Fund		420.00	420.00
		<u>1,660,953.58</u>	<u>1,585,376.39</u>
Due From State of N.J. (P.L. 1971, C. 20)	A-7		500.00
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	106,761.11	103,956.95
Tax Title Liens Receivable	A-6	36,918.37	35,850.27
Property Acquired for Taxes		50,000.00	50,000.00
Revenue Accounts Receivable	A-8	13,434.45	11,018.27
Interfunds:			
General Capital Fund	A-13		1.55
Payroll Fund	A-13		11,183.09
Water-Sewer Utility Operating Fund	A-13	3,742.09	
Grant Fund	A-13		7,418.34
		<u>210,856.02</u>	<u>219,428.47</u>
Deferred Charges:			
Special Emergency Authorizations (N.J.S. 40A:4-55)	A-9	60,000.00	32,100.00
		<u>1,931,809.60</u>	<u>1,837,404.86</u>
Grant Fund:			
Grants Receivable	A-15	106,177.80	99,509.90
Interfunds:			
Current Fund	A-14	28,927.47	
General Capital Fund			15,913.48
		<u>135,105.27</u>	<u>115,423.38</u>
		<u>\$ 2,066,914.87</u>	<u>\$ 1,952,828.24</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

**Exhibit A
Sheet 2 of 2**

CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	A-3	\$ 256,527.84	\$ 221,207.56
Reserve for Encumbrances	A-3,10	28,981.10	34,402.61
Due To State of NJ (Ch. 20, P.L. 1971)	A-7	750.00	
Due State - Marriage License Fees		25.00	50.00
Prepaid Taxes	A-4,5	34,709.94	25,161.08
Tax Overpayments	A-1,4,5	2,831.64	13,102.33
Reserve for:			
Master Plan Update		594.66	594.66
Revision and Codification of Ordinances	A-4	9,085.00	14,985.00
Land Sale Deposits		8,500.00	8,500.00
Revaluation	A-3,4	45,099.67	24,705.67
2012 Storm Damage	A-4	24.52	6,676.36
Accounts Payable	A-4,10	743.71	668.75
County Taxes Payable	A-11		2,243.54
Local District School Tax Payable	A-12	212,916.50	201,567.50
Interfunds:			
Other Trust Fund	A-13	41,384.18	33,175.60
General Capital Fund	A-13	24,469.57	
Water-Sewer Utility Operating Fund	A-13		225.34
Grant Fund	A-14	28,927.47	
		<u>695,570.80</u>	<u>587,266.00</u>
Reserve for Receivables and Other Assets		210,856.02	219,428.47
Fund Balance	A-1	1,025,382.78	1,030,710.39
		<u>1,931,809.60</u>	<u>1,837,404.86</u>
Grant Fund:			
Interfund - Current Fund	A-13		7,418.34
Reserve for Encumbrances	A-16	464.94	934.03
Appropriated Reserves	A-16	128,222.13	98,429.59
Unappropriated Reserves	A-17	6,418.20	8,641.42
		<u>135,105.27</u>	<u>115,423.38</u>
		<u>\$ 2,066,914.87</u>	<u>\$ 1,952,828.24</u>

There was deferred school taxes on December 31, 2013 and 2012 of \$500,749.00 (Schedule A-12).

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN

FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 700,000.00	\$ 650,000.00
Miscellaneous Revenue Anticipated	A-2	1,075,200.59	977,928.04
Receipts from Delinquent Taxes	A-2	108,822.68	81,629.79
Receipts from Current Taxes	A-2	3,911,877.55	3,703,432.41
Non-Budget Revenues	A-2	206,238.83	187,494.36
Other Credits to Income:			
Due to State Cancelled			3,441.38
Unexpended Balance of Appropriation Reserves	A-10	200,400.56	231,188.24
Tax Overpayments Cancelled		1,794.78	
Grants Appropriated Reserves Cancelled			92,795.33
Interfunds Returned	A-13,14	3,677.80	1,810.83
Total Income		<u>6,208,012.79</u>	<u>5,929,720.38</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		1,433,450.00	1,346,886.00
Other Expenses		1,336,899.00	1,233,359.00
Deferred Charges and Statutory Expenditures		287,829.00	298,642.36
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		30,000.00	17,000.00
Other Expenses		187,219.54	91,348.50
Capital Improvements		74,000.00	10,000.00
Municipal Debt Service		238,966.86	342,145.74
Deferred Charges		32,100.00	
Transferred to Board of Education		8,673.00	8,838.00
	A-3	<u>3,629,137.40</u>	<u>3,348,219.60</u>
Prior Year Senior Citizen Deduction Disallowed	A-7	1,000.00	750.00
County Taxes	A-11	782,585.00	655,920.80
Local District School Tax	A-12	1,160,618.00	1,131,396.00
Grant Receivable Cancelled			24,591.97
Total Expenditures		<u>5,573,340.40</u>	<u>5,160,878.37</u>
Excess in Revenue		634,672.39	768,842.01
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3,9	60,000.00	32,100.00
Statutory Excess to Fund Balance		694,672.39	800,942.01
Fund Balance January 1	A	1,030,710.39	879,768.38
		<u>1,725,382.78</u>	<u>1,680,710.39</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	700,000.00	650,000.00
Fund Balance December 31	A	<u>\$ 1,025,382.78</u>	<u>\$ 1,030,710.39</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 700,000.00	\$ 700,000.00	
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	A-8	10,000.00	16,300.00	6,300.00
Other	A-8	6,000.00	9,068.00	3,068.00
Fees and Permits				
Other	A-8	69,500.00	107,874.75	38,374.75
Fines and Costs				
Municipal Court	A-8	165,000.00	163,929.33	(1,070.67)
Interest and Costs on Taxes	A-8	17,000.00	18,899.12	1,899.12
Interest on Investments and Deposits	A-8	500.00	2,410.76	1,910.76
State Aid:				
Consolidated Municipal Property Tax Relief Act	A-8	64,985.00	64,984.87	(0.13)
Energy Receipts Tax	A-8	230,454.00	230,454.00	-
Uniform Construction Code Fees	A-8	1,000.00	1,653.80	653.80
Lakehurst Elementary School - Police Service Contract	A-8	40,000.00	57,863.00	17,863.00
Northeast Housing LLC - Borough of Lakehurst	A-8	160,000.00	239,813.42	79,813.42
Northeast Housing LLC - Borough of Lakehurst	A-8	85,000.00	85,000.00	-
Grants Offset with Appropriations:				
Body Armor Grant	A-14	2,554.96	2,554.96	-
Clean Communities Program	A-14	4,316.59	4,316.59	-
Click It or Ticket Grant	A-14	4,000.00	4,000.00	-
Cops In Shops	A-14	1,600.00	1,600.00	-
Drive Sober or Get Pulled Over	A-14	8,800.00	8,800.00	-
Drunk Driver Enforcement	A-14	30,731.40	30,731.40	-
FY 12 966 Reimbursement Program	A-14	13,783.00	13,783.00	-
Municipal Alliance on Alcoholism and Drug Abuse	A-14	5,078.00	5,078.00	-
Recycling Tonnage Grant	A-14	6,085.59	6,085.59	-
Total Miscellaneous Revenues	A-1	<u>926,388.54</u>	<u>1,075,200.59</u>	<u>148,812.05</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	A-1, 2	\$ 81,000.00	\$ 108,822.68	\$ 27,822.68
Subtotal General Revenues		1,707,388.54	1,884,023.27	176,634.73
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	2,095,644.52	2,130,862.07	35,217.55
Total General Revenues		<u>3,803,033.06</u>	<u>4,014,885.34</u>	<u>211,852.28</u>
Non-Budget Revenues	A-1, 2		206,238.83	206,238.83
	A-3	\$ 3,803,033.06	\$ 4,221,124.17	\$ 418,091.11

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collections</u>		
Revenue from Collections	A-1,5	\$ 3,911,877.55
Allocated to School and County Taxes	A-11,12	1,943,203.00
Balance or Support of Municipal Budget Appropriations		<u>1,968,674.55</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>162,187.52</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 2,130,862.07</u>
 <u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-5	\$ 104,956.95
Tax Title Lien Collections	A-6	<u>3,865.73</u>
		<u>\$ 108,822.68</u>
 <u>Analysis of Non-Budget Revenues</u>		
Clerk		\$ 2,792.50
FEMA Reimbursements		50,445.68
Police		1,165.07
Water Tower Lease		109,955.80
Refunds		41,491.20
Other Miscellaneous		<u>388.58</u>
	A-1,4	<u>\$ 206,238.83</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages	\$ 100.00	\$ 100.00	\$	\$ 100.00	\$
Other Expenses	4,900.00	4,900.00	3,714.00	1,186.00	
Mayor and Council					
Salaries and Wages	32,000.00	32,000.00	31,904.00	96.00	
Other Expenses	2,500.00	2,500.00	543.21	956.79	1,000.00
Municipal Clerk					
Salaries and Wages	106,765.00	106,765.00	106,156.26	608.74	
Other Expenses	25,000.00	23,000.00	22,973.12	26.88	
Financial Administration					
Salaries and Wages	82,485.00	82,485.00	82,273.47	211.53	
Other Expenses	22,500.00	19,500.00	15,579.63	3,920.37	
Audit Services					
Other Expenses	35,000.00	30,000.00		30,000.00	
Collection of Taxes					
Salaries and Wages	80,000.00	64,000.00	63,962.33	37.67	
Other Expenses	8,700.00	8,700.00	6,796.76	1,903.24	
Assessment of Taxes					
Salaries and Wages	17,000.00	17,000.00	16,785.34	214.66	
Other Expenses	6,800.00	4,800.00	2,172.85	2,627.15	
Revaluation		60,000.00	60,000.00		
Legal Services and Costs					
Salaries and Wages	30,600.00	30,600.00	29,961.66	638.34	
Other Expenses	6,000.00	6,000.00		6,000.00	
Engineering Services and Costs					
Other Expenses	8,000.00	8,000.00	4,277.50	3,722.50	
Historical Preservation					
Other Expenses	450.00	450.00		450.00	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 7

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Land Use Administration</u>						
Municipal Land Use Law (N.J.S. 40:55D-1)						
Land Use Board						
Salaries and Wages	\$ 4,600.00	\$ 4,600.00	\$	4,600.00	\$	\$
Other Expenses	450.00	450.00		434.50		15.50
<u>Code Enforcement and Administration</u>						
Code Enforcement						
Salaries and Wages	5,000.00	5,000.00		4,601.22		398.78
Other Expenses	500.00	500.00				500.00
County Rebate						
Salaries and Wages	2,900.00	2,900.00		1,252.45		1,647.55
<u>Insurance</u>						
General Liability	48,000.00	48,000.00		45,000.00		3,000.00
Workers Compensation	82,000.00	78,000.00		76,815.07		1,184.93
Employee Group Health	390,199.00	463,199.00		423,619.77		39,579.23
Health Benefits Waiver	20,000.00	17,000.00		6,400.00		10,600.00
<u>Public Safety Functions</u>						
Police						
Salaries and Wages	760,500.00	760,500.00		723,378.12		30,000.00
Other Expenses	50,900.00	50,900.00		49,436.53		1,463.47
Emergency Management						
Salaries and Wages	4,400.00	4,400.00		1,590.42		2,809.58
Other Expenses	1,500.00	1,500.00		1,272.16		227.84
Emergency Medical Services						
Other Expenses	18,754.00	18,754.00		18,700.00		54.00
Uniform Safety Act						
Salaries and Wages	8,000.00	8,000.00		7,700.16		299.84
Other Expenses	500.00	500.00				500.00

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 7

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Municipal Court	\$	99,500.00	\$	94,622.03	\$	4,877.97
Salaries and Wages		12,000.00		8,357.35		642.65
Other Expenses		30,246.00		30,044.70		201.30
Fire						
Other Expenses		12,000.00		11,538.50		461.50
Municipal Prosecutor		100.00		100.00		100.00
Salaries and Wages		1,000.00		950.88		49.12
Other Expenses		100.00		100.00		100.00
Public Defender (P.L. 1997, C. 256)						
Salaries and Wages		45,000.00		40,000.00		4,494.40
Other Expenses		18,000.00		19,000.00		13,811.57
Public Works Functions						
Road Repairs and Maintenance		106,500.00		89,240.10		2,259.90
Salaries and Wages		8,100.00		3,533.72		4,566.28
Other Expenses		4,000.00		3,798.46		201.54
Salaries and Wages		5,500.00		341.95		5,158.05
Other Expenses		72,000.00		70,574.44		1,425.56
Public Buildings, Grounds and Lakes		35,000.00		35,801.51		17,198.49
Salaries and Wages		100.00		100.00		100.00
Other Expenses		78,000.00		72,741.64		5,258.36
Vehicle Maintenance						
Salaries and Wages						
Other Expenses						
Health and Human Services						
Animal Control		8,000.00		4,145.40		3,854.60
Other Expenses						

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 7

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Park and Recreation Functions</u>						
Youth and Recreation						
Salaries and Wages	\$ 6,000.00	\$ 6,000.00	\$ 3,688.03	\$ 1,311.97	\$ 1,000.00	
Other Expenses	2,000.00	2,000.00	1,462.77	537.23		
<u>Other Common Operating Functions</u>						
Celebration of Public Events						
Other Expenses	7,200.00	7,200.00	5,317.22	1,882.78		
<u>Utility Expenses and Bulk Purchases</u>						
Gasoline	69,000.00	53,000.00	41,516.99	6,483.01	5,000.00	
Electricity	39,000.00	41,000.00	35,532.63	5,467.37		
Telephone	34,000.00	36,000.00	33,711.01	2,288.99		
Natural Gas	19,000.00	19,000.00	16,706.58	2,293.42		
Street Lighting	30,000.00	30,000.00	23,083.74	6,916.26		
Fuel Oil	7,000.00	7,000.00	6,912.98	87.02		
Telecommunications	5,000.00	5,000.00	4,981.51	18.49		
Landfill Disposal Cost - Other Expenses	100,000.00	85,000.00	80,000.00	5,000.00		
Deferred Sick Time	20,000.00	20,000.00		20,000.00		
Total Operations within Caps	<u>2,740,349.00</u>	<u>2,812,349.00</u>	<u>2,531,198.70</u>	<u>239,150.30</u>	<u>42,000.00</u>	
Detail:						
Salaries and Wages	1,500,450.00	1,469,450.00	1,384,083.47	49,366.53	36,000.00	
Other Expenses	1,239,899.00	1,342,899.00	1,147,115.23	189,783.77	6,000.00	

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:						
Public Employees' Retirement System of New Jersey	81,500.00	81,500.00	81,443.00	57.00		
Police and Firemen's Retirement System of New Jersey	89,229.00	89,229.00	89,229.00			
Contribution to:						
Social Security System (O.A.S.I.)	122,000.00	122,000.00	109,899.06	4,100.94	8,000.00	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
	\$	\$	\$	\$	\$
Unemployment Compensation Insurance	17,600.00	5,600.00	929.75	1,670.25	3,000.00
Defined Contribution Retirement Program	500.00	500.00		500.00	
Total Statutory Expenditures within Caps	310,829.00	298,829.00	281,500.81	6,328.19	11,000.00
Total Appropriations within Caps	3,051,178.00	3,111,178.00	2,812,699.51	245,478.49	53,000.00
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Employee Group Health (P.L. 2007, Chap. 62)	59,801.00	59,801.00	59,801.00		
Recycling Fees	5,000.00	5,000.00	5,000.00		
Shared Service Agreements:					
Lakehurst Elementary School - Police					
Service Contract	40,000.00	40,000.00	40,000.00		
Northeast Housing LLC - Borough of Lakehurst					
Police					
Salaries and Wages	10,000.00	10,000.00		3,000.00	7,000.00
Other Expenses	1,000.00	1,000.00		1,000.00	
Administration					
Salaries and Wages	27,000.00	27,000.00	26,699.85	300.15	
Other Expenses	8,000.00	8,000.00	2,723.26	276.74	5,000.00
<u>Public and Private Programs Offset by Revenues</u>					
Drive Sober or Get Pulled Over	8,800.00	8,800.00	8,800.00		
Body Armor Grant	2,554.96	2,554.96	2,554.96		
966 Grant	13,783.00	13,783.00	13,783.00		
Clean Communities Program	4,316.59	4,316.59	4,316.59		
Drunk Driving Enforcement	30,731.40	30,731.40	30,731.40		
Hazardous Discharge Site Remediation					
Click It or Ticket Grant	4,000.00	4,000.00	4,000.00		
Cops in Shops	1,600.00	1,600.00	1,600.00		

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Alliance					
State Share	\$ 5,078.00	\$ 5,078.00	\$ 5,078.00		\$
Local Share	1,469.00	1,469.00	1,469.00		
Recycling Tonnage Grant	6,085.59	6,085.59	6,085.59		
Total Operations excluded from Caps	<u>229,219.54</u>	<u>229,219.54</u>	<u>212,642.65</u>	<u>4,576.89</u>	<u>12,000.00</u>
Detail:					
Salaries and Wages	37,000.00	37,000.00	26,699.85	3,300.15	7,000.00
Other Expenses	<u>192,219.54</u>	<u>192,219.54</u>	<u>185,942.80</u>	<u>1,276.74</u>	<u>5,000.00</u>
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	19,000.00	19,000.00	19,000.00		
4 Wheel Drive Police Vehicle	40,000.00	40,000.00	39,900.19	99.81	
Improvements Municipal Building	9,000.00	9,000.00	3,367.35	5,632.65	
Upgrade Electronics	6,000.00	6,000.00	5,260.00	740.00	
Total Capital Improvements excluded from Caps	<u>74,000.00</u>	<u>74,000.00</u>	<u>67,527.54</u>	<u>6,472.46</u>	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Interest on Bonds	15,000.00	15,000.00	12,936.40		2,063.60
Interest on Notes	16,000.00	16,000.00	15,322.89		677.11
USDA Rural Development Loan					
Principal	46,500.00	46,500.00	44,400.00		2,100.00
Interest	84,900.00	84,900.00	83,032.57		1,867.43
USDA Rural Development Loan - Police Department					
Principal	27,400.00	27,400.00	27,400.00		
Interest	55,875.00	55,875.00	55,875.00		
Total Municipal Debt Service excluded from Caps	<u>245,675.00</u>	<u>245,675.00</u>	<u>238,966.86</u>		<u>6,708.14</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Emergency Authorizations	\$ 32,100.00	\$ 32,100.00	\$ 32,100.00	\$	\$
Transferred to Board of Education for Use of Local Schools	8,673.00	8,673.00	8,673.00		
Total General Appropriations excluded from Caps	<u>589,667.54</u>	<u>589,667.54</u>	<u>559,910.05</u>	<u>11,049.35</u>	<u>18,708.14</u>
Subtotal General Appropriations	3,640,845.54	3,700,845.54	3,372,609.56	256,527.84	71,708.14
Reserve for Uncollected Taxes	<u>162,187.52</u>	<u>162,187.52</u>	<u>162,187.52</u>		
Total General Appropriations	<u>\$ 3,803,033.06</u>	<u>\$ 3,863,033.06</u>	<u>\$ 3,534,797.08</u>	<u>\$ 256,527.84</u>	<u>\$ 71,708.14</u>
<u>Ref.</u>	A-2			A	
Budget		\$ 3,803,033.06			
Special Emergency Appropriation		<u>60,000.00</u>			
		<u>\$ 3,863,033.06</u>			
Reserve for Uncollected Taxes	A-2		\$ 162,187.52		
Disbursements	A-4		3,131,979.05		
Reserve for Encumbrances	A		28,981.10		
Reserve for Revaluation	A		60,000.00		
Deferred Charges:					
Special Emergency Authorization Raised	A-9		32,100.00		
Interfunds:					
Capital Fund	A-13		41,130.87		
Grant Fund	A-14		<u>78,418.54</u>		
			<u>\$ 3,534,797.08</u>		

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

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TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>2,277.75</u>	\$ <u>1,784.60</u>
<u>Trust Other Fund</u>			
Cash	B-1	278,022.03	270,719.98
Interfund - Current Fund	B-5	41,384.18	33,175.60
Community Development Block Grant Receivable	B-7	<u>4,822.50</u>	<u>11,233.41</u>
		<u>324,228.71</u>	<u>315,128.99</u>
		\$ <u>326,506.46</u>	\$ <u>316,913.59</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Due to State of New Jersey	B-2	\$ 5.00	\$ 9.60
Reserve for Animal Control Trust Fund Expenditures	B-3	2,272.75	1,463.00
Reserve for Encumbrances	B-3		<u>312.00</u>
		<u>2,277.75</u>	<u>1,784.60</u>
<u>Trust Other Fund</u>			
Reserve for:			
Encumbrances	B-6		660.00
Miscellaneous Trust Accounts	B-6	324,228.71	313,135.58
Community Development Block Grant	B-7		<u>1,333.41</u>
		<u>324,228.71</u>	<u>315,128.99</u>
		\$ <u>326,506.46</u>	\$ <u>316,913.59</u>

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

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GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	C-2	\$ 568,134.00	\$ 868,491.66
Grants Receivable		1,821.50	1,821.50
Deferred Charges to Future Taxation:			
Funded	C-4	4,617,743.00	3,367,147.31
Unfunded	C-5	149,671.00	1,374,671.00
Interfunds:			
Current Fund	C-6	24,469.57	
Water-Sewer Utility Operating Fund	C-6	17,799.86	
		<u>\$ 5,379,638.93</u>	<u>\$ 5,612,131.47</u>
<u>Liabilities and Reserves</u>			
Reserve for Payment of Bonds		\$ 500.00	\$ 500.00
Interfunds:			
Current Fund	C-6		1.55
Grant Fund	C-6		15,913.48
Capital Improvement Fund	C-7	95,704.66	76,704.66
Improvement Authorizations:			
Funded	C-8	527,619.45	85,307.44
Unfunded	C-8	125,664.48	830,784.69
Reserve for Encumbrances	C-8	9,000.00	9,000.00
Bond Anticipation Notes	C-9		1,225,890.00
USDA Rural Development Loan Payable	C-11		1,361,334.77
USDA Rural Development Loan Payable	C-10		2,005,812.54
General Serial Bonds Payable	C-12	4,617,743.00	
Fund Balance	C-1	<u>3,407.34</u>	<u>882.34</u>
		<u>\$ 5,379,638.93</u>	<u>\$ 5,612,131.47</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$149,671.00 (Schedule C-13).

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 882.34
Increased by:		
Bond Sale Premium	C-2	<u>2,525.00</u>
Balance December 31, 2013	C	<u><u>\$ 3,407.34</u></u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEANExhibit D
Sheet 1 of 2**WATER-SEWER UTILITY FUND**
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS**DECEMBER 31, 2013 AND 2012**

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-4	\$ 737,212.75	\$ 613,722.84
Change Fund		100.00	100.00
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	49,142.27	81,178.40
Utility Liens		4,277.79	4,297.87
Interfund - Current Fund	D-10		225.34
Total Operating Fund		<u>790,732.81</u>	<u>699,524.45</u>
<u>Capital Fund</u>			
Fixed Capital	D-7	3,474,041.08	3,474,041.08
Fixed Capital Authorized and Uncompleted	D-8	980,611.34	980,611.34
Interfund - Water-Sewer Utility Operating Fund	D-10	246,387.37	298,866.35
Total Water-Sewer Utility Capital Fund		<u>4,701,039.79</u>	<u>4,753,518.77</u>
Total Assets		<u>\$ 5,491,772.60</u>	<u>\$ 5,453,043.22</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Liabilities:			
Reserve for Encumbrances	D-3	\$ 7,062.86	\$ 5,592.00
Appropriation Reserves	D-3	85,064.29	26,320.18
Prepaid Consumer Accounts	D-4	2,490.76	4,331.85
Accounts Payable	D-9	2,233.00	1,093.00
Interfunds:			
Current Fund	D-10	3,742.09	
General Capital Fund	D-10	17,799.86	
Water-Sewer Utility Capital Fund	D-10	246,387.37	298,866.35
Accrued Interest Payable	D-11	7,851.61	5,387.44
		<u>372,631.84</u>	<u>341,590.82</u>
Reserve for Receivables		53,420.06	85,476.27
Fund Balance	D-1	364,680.91	272,457.36
Total Operating Fund		<u>790,732.81</u>	<u>699,524.45</u>

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

WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Capital Fund</u>			
Liabilities:			
Improvement Authorizations:			
Funded	D-12	\$ 80,237.96	\$ 1,401.50
Unfunded	D-12	19,089.95	299,683.89
Reserve for Encumbrances	D-12	179,210.00	31,931.50
Capital Improvement Fund	D-13	22,588.54	20,588.54
Reserve for Amortization	D-14	2,381,178.16	2,356,313.81
Reserve for Deferred Amortization	D-15	61,750.00	61,750.00
USDA Loan Payable	D-16	939,657.26	962,421.61
Farmers Home Administration Loan	D-17		124,357.00
Bond Anticipation Notes Payable	D-18		895,000.00
Serial Bonds Payable	D-19	1,017,257.00	
Fund Balance		70.92	70.92
Total Water-Sewer Utility Capital Fund		<u>4,701,039.79</u>	<u>4,753,518.77</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,491,772.60</u>	<u>\$ 5,453,043.22</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$54,810.00 (Exhibit D-20).

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated	D-2	\$ 150,000.00	\$ 154,150.00
Rents	D-2	969,050.82	955,583.07
Miscellaneous	D-2	4,523.97	5,534.20
Other Credits to Income:			
Cancel Accounts Payable			310.56
Unexpended Balance of Appropriation Reserves	D-9	24,838.14	66,915.78
Total Income		<u>1,148,412.93</u>	<u>1,182,493.61</u>
<u>Expenditures</u>			
Operating		754,710.00	754,798.00
Capital Improvements		27,000.00	2,000.00
Debt Service		81,172.38	129,563.04
Deferred Charges and Statutory Expenditures		43,307.00	45,700.00
Total Expenditures	D-3	<u>906,189.38</u>	<u>932,061.04</u>
Excess in Revenue		242,223.55	250,432.57
Fund Balance January 1	D	<u>272,457.36</u>	<u>176,174.79</u>
		514,680.91	426,607.36
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>150,000.00</u>	<u>154,150.00</u>
Fund Balance December 31	D	<u>\$ 364,680.91</u>	<u>\$ 272,457.36</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-2

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1,6	\$ 150,000.00	\$ 150,000.00	\$
Rents	D-1,6	820,000.00	969,050.82	149,050.82
Miscellaneous	D-1,4	4,000.00	4,523.97	523.97
		<u>\$ 974,000.00</u>	<u>\$ 1,123,574.79</u>	<u>\$ 149,574.79</u>
	<u>Ref.</u>	D-3		
<u>Analysis of Miscellaneous Revenue</u>				
Interest Earned on Deposits			\$ 692.29	
Interest Earned on Delinquent Accounts			<u>3,831.68</u>	
	D-2		<u>\$ 4,523.97</u>	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 260,000.00	\$ 260,000.00	\$ 228,938.81	\$ 11,061.19	\$ 20,000.00
Other Expenses	205,710.00	205,710.00	180,207.71	25,502.29	
Audit and Professional	9,000.00	9,000.00		9,000.00	
Ocean County Utility Authority	320,000.00	320,000.00	289,985.40	10,014.60	20,000.00
Capital Improvements:					
Capital Improvement Fund	1,000.00	1,000.00	1,000.00		
Capital Outlay	26,000.00	26,000.00		26,000.00	
Debt Service:					
Interest on Notes	20,000.00	20,000.00	9,176.37		10,823.63
Interest on Bonds	13,881.00	13,881.00	12,955.09		925.91
USDA Loan Principal	22,737.00	22,737.00	22,737.00		
USDA Loan Interest	31,095.00	31,095.00	31,095.00		
FHA Loan Principal	13,052.00	13,052.00	2,100.00		10,952.00
FHA Loan Interest	6,218.00	6,218.00	3,108.92		3,109.08
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	21,000.00	21,000.00	17,513.79	2,486.21	1,000.00
Public Employee's Retirement System	22,307.00	22,307.00	22,307.00		
Unemployment Compensation Insurance	2,000.00	2,000.00		1,000.00	1,000.00
	<u>\$ 974,000.00</u>	<u>\$ 974,000.00</u>	<u>\$ 821,125.09</u>	<u>\$ 85,064.29</u>	<u>\$ 67,810.62</u>
	Ref. D-2	D-1		D	D-1
Reserve for Encumbrances			\$ 7,062.86		
Cash Disbursements			788,830.77		
Interfunds:					
General Capital Fund			17,799.86		
Water Sewer Utility Capital Fund			1,000.00		
Current Fund			3,967.43		
Accrued Interest on Bonds, Notes and Loans			2,464.17		
			<u>\$ 821,125.09</u>		

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

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS
AND LIABILITIES - REGULATORY BASIS

Exhibit E

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash & Cash Equivalents	\$ <u>13,114.87</u>	\$ <u>13,485.50</u>
Total Assets	\$ <u><u>13,114.87</u></u>	\$ <u><u>13,485.50</u></u>
<u>Liabilities</u>		
Payroll Liabilities	\$ 13,114.87	\$ 2,302.41
Interfund - Current Fund	<u>-</u>	<u>11,183.09</u>
Total Liabilities	\$ <u><u>13,114.87</u></u>	\$ <u><u>13,485.50</u></u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
AND FUND BALANCE - REGULATORY BASIS

Exhibit F

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Land and Improvements	\$ 1,714,100.00	\$ 1,714,100.00
Buildings	5,058,337.68	5,058,337.68
Vehicles and Equipment	<u>1,755,372.00</u>	<u>1,499,156.00</u>
Total	<u>\$ 8,527,809.68</u>	<u>\$ 8,271,593.68</u>
<u>Investment in Fixed Assets</u>		
Investment in Fixed Assets	<u>\$ 8,527,809.68</u>	<u>\$ 8,271,593.68</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Lakehurst, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Boards of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - dog and cat license revenues and expenditures.

Trust Other Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water-sewer supply system from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective statements of assets, liabilities, reserves and fund balance. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2013 is set forth in Note 4.

Property Acquired for Taxes - Recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. The status of interfunds is set forth in Note 14.

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 balance. GAAP requires that the cost of inventories be reflected on the statement of assets, liabilities, reserves and fund balance until utilized and expended.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior 1992 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after 1992 are recorded at cost.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2013 and 2012 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Fixed Assets Account Group:			
Land and Buildings	\$ 6,772,438	\$	\$ 6,772,438
Machinery and Equipment	1,499,156	256,216	1,755,372
Water-Sewer Utility Fund:			
Fixed Capital	3,474,041		3,474,041
Fixed Capital Authorized and Uncompleted	<u>980,611</u>		<u>980,611</u>
	<u>\$ 12,726,246</u>	<u>\$ 256,216</u>	<u>\$ 12,982,462</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	<u>Balance</u> <u>Jan. 1, 2012</u>		<u>Additions</u>		<u>Disposals</u>		<u>Balance</u> <u>Dec. 31, 2012</u>
General Fixed Assets Account Group:							
Land and Buildings	\$ 6,772,438	\$		\$		\$	6,772,438
Machinery and Equipment	1,764,158		12,750		277,752		1,499,156
Water-Sewer Utility Fund:							
Fixed Capital	3,474,041						3,474,041
Fixed Capital Authorized and Uncompleted	980,611						980,611
	<u>\$ 12,991,248</u>	<u>\$</u>	<u>12,750</u>	<u>\$</u>	<u>277,752</u>	<u>\$</u>	<u>12,726,246</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (“FDIC”), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Borough's deposits was \$3,293,716 and the bank balance amount was \$3,312,669. Of this amount \$250,000 was covered by federal depository insurance, a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$3,027,070 and \$35,599 was in the State of New Jersey's Cash Management Fund.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At year end, carrying value of the Borough's investments and the investment balance amount was \$35,599.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the statement of assets, liabilities, reserves and fund balance date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	3,027,070	3,165,577
Uninsured	<u>35,599</u>	<u> </u>
	\$ <u>3,312,669</u>	\$ <u>3,415,577</u>

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

E. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

On December 31, 2013, the Borough had long-term debt as follows:

General Capital Fund

2.25% to 2.50% General Obligation Bonds Issued	
February 21, 2013, installment maturities to	
March 1, 2026	\$ 1,225,000
2.25% to 2.50% General Obligation Refunding Bonds	
Issued May 15, 2013, installment maturities to	
March 1, 2026	<u>3,392,743</u>
	\$ <u>4,617,743</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund

3.25% U.S.D.A. Water-Sewer Loan Issued December 23, 1999, installment maturities to December 23, 2039	\$ 939,657
2.25% to 2.50% General Obligation Bonds Issued February 21, 2013, installment maturities to March 1, 2026	895,000
2.25% to 2.50% General Obligation Refunding Bonds Issued May 15, 2013, installment maturities to March 1, 2026	<u>122,257</u>
	<u>\$ 1,956,914</u>

The General Capital Fund loans mature semi-annually in variable amounts to the year 2040. The Water-Sewer Utility Capital Fund loans mature serially in variable amounts to the year 2039. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

Year	<u>General Capital Fund</u>		<u>Water-Sewer Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interes t</u>	
2014	\$ 195,975	\$ 95,419	\$ 87,507	\$ 52,933	\$ 431,834
2015	200,800	91,285	88,451	50,734	431,270
2016	200,800	87,057	94,246	48,505	430,608
2017	200,800	82,828	95,066	46,138	424,832
2018	210,625	78,600	96,089	43,744	429,058
2019-23	1,063,650	365,007	513,671	182,789	2,125,117
2024-28	947,250	64,359	430,997	109,255	1,551,861
2029-33	743,050	66,633	230,265	68,263	1,108,211
2034-38	328,100	68,865	250,979	33,111	681,055
2039-40	<u>526,693</u>	<u>42,134</u>	<u>69,643</u>	<u>3,161</u>	<u>641,631</u>
	<u>\$ 4,617,743</u>	<u>\$ 1,042,187</u>	<u>\$ 1,956,914</u>	<u>\$ 638,633</u>	<u>\$ 8,255,477</u>

B. Short-term Debt

On December 31, 2013, the Borough had no outstanding bond anticipation notes.

NOTE 3. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

At December 31 the Borough had authorized but not issued bonds and notes as follows:

		<u>2013</u>		<u>2012</u>
General Capital Fund	\$	149,671		\$ 148,781
Water-Sewer Utility Capital Fund		54,810		54,810

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2013 was 2.60%. The Borough's remaining borrower power is 0.90%

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Activity

During 2013 and 2012 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Debt:				
Serial Bonds	\$	\$ 4,675,643	\$ 57,900	\$ 4,617,743
U.S.D.A. Rural Development Loan	2,005,813		2,005,813	
U.S.D.A. Rural Development Loan	1,361,395		1,361,395	
Bond Anticipation Notes	1,225,890		1,225,890	
Water-Sewer Utility Fund Debt:				
Serial Bonds		1,019,357	2,100	1,017,257
Farmers' Home Loan	124,357		124,357	
U.S.D.A. Loan Payable	962,422		22,765	939,657
Bond Anticipation Notes	895,000		895,000	
	\$ <u>6,574,877</u>	\$ <u>5,695,000</u>	\$ <u>5,695,220</u>	\$ <u>6,574,657</u>

	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Debt:				
U.S.D.A. Rural Development Loan	\$ 2,050,189	\$	\$ 44,376	\$ 2,005,813
U.S.D.A. Rural Development Loan	1,387,676		26,281	1,361,395
Bond Anticipation Notes	932,405	380,000	86,515	1,225,890
Water-Sewer Utility Fund Debt:				
Farmers' Home Loan	136,788		12,431	124,357
U.S.D.A. Loan Payable	984,437		22,015	962,422
Bond Anticipation Notes	618,000	307,500	30,500	895,000
	\$ <u>6,109,495</u>	\$ <u>687,500</u>	\$ <u>222,118</u>	\$ <u>6,574,877</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$95,569 and \$96,311 at December 31, 2013 and 2012, respectively. In accordance with New Jersey accounting principles this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2013</u>	<u>2012</u>
Current Fund	\$ *	\$ 700,000
Water-Sewer Utility Operating Fund	*	150,000

* Pending

NOTE 6. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2013</u>	<u>2012</u>
Prepaid Taxes	\$ 34,710	\$ 25,161
Prepaid Water-Sewer Charges	2,491	4,322

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (the "Collector") on or before May 13th.

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statute 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9. 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 ("the Division"): the Police and Firemen's Retirement System ("the PFRS"), the Public Employees' Retirement System ("the PERS") or the Defined Contribution Retirement Program ("the 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 PERS 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 92 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 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.

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Police and Firemen's Retirement System (PFRS)

The PFRS 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 was increased to 10% 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.

Defined Contribution Retirement Program (DCRP)

The DCRP 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 DCRP Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. 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. Plan members are required to contribute 5.5% of their annual covered salary and the Borough is required to contribute 3% of the annual salary. 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.

There were no Borough employees enrolled in the DCRP for the years ended December 31, 2013, 2012 and 2011.

NOTE 9. PENSION PLANS (CONTINUED)

Other Information

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

	2013		2012		2011	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 28,877	\$ 36,882	\$ 36,605	\$ 36,323	\$ 39,073	\$ 52,702
Accrued Liability	69,045	48,808	73,210	40,878	62,260	42,259
Total Regular Pension Contribution	97,922	85,690	109,815	77,201	101,333	94,961
Non-Contributory Group Life Insurance	5,828	3,539	6,997	2,828	7,696	4,131
Total Due	\$ 103,750	\$ 89,229	\$ 116,812	\$ 80,029	\$ 109,029	\$ 99,092

The Division does not invest in securities issued by the Borough.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

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 Pensions. 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. On February 6, 2003, the Borough authorized participation in the SHBP's post-retirement benefit program through Resolution Number 03-054. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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 the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

Funding Policy

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.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2013, 2012 and 2011 were \$150,270, \$120,563 and \$112,416, respectively, which equaled the required contributions for each year. There were approximately 7, 7, and 6 retired participants eligible at December 31, 2013, 2012 and 2011, respectively.

NOTE 11. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Local District School Tax</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Balance of Tax	\$ 713,666	\$ 702,316
Deferred	<u>500,749</u>	<u>500,749</u>
Tax Payable	\$ <u>212,917</u>	\$ <u>201,567</u>

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 13. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2013, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the statements of assets, liabilities, reserves and fund balance at December 31, 2013:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 3,742	\$ 94,781
Grant Fund	28,928	
Trust Other Fund	41,384	
General Capital Fund	42,269	
Water-Sewer Utility Operating Fund		267,929
Water-Sewer Utility Capital Fund	<u>246,387</u>	<u> </u>
	\$ <u>362,710</u>	\$ <u>362,710</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2012	A		\$ 1,584,956.39
Increased by Receipts:			
Miscellaneous Revenue not Anticipated	A-2	\$ 206,238.83	
Taxes Receivable	A-5	3,962,497.83	
Tax Title Liens		3,865.73	
Prepaid Taxes		34,709.94	
Tax Overpayments		1,615.84	
State of New Jersey (Ch. 20, P.L. 1971)	A-8	21,250.00	
Revenue Accounts Receivable	A-9	997,263.36	
Interfunds:			
Other Funds		29,700.00	
Grant Fund		<u>68,058.42</u>	
			<u>5,325,199.95</u>
			6,910,156.34
Decreased by Disbursements:			
Due State of New Jersey Various Fees		25.00	
2013 Budget Appropriations	A-3	3,131,979.05	
2012 Appropriation Reserves	A-11	48,267.45	
Spending Reserves:			
2012 Storm Damage		13,036.19	
Revaluation		39,606.00	
Revision and Codification of Ordinances		5,900.00	
County Taxes Payable	A-14	784,828.54	
Local District School Tax	A-15	1,149,269.00	
Accounts Payable		482.85	
Tax Refund		1,916.16	
Interfunds:			
Other Funds		25,217.43	
Grant Fund		<u>49,095.09</u>	
			<u>5,249,622.76</u>
Balance December 31, 2013	A		<u><u>\$ 1,660,533.58</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance</u>	<u>Added</u>	<u>Collections</u>		<u>Due from</u>	<u>Transferred</u>	<u>Cancelled</u>	<u>Balance</u>
	<u>Dec. 31, 2012</u>	<u>Taxes</u>	<u>2013</u>	<u>2012</u>	<u>State</u>	<u>to Tax</u>		<u>Dec. 31, 2013</u>
2012	\$ 103,956.95	1,000.00	\$ 96,781.36	\$ 8,175.59	\$ 21,000.00	\$ 4,930.59	\$ 16,223.16	\$ 106,761.11
2013		75.00	3,865,716.47	25,161.08				
	\$ 103,956.95	\$ 1,075.00	\$ 3,962,497.83	\$ 33,336.67	\$ 21,000.00	\$ 4,930.59	\$ 16,223.16	\$ 106,761.11

Analysis of 2013 Property Tax Yield and Tax Levy

	<u>Ref.</u>
Tax Yield:	
General Purpose Tax	A-6
Tax Levy:	
Local District School Tax	A-15
County Taxes:	
County Tax	\$ 655,882.67
County Library Tax	75,274.18
County Health Tax	27,240.63
County Open Space Preservation	24,187.52
Total County Taxes	782,585.00
Local Tax for Municipal Purposes Levied	2,095,644.52
Add: Additional Tax Levied	869.89
	\$ 4,039,717.41

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2012		\$ 35,850.27
Increased by:		
Transfers from Taxes Receivable	\$ 4,930.59	
Miscellaneous Adjustment	<u>3.24</u>	
		<u>4,933.83</u>
		40,784.10
Decreased by:		
Receipts		<u>3,865.73</u>
Balance December 31, 2013		<u>\$ 36,918.37</u>

SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

PER CHAPTER 20, P.L. 1971

Exhibit A-7

Balance December 31, 2012 - (Due From)	Ref. A	\$ (500.00)
Increased by:		
2013 Senior Citizens and Veterans Exemptions per Tax Duplicate		<u>21,750.00</u>
		22,250.00
Decreased by:		
Receipts	\$ 21,250.00	
Deductions Disallowed by Tax Collector:		
2013 Taxes	750.00	
2012 Taxes	<u>1,000.00</u>	
		<u>23,000.00</u>
Balance December 31, 2013 - Due To	A	<u>\$ 750.00</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2012	Accrued in 2013	Collections	Balance Dec. 31, 2013
Licenses					
Alcoholic Beverages	A-2	\$	\$ 16,300.00	\$ 16,300.00	\$
Other	A-2		9,068.00	9,068.00	
Fees and Permits					
Other	A-2		107,874.75	107,874.75	
Fines and Costs	A-2				
Municipal Court	A-2	11,018.27	166,345.51	163,929.33	13,434.45
Interest and Costs on Taxes	A-2		18,899.12	18,899.12	
Interest on Investments and Deposits	A-2		2,410.76	2,410.76	
State Aid:					
Consolidated Municipal Property Tax Relief Act	A-2		64,984.87	64,984.87	
Energy Receipts Tax	A-2		230,454.00	230,454.00	
Extraordinary Aid					
Uniform Construction Code Fees			1,653.80	1,653.80	
Lakehurst Elementary School - Police Service Contract			57,863.00	57,863.00	
Northeast Housing LLC - Borough of Lakehurst			160,000.00	160,000.00	
Northeast Housing LLC - Borough of Lakehurst			164,813.42	164,813.42	
		\$ 11,018.27	\$ 1,000,667.23	\$ 998,251.05	\$ 13,434.45
		<u>A</u>			<u>A</u>
Receipts	Ref.				
Interfunds	A-4		\$ 997,263.36	987.69	
			\$ 998,251.05		

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF DEFERRED CHARGES

SPECIAL EMERGENCY AUTHORIZATIONS (N.J.S. 40A:4-55)

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of</u>	<u>Net Amount Authorized</u>	<u>Balance Dec. 31, 2012</u>	<u>Authorized in 2013</u>	<u>Raised in 2013 Budget</u>	<u>Balance Dec. 31, 2013</u>
12/6/2012	2012 Storm Damage	\$ 32,100.00		\$ 6,420.00	\$ 32,100.00		\$ 32,100.00	\$
7/18/2013	Revaluation	60,000.00		12,000.00		60,000.00		60,000.00
					\$ 32,100.00	\$ 60,000.00	\$ 32,100.00	\$ 60,000.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATIONS WITHIN CAPS</u>				
Administrative and Executive				
Salaries and Wages	\$ 500.00	\$ 500.00		\$ 500.00
Other Expenses	385.00	385.00		385.00
Mayor and Council				
Salaries and Wages	1,013.15	1,013.15		1,013.15
Other Expenses	1,698.50	1,698.50		1,698.50
Municipal Clerk				
Salaries and Wages	1,484.89	1,484.89		1,484.89
Other Expenses	2,280.20	2,280.20	1,029.67	1,250.53
Financial Administration				
Salaries and Wages	52.96	52.96		52.96
Other Expenses	4,463.32	4,463.32	1,286.30	3,177.02
Audit Services				
Other Expenses	20,925.00	20,925.00	5,300.00	15,625.00
Collection of Taxes				
Salaries and Wages	2,674.78	2,674.78		2,674.78
Other Expenses	201.54	201.54	24.00	177.54
Assessment of Taxes				
Salaries and Wages	158.76	158.76		158.76
Other Expenses	3,309.71	3,309.71		3,309.71
Legal Services and Costs				
Salaries and Wages	988.34	988.34		988.34
Other Expenses	2,415.65	2,415.65		2,415.65
Engineering Services and Costs				
Other Expenses	1,557.50	1,557.50		1,557.50
Historical Preservation				
Other Expenses	450.00	450.00		450.00
Municipal Land Use Law (N.J.S. 40:55D-1)				
Other Expenses	111.07	111.07	63.60	47.47

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Police				
Salaries and Wages	\$ 18,550.36	\$ 18,550.36	\$ 2,482.63	\$ 16,067.73
Other Expenses	6,290.58	6,290.58	3,991.07	2,299.51
Purchase of Police Vehicle				
Other Expenses	53.52	53.52		53.52
Code Enforcement Officer				
Salaries and Wages	67.20	67.20		67.20
Other Expenses	250.00	250.00	80.00	170.00
County Rebate				
Salaries and Wages	726.92	726.92		726.92
Insurance				
Workers' Compensation	2,007.16	2,007.16		2,007.16
Employee Group Health	17,857.06	17,857.06		17,857.06
Health Benefits Waiver	126.72	126.72		126.72
Emergency Management Services				
Salaries and Wages	4,300.00	4,300.00		4,300.00
Other Expenses	688.93	688.93		688.93
Emergency Medical Services				
Other Expenses	89.20	89.20		89.20
Uniform Safety Act				
Salaries and Wages	369.10	369.10		369.10
Other Expenses	450.00	450.00	51.80	398.20
Municipal Court				
Salaries and Wages	4,276.38	4,276.38		4,276.38
Other Expenses	5,576.78	5,576.78	87.00	5,489.78
Fire				
Other Expenses	13,061.23	13,061.23	13,060.50	.73
Municipal Prosecutor				
Salaries and Wages	8.93	8.93		8.93
Other Expenses	100.00	100.00		100.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Public Defender	\$ 100.00	\$ 100.00		\$ 100.00
Salaries and Wages	100.00	100.00		100.00
Other Expenses				
Road Repairs and Maintenance				
Salaries and Wages	7,529.25	7,529.25		7,529.25
Other Expenses	18,950.55	18,950.55	1,120.65	17,829.90
Garbage and Trash Removal				
Salaries and Wages	3,183.52	3,183.52		3,183.52
Other Expenses	3,779.50	3,779.50	80.00	3,699.50
Recycling				
Salaries and Wages	2,000.00	2,000.00		2,000.00
Other Expenses	426.28	426.28		426.28
Public Buildings, Grounds and Lakes				
Salaries and Wages	3,224.51	3,224.51		3,224.51
Other Expenses	9,469.32	9,469.32	5,296.63	4,172.69
Vehicle Maintenance				
Salaries and Wages	100.00	100.00		100.00
Other Expenses	12,009.01	12,009.01	6,742.54	5,266.47
Animal Control				
Other Expenses	3,632.90	3,632.90	459.80	3,173.10
Youth and Recreation				
Salaries and Wages	775.85	775.85		775.85
Other Expenses	787.85	787.85	222.00	565.85
Celebration of Public Events				
Other Expenses	1,739.11	1,739.11		1,739.11
Utilities:				
Gasoline	7,691.80	7,691.80	4,005.74	3,686.06
Electricity	4,612.91	4,612.91		4,612.91
Telephone	2,184.62	2,184.62	1,966.34	218.28
Natural Gas	691.30	691.30		691.30
Street Lighting	4,431.82	4,431.82		4,431.82

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 4

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
Utilities (Continued):				
Fuel	\$ 1,381.03	\$ 1,381.03	\$ 717.14	\$ 663.89
Telecommunications	1,213.30	1,213.30		1,213.30
Landfill Disposal Cost - Other Expenses	10,000.00	10,000.00		10,000.00
Social Security System	11,645.61	11,645.61		11,645.61
Unemployment Compensation Insurance	6,355.42	6,355.42	23.60	6,331.82
Defined Contribution Retirement Program	500.00	500.00		500.00
Total Appropriations within Caps	<u>238,035.90</u>	<u>238,035.90</u>	<u>48,091.01</u>	<u>189,944.89</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>				
Recycling Fees	5,010.48	5,010.48	734.25	4,276.23
Northeast Housing LLC - Borough of Lakehurst				
Police				
Other Expenses	760.00	760.00		760.00
Administration				
Salaries and Wages	4,029.44	4,029.44		4,029.44
Other Expenses	1,390.00	1,390.00		1,390.00
Total Appropriations excluded from Caps	<u>11,189.92</u>	<u>11,189.92</u>	<u>734.25</u>	<u>10,455.67</u>
Appropriation Reserves				
Reserve for Encumbrances	\$ 249,225.82	\$ 249,225.82	\$ 48,825.26	\$ 200,400.56
	\$ 221,207.56			
	<u>28,018.26</u>			
	\$ 249,225.82			
Disbursements			\$ 48,267.45	
Accounts Payable			<u>557.81</u>	
			\$ 48,825.26	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2012			\$	2,243.54
Increased by:				
County Tax	A-6	\$ 655,882.67		
County Library Tax		75,274.18		
County Health Tax		27,240.63		
County Open Space Tax		<u>24,187.52</u>		
	A-1			<u>782,585.00</u>
				<u>784,828.54</u>
Decreased by:				
Payments	A-4		\$	<u>784,828.54</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Exhibit A-12

Balance December 31, 2012:				
School Tax Payable	A	\$ 201,567.50		
School Tax Deferred		<u>500,749.00</u>		
			\$	702,316.50
Increased by:				
Levy - School Year July 1, 2013 to June 30, 2014				<u>1,160,618.00</u>
				<u>1,862,934.50</u>
Decreased by:				
Payments	A-4			<u>1,149,269.00</u>
Balance December 31, 2013:				
School Tax Payable	A	212,916.50		
School Tax Deferred		<u>500,749.00</u>		
			\$	<u>713,665.50</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	Total (Memo Only)	Other Trust Fund	Payroll Fund	Water-Sewer Operating Fund	General Capital Fund
Balance December 31, 2012 - (Due From)/Due To	\$ 22,216.30	\$ 33,175.60	\$ (11,183.09)	\$ 225.34	\$ (1.55)
Increase:					
2013 Budget Appropriations	19,000.00				19,000.00
Deposited in Current Fund:					
Premiums on Tax Sale	19,800.00	19,800.00			
Grant Proceeds	9,900.00	9,900.00			
Budget Expenditures Paid in General Capital Fund	22,130.87				22,130.87
Total Increases	70,830.87	29,700.00	-	-	41,130.87
Total Increases/Decreases and Balances	93,047.17	62,875.60	(11,183.09)	225.34	41,129.32
Decrease:					
Revenue Accounts Receivable	987.69	241.42			746.27
Disbursements	25,217.43	21,250.00		3,967.43	
Reallocation of Grant Fund Interfund	15,913.48				15,913.48
Total Decreases	42,118.60	21,491.42	-	3,967.43	16,659.75
Balance December 31, 2013 - (Due From)/Due To	\$ 50,928.57	\$ 41,384.18	\$ (11,183.09)	\$ (3,742.09)	\$ 24,469.57

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

FEDERAL AND STATE GRANT FUND

SCHEDULE OF INTERFUND

Balance December 31, 2012 - (Due From)	Ref. A		\$ (7,418.34)
Increased by:			
Grant Fund Expenditures Paid in Current Fund	A-18	\$ 49,095.09	
2013 Anticipated Revenues		<u>76,949.54</u>	
			<u>126,044.63</u>
			(133,462.97)
Decreased by:			
Receipts:			
Grants Receivable	A-4,19	61,641.09	
Unappropriated Reserves		6,417.33	
Reallocation of General Capital Fund Interfund		15,913.48	
2013 Budget Appropriations		<u>78,418.54</u>	
			<u>162,390.44</u>
Balance December 31, 2013 - Due To			\$ <u><u>28,927.47</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Revenue Realized</u>	<u>Received</u>	<u>Balance Dec. 31, 2013</u>
2013 Grant Awards:				
966 Grant	\$	\$ 13,783.00	\$ 13,299.79	\$ 483.21
Body Armor Grant		2,554.96	2,554.96	
Clean Communities Program		4,316.59	4,316.59	
Click it or Ticket		4,000.00	4,000.00	
Cops in Shops		1,600.00	1,600.00	
Drive Sober or Get Pulled Over		8,800.00	4,400.00	4,400.00
Drunk Driving Enforcement		30,731.40	30,731.40	
Municipal Alliance		5,078.00		5,078.00
Recycling Tonnage Grant		6,085.59	6,085.59	
2012 Grant Awards:				
Municipal Alliance	5,078.00		3,293.31	1,784.69
2011 Grant Awards:				
Emergency Management FY 12 966 Reimbursement Program	2.00			2.00
Municipal Alliance Grant	2,267.64			2,267.64
NJ Transportation Trust Fund:				
Lilac Street	19,170.18			19,170.18
2010 Grant Awards:				
Municipal Alliance Grant	5,078.00			5,078.00
NJ Transportation Trust Fund:				
Rose Street	32,181.71			32,181.71
2009 Grant Awards:				
Municipal Alliance Grant	187.87			187.87
NJ Transportation Trust Fund:				
Maple and Cedar	28,922.00			28,922.00
2008 and Prior Years Grant Awards:				
Federal Vest Program	6,622.50			6,622.50
	<u>\$ 99,509.90</u>	<u>\$ 76,949.54</u>	<u>\$ 70,281.64</u>	<u>\$ 106,177.80</u>
Unappropriated Reserves Realized			\$ 8,640.55	
Interfund - Grant Fund			<u>61,641.09</u>	
			<u>\$ 70,281.64</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>Transfer from 2013 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Balance Dec. 31, 2013</u>
2013 Grant Awards:					
966 Grant	\$	\$		\$	\$
Body Armor Grant		13,783.00		13,317.79	465.21
Clean Communities Program		2,554.96		858.00	1,696.96
Click it or Ticket		4,316.59		449.00	3,867.59
Cops in Shops		4,000.00		4,000.00	
Drive Sober or Get Pulled Over		1,600.00		1,600.00	
Drunk Driving Enforcement		8,800.00		1,600.00	7,200.00
Municipal Alliance		30,731.40		17,832.75	12,898.65
Grant Portion					
Match Portion		5,078.00		3,745.95	1,332.05
Recycling Tonnage Grant		1,469.00			1,469.00
2012 Grant Awards:		6,085.59			6,085.59
Aggressive Driving	600.00				600.00
Clean Communities	653.02		434.03	611.47	475.58
Municipal Alliance Grant					
Match Portion	45.84		500.00	500.00	45.84
2011 Grant Awards:					
Body Armor Grant	1,288.47				1,288.47
Clean Communities Program	3,655.87			3,655.87	
Emergency Management FY 12 966 Reimbursement Program	2,210.00				2,210.00
NJ Department of Transportation:					
Lilac Street	12,861.86				12,861.86
Recycling Tonnage Grant	4,153.80				4,153.80
2010 Grant Awards:					
Body Armor Grant	744.18				744.18
Clean Communities Program	1,389.20			1,389.20	
NJ Department of Transportation:					
Rose Street	23,017.82				23,017.82

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2012</u>	<u>Transfer from 2013 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Balance Dec. 31, 2013</u>
2009 Grant Awards:					
Body Armor Grant	\$ 869.46	\$	\$	\$	\$ 869.46
Municipal Alliance Grant					
Match Portion	1,101.25				1,101.25
NJ Department of Transportation:					
Maple and Cedar Streets	19,562.84				19,562.84
2008 and Prior Years Grant Awards:					
Alcohol Education and Rehabilitation Grant	545.13				545.13
Drunk Driving Enforcement Fund	301.53				301.53
Federal Vest Program	5,790.03				5,790.03
NJ Department of Transportation:					
Birch Street	4,668.55				4,668.55
Cedar Phase II	3,399.30				3,399.30
Pine Street	11,571.44				11,571.44
	<u>\$ 98,429.59</u>	<u>\$ 78,418.54</u>	<u>\$ 934.03</u>	<u>\$ 49,560.03</u>	<u>\$ 128,222.13</u>
Reserve for Encumbrances				\$ 464.94	
Interfund - Grant Fund				<u>49,095.09</u>	
				<u>\$ 49,560.03</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-17

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2012	Received	Appropriated	Balance Dec. 31, 2013
Grant				
Alcohol Education Rehabilitation	\$ <u>.87</u>	\$ 1,527.49	2,554.96	1,527.49
Body Armor Grant	2,554.96	4,889.84	6,085.59	4,889.84
Recycling Tonnage Grant	6,085.59			
	<u>\$ 8,641.42</u>	<u>\$ 6,417.33</u>	<u>\$ 8,640.55</u>	<u>\$ 6,418.20</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Trust Fund	Other Trust Fund
Balance December 31, 2012	B	\$ 1,784.60	\$ 270,719.98
Increased by Receipts:			
Due State of New Jersey	B-2	\$ 385.40	
Dog Licenses and Other Fees	B-3		
Interest Earned	B-4	2.34	241.42
Miscellaneous Reserves		<u>1,545.00</u>	<u>53,900.16</u>
		1,932.74	54,141.58
		<u>3,717.34</u>	<u>324,861.56</u>
Decreased by Disbursements:			
Due State of New Jersey	B-2	390.00	
Animal Control Trust Fund Expenditures	B-3	1,047.25	
Interfunds		2.34	
Miscellaneous Reserves	B-5		42,017.03
Community Development Block Grant			<u>4,822.50</u>
		<u>1,439.59</u>	46,839.53
Balance December 31, 2013	B	\$ <u>2,277.75</u>	\$ <u>278,022.03</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance December 31, 2012		\$ 9.60
Increased by:		
Fees Collected	B-1	<u>385.40</u>
		395.00
Decreased by:		
Payments to State of New Jersey	B-1	<u>390.00</u>
Balance December 31, 2013		<u><u>\$ 5.00</u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2012	Ref. B		\$ 1,463.00
Increased by:			
Animal Control License Fees Collected		\$ 1,545.00	
Late Fees			
Encumbrances		<u>312.00</u>	
	B-1		<u>1,857.00</u>
			3,320.00
Decreased by:			
Expenditures Under R.S. 4:19-15.11			<u>1,047.25</u>
Balance December 31, 2013	B		<u><u>\$ 2,272.75</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 2,113.00
2011	<u>1,596.00</u>
	<u><u>\$ 3,709.00</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Increased by:		
Interest Earned on Deposits		\$ 2.34
Decreased by:		
Disbursements		\$ <u>2.34</u>

OTHER TRUST FUND

SCHEDULE OF INTERFUND - CURRENT FUND

Exhibit B-5

Balance December 31, 2012 - Due From	B		\$ 33,175.60
Increased by:			
Tax Sale Premiums Deposited in Current Fund		\$ 19,800.00	
CDBG Grant Proceeds Deposited in Current Fund		<u>9,900.00</u>	
			<u>29,700.00</u>
Decreased by:			<u>62,875.60</u>
Tax Sale Premiums Disbursed in Current Fund		21,250.00	
Interest Earned on Deposits		<u>241.42</u>	
			<u>21,491.42</u>
Balance December 31, 2013 - Due From	B		\$ <u>41,384.18</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-6

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2012	Increases	Decreases	Balance Dec. 31, 2013
Accumulated Sick Leave	\$ 23,486.36			\$ 23,486.36
Board of Recreation Commissioners	16,789.62	11,357.82	8,329.00	19,818.44
Escrow Accounts	51,314.86	17,880.00	25,619.63	43,575.23
Municipal Alliance Program	280.55			280.55
Parking Offense Adjudication Act	658.73	12.00		670.73
Performance Bonds	148,035.53	15,260.00		163,295.53
Police Forfeiture Funds	11,377.69	172.84	4,346.80	7,203.73
Police Off Duty		765.00	484.43	280.57
Premium on Tax Sale	17,150.00	19,800.00	21,250.00	15,700.00
Public Defender	20,757.42	5,142.50	2,580.96	23,318.96
Snow Removal	15,929.81			15,929.81
Third Party Tax Title Lien Redemption				
Unemployment	5,643.95			5,643.95
Uniform Fire Safety Act - Penalty Monies	1,162.06			4,475.85
World Trade Center Fund	549.00		656.21	549.00
	<u>\$ 313,135.58</u>	<u>\$ 74,360.16</u>	<u>\$ 63,267.03</u>	<u>\$ 324,228.71</u>
Receipts				
Disbursements		\$ 53,900.16	\$ 42,017.03	
Reserve for Encumbrances		660.00		
Interfund - Current Fund		<u>19,800.00</u>	<u>21,250.00</u>	
		<u>\$ 74,360.16</u>	<u>\$ 63,267.03</u>	

B

B-4

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-7

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK

GRANT FUNDS RECEIVABLE

Balance December 31, 2012	\$ 9,900.00
Increased by:	
Disbursements	<u>4,822.50</u>
	14,722.50
Decreased by:	
CDBG Deposited in Current Fund	<u>9,900.00</u>
Balance December 31, 2013	<u><u>\$ 4,822.50</u></u>

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH

	Ref.	
Balance December 31, 2012	C	\$ 868,491.66
Increased by Receipts:		
Interfunds	\$ 746.27	
Refunding Bond Proceeds	119,673.24	
Bond Sale Premium	<u>2,525.00</u>	
		<u>122,944.51</u>
		991,436.17
Decreased by Disbursements:		
Bond Anticipation Notes	890.00	
Interfunds	39,930.73	
Improvement Authorizations	<u>382,481.44</u>	
		<u>423,302.17</u>
Balance December 31, 2013	C	<u>\$ 568,134.00</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CASH

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013	
	Balance Dec. 31, 2012	Refunding Bond Sale	Miscellaneous	Improvement Authorizations	Miscellaneous	From		To
Fund Balance	\$ 882.34		\$ 2,525.00				\$ 3,407.34	
Capital Improvement Fund	76,704.66					19,000.00	95,704.66	
Grants Receivable	(1,821.50)						(1,821.50)	
Reserve for Payment of Bonds	500.00						500.00	
Reserve for Encumbrances	9,000.00						9,000.00	
Interfunds:								
Current Fund	1.55		746.27	22,130.87	19,000.00	15,913.48	-	
Grant Fund	15,913.48				15,913.48		(24,469.57)	
Water-Sewer Utility Operating Fund								
Improvement Authorizations:				17,799.86			(17,799.86)	
Ordinance Number								
95-10								
00-04	Various Improvements	1,213.08					1,213.08	
00-09	Preliminary Expenses - New Municipal Building	(23,916.52)					(23,916.52)	
00-10	Various Improvements	8,094.50					8,094.50	
03-04	Acquisition of Various Properties for New Municipal Building	1,971.07					-	
05-22	Various Improvements	35,066.93					1,971.07	
06-08	Emergency Management Services Building			50.00			35,066.93	
07-07	Construction of Emergency Services Complex			40.00			(50.00)	
08-09	Construction of Police Station	18,961.86					18,961.86	
09-02	Improvements to Lake Horicon Dam	253,844.89					253,844.89	
12-08	Acquisition of New Garbage Truck	72,075.32		800.00			71,275.32	
13-03	Various Improvements	400,000.00					127,811.38	
	Refunding Bond Ordinance			272,188.62			9,380.42	
				110,292.82				
		119,673.24						
		\$ 1,19,673.24	\$ 3,271.27	\$ 382,481.44	\$ 34,913.48	\$ 34,913.48	\$ 568,134.00	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2012	Ref. C		\$ 3,367,147.31
Increased by:			
Transfer From Deferred Charges Unfunded		\$ 1,225,000.00	
Refunding Bond Additional Amount Authorized		<u>119,673.24</u>	
			<u>1,344,673.24</u>
Decreased by:			<u>4,711,820.55</u>
2013 Budget Appropriations:			
USDA Rural Development Loans		36,177.55	
Serial Bonds Payable	C-8	<u>57,900.00</u>	
			<u>94,077.55</u>
Balance December 31, 2013	C		<u><u>\$ 4,617,743.00</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

Exhibit C-5

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	Transferred to Deferred Charges Funded	Balance Dec. 31, 2013	Analysis of Balance Dec. 31, 2013	
					Expended	Unexpended Improvement Authorization
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	\$ 19,356.00	\$	\$ 19,356.00	\$	\$ 19,356.00
00-04	Preliminary Expenses - New Municipal Building	47,500.00		47,500.00	23,916.52	23,583.48
00-09	Various Improvements	35,900.00		35,900.00		35,900.00
03-04	Various Improvements	46,025.00		46,025.00		46,025.00
05-22	Emergency Management Services Building	25,250.00	25,200.00	50.00	50.00	
06-08	Construction of Emergency Services Complex	313,840.00	313,800.00	40.00	40.00	
08-09	Improvements to Lake Horicon Dam	270,000.00	270,000.00			
09-02	Acquisition of New Garbage Truck	236,800.00	236,000.00	800.00		800.00
12-08	Various Improvements	380,000.00	380,000.00			
		\$ 1,374,671.00	\$ 1,225,000.00	\$ 149,671.00	\$ 24,006.52	\$ 125,664.48

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Grant Fund	Water-Sewer Utility Operating Fund
Balance December 31, 2012 - (Due From)/Due To	\$ 15,915.03	\$ 1.55	\$ 15,913.48	\$
Increased by:				
Interest on Deposits	746.27	746.27		
Reallocation	15,913.48	15,913.48		
Total Increases	16,659.75	16,659.75		
Total Increases and Balances	32,574.78	16,661.3	15,913.48	
Decreased by:				
Budget Expenditures Paid in General Capital Fund	39,930.73	22,130.87		17,799.86
Reallocation	15,913.48		15,913.48	
2013 Budget Appropriation	19,000.	19,000.		
Total Decreases	74,844.21	41,130.87	15,913.48	17,799.86
Balance December 31, 2013 - (Due From)/Due To	\$ (42,269.43)	\$ (24,469.57)	\$	\$ (17,799.86)

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012	\$ 76,704.66
Increased by:	
Budget Appropriation	<u>19,000.00</u>
Balance December 31, 2013	<u><u>\$ 95,704.66</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance	Amount	Balance Dec. 31, 2012		2013 Authorizations	Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2013	
					Funded	Unfunded				Funded	Unfunded
95-10	Various Improvements	9/21/1995	\$	44,000.00	\$	1,213.08	\$		\$	1,213.08	\$
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	8/19/1999		50,000.00							19,356.00
00-04	Preliminary Expenses - New Municipal Building	3/16/2000		50,000.00							23,583.48
00-09	Various Improvements	9/07/2000		122,760.00		8,094.50		9,000.00		8,094.50	35,900.00
00-10	Acquisition of Various Properties for New Municipal Building	10/05/2000		325,000.00		1,971.07				1,971.07	
03-04	Various Improvements	4/02/2003		279,500.00		35,066.93				35,066.93	46,025.00
07-07	Construction of a Police Station	10/18/2007		1,500,000.00		18,961.86				18,961.86	
08-09	Improvements to Lake Horicon Dam	7/17/2008		300,000.00						253,844.89	
09-02	Acquisition of New Garbage Truck	3/19/2009		262,500.00		72,075.32				71,275.32	800.00
12-08	Various Improvements	9/06/2012		400,000.00		20,000.00				127,811.38	
13-03	Refunding Bond Ordinance	4/18/2013		119,673.24			119,673.24			110,292.82	
						\$	\$	\$	\$	\$	\$
						85,307.44	830,784.69	9,000.00	391,481.44	527,619.45	125,664.48
	Reserve for Encumbrances							\$	\$	\$	\$
	Disbursements							9,000.00			
								382,481.44			
								\$	\$	\$	\$
								391,481.44			

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreases</u>
05-22	Emergency Management Services Building	8/08/2006	12/04/2012	3/04/2013	3.00%	\$ 25,250.00	\$ 25,250.00
06-08	Construction of Emergency Services Complex	4/25/2008	12/04/2012	3/04/2013	3.00%	313,840.00	313,840.00
08-09	Improvements to Lake Horicon Dam	4/23/2010	12/04/2012	3/04/2013	3.00%	270,000.00	270,000.00
09-02	Acquisition of New Garbage Truck	4/24/2009	12/04/2012	3/04/2013	3.00%	236,800.00	236,800.00
12-08	Various Improvements	12/04/2012	12/04/2012	3/04/2013	3.00%	380,000.00	380,000.00
					Ref.	<u>\$ 1,225,890.00</u>	<u>\$ 1,225,890.00</u>
						<u>C</u>	
	General Improvement Bonds Issued						\$ 1,225,000.00
	Disbursements						<u>890.00</u>
							<u>\$ 1,225,890.00</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF USDA LOAN PAYABLE

<u>Purpose</u>	<u>Original Date of Issue</u>	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>
Emergency Management Services Building	<u>7/26/2007</u>	<u>\$ 2,210,000.00</u>	<u>4.25%</u>	<u>\$ 2,005,812.54</u>	<u>2,005,812.54</u>
Proceeds from Refunding Bond					\$ 1,983,259.39
Paid by Budget Appropriation					22,553.15
					<u>\$ 2,005,812.54</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF USDA LOAN PAYABLE

<u>Purpose</u>	<u>Original Date of Issue</u>	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased</u>
Construction of Police Station	<u>4/23/2010</u>	<u>\$ 1,425,000.00</u>	<u>4.125%</u>	<u>\$ 1,361,334.77</u>	<u>\$ 1,361,334.77</u>
Proceeds from Refunding Bond Paid by Budget Appropriation					\$ 1,347,710.37 13,624.40 <u>\$ 1,361,334.77</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2013		Interest Rate	Issued	Paid By Budget Appropriation	Balance Dec. 31, 2013
			Date	Amount				
General Obligation Bonds	2/21/2013	\$ 1,225,000.00	3/01/2014-17	\$ 85,000.00	2.250%			
			3/01/2018-19	90,000.00	2.250%			
			3/01/2020-22	95,000.00	2.250%			
			3/01/2023	100,000.00	2.250%			
			3/01/2024	105,000.00	2.375%			
			3/01/2025	105,000.00	2.500%			
			3/01/2026	110,000.00	2.500%			
General Obligation Refunding Bonds	5/15/2013	3,450,643.00	12/01/2014	110,975.00	2.000%	\$ 1,225,000.00	\$ 1,225,000.00	
			12/01/2015-17	115,800.00	2.000%			
			12/01/2018	120,625.00	2.000%			
			12/01/2019	125,450.00	2.000%			
			12/01/2020	125,450.00	2.125%			
			12/01/2021	106,150.00	2.350%			
			12/01/2022	115,800.00	2.500%			
			12/01/2023	115,800.00	2.625%			
			12/01/2026	366,700.00	3.000%			
			12/01/2028	260,550.00	3.000%			
			12/01/2030	284,675.00	3.250%			
			12/01/2033	458,375.00	3.500%			
			12/01/2035	328,100.00	3.500%			
			12/01/2040	526,693.00	4.000%			
						3,450,643.00	3,392,743.00	
						\$ 4,675,643.00	\$ 4,617,743.00	
Loan Refunding Roll-Over								
Bond Refunding Proceeds						\$ 3,330,969.76		
Bond Anticipation Notes Funded						119,673.24		
						1,225,000.00		
						\$ 4,675,643.00	\$ 4,675,643.00	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	\$ 19,356.00
00-04	Preliminary Expenses - Acquisition of New Municipal Building	47,500.00
00-09	Various Capital Improvements	35,900.00
03-04	Various Capital Improvements	46,025.00
05-22	Emergency Management Services Building	50.00
06-08	Construction of Emergency Services Complex	40.00
09-02	Acquisition of New Garbage Truck	800.00
		<u>\$ 149,671.00</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

SCHEDULE OF WATER-SEWER UTILITY CASH - TREASURER

Balance December 31, 2012	Ref. D		\$ 613,722.84
Increased by Receipts:			
Prepaid Consumer Accounts	D	\$ 2,490.76	
Miscellaneous	D-2	4,523.97	
Consumer Accounts Receivable	D-6	<u>964,718.97</u>	
			<u>971,733.70</u>
			1,585,456.54
Decreased by Disbursements:			
2013 Appropriations	D-3	788,830.77	
2012 Appropriation Reserves	D-10	4,934.04	
Interfund - Utility Capital Fund	D-11	<u>54,478.98</u>	
			<u>848,243.79</u>
Balance December 31, 2013	D		\$ <u><u>737,212.75</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-5

ANALYSIS OF WATER-SEWER UTILITY CAPITAL CASH

	Balance		Transfers		Balance Dec. 31, 2013
	Dec. 31, 2012	From	To		
Capital Improvement Fund	\$ 20,588.54				\$ 22,588.54
Interfund - Water-Sewer Utility Operating Fund	(298,866.35)	2,000.00	54,478.98		(246,387.37)
Reserve for Encumbrances	31,931.50	31,931.50	179,210.00		179,210.00
Fund Balance	70.92				70.92
	-				-
	-				-
	-				-
Ordinance Number					
00-08					(21,560.00)
03-05					(14,160.05)
09-14					44,177.87
11-03		233,688.98	31,931.50		36,060.09
	\$	\$ 267,620.48	\$ 267,620.48	\$	\$

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-6

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2012		\$ 81,178.40
Increased by:		
Consumer Accounts Receivable		<u>937,014.69</u>
		1,018,193.09
Decreased by:		
Collections	\$ 964,718.97	
Prepayments Applied	<u>4,331.85</u>	
		<u>969,050.82</u>
Balance December 31, 2013		<u><u>\$ 49,142.27</u></u>

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Exhibit D-7

	Balance Dec. 31, 2013
Water-Sewer System	\$ 3,111,262.29
Water Improvements	204,844.71
Jet Truck for Sewers	35,000.00
Boiler Replacement	6,695.00
Replacement of Water Lines - Chestnut Street	27,000.00
Refurbish Sewer Lift Pump	4,480.00
Computer Equipment	23,000.00
Purchase of Water Meters	14,959.08
Utility Truck	<u>46,800.00</u>
	<u><u>\$ 3,474,041.08</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2013</u>
03-05	Various Water-Sewer Improvements	4/03/2003	\$ 135,000.00	\$ 30,611.34
09-14	Improvements to Well No. 16	9/17/2009	100,000.00	100,000.00
11-03	Water Tower Improvements	9/01/2011	850,000.00	850,000.00
				<u>\$ 980,611.34</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-9

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 4,097.04		\$ 4,097.04		\$ 4,097.04
Other Expenses	8,784.50	5,592.00	14,376.50	6,074.04	8,302.46
Audit and Professional	9,000.00		9,000.00		9,000.00
Ocean County Utilities Authority	607.50		607.50		607.50
Capital Improvements:					
Capital Improvement Fund	1,000.00		1,000.00	1,000.00	
Capital Outlay	1,000.00		1,000.00		1,000.00
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	829.78		829.78		829.78
Public Employee's Retirement System	1.36		1.36		1.36
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	<u>1,000.00</u>		<u>1,000.00</u>		<u>1,000.00</u>
	\$ 26,320.18	\$ 5,592.00	\$ 31,912.18	\$ 7,074.04	\$ 24,838.14
Accounts Payable				\$ 1,140.00	
Interfund - Water Sewer Utility Capital Fund				1,000.00	
Disbursed				<u>4,934.04</u>	
				\$ 7,074.04	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	General Capital Fund	Water-Sewer Capital Fund
Balance December 31, 2012 - Due (From)/Due To	\$ 298,641.01	\$ (225.34)	\$	\$ 298,866.35
Increased by:				
Debt Service Paid by Other Funds	21,767.29	3967.43	17,799.86	
Capital Improvement Fund:				
2012 Appropriation Reserves	1,000.00			1,000.00
2013 Budget Appropriations	1,000.00			1,000.00
Total Increases	<u>23,767.29</u>	<u>3,967.43</u>	<u>17,799.86</u>	<u>2,000.00</u>
Total Increases and Balances	<u>320,408.30</u>	<u>3,742.09</u>	<u>17,799.86</u>	<u>300,866.35</u>
Decreased by:				
Water-Sewer Expenditures Paid by Water-Sewer Utility Operating Fund	<u>54,478.98</u>			<u>54,478.98</u>
Balance December 31, 2013 - Due (From)/Due To	\$ <u>265,929.32</u>	\$ <u>3,742.09</u>	\$ <u>17,799.86</u>	\$ <u>246,387.37</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST PAYABLE

Balance December 31, 2012	\$ 5,387.44
Increased by:	
Budget Appropriations	<u>2,464.17</u>
Balance December 31, 2013	<u>\$ 7,851.61</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2012		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2013	
				Funded	Unfunded			Funded	Unfunded
03-05	Various Water-Sewer Improvements	4/03/2003	\$ 135,000.00	\$	\$ 19,089.95	\$	\$	\$ 44,177.87	\$ 19,089.95
09-14	Improvements to Well No. 16	9/17/2009	100,000.00		44,177.87				
11-03	Water Tower Improvements	9/01/2011	850,000.00	1,401.50	236,416.07	31,931.50	233,688.98	36,060.09	
				\$ 1,401.50	\$ 299,683.89	\$ 31,931.50	\$ 233,688.98	\$ 80,237.96	\$ 19,089.95
	Reserve for Encumbrances						\$ 179,210.00		
	Interfund - Water-Sewer Utility Operating Fund						54,478.98		
							\$ 233,688.98		

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-13

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012			\$ 20,588.54
Increased by:			
2012 Appropriation Reserves		\$ 1,000.00	
2013 Budget Appropriation		<u>1,000.00</u>	
			<u>2,000.00</u>
Balance December 31, 2013			\$ <u><u>22,588.54</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-14

Balance December 31, 2012	D		\$ 2,356,313.81
Increased by:			
Paid by Operating Budget:			
USDA Loan	D-17	\$ 22,764.35	
Serial Bonds		<u>2,100.00</u>	
			<u>24,864.35</u>
Balance December 31, 2013	D		\$ <u><u>2,381,178.16</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-15

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2013</u>
09-14	Improvements to Well No. 16	9/17/2009	\$ 12,500.00
03-05	Various Water-Sewer Improvements	4/03/2003	6,750.00
11-03	Water Tower Improvements	9/01/2011	42,500.00
			<u>\$ 61,750.00</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF USDA LOAN PAYABLE

Sheet 1 of 2

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Loan Maturities Outstanding Dec. 31, 2013</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
Water-Sewer Improvements	12/23/1999	\$ 1,200,000.00	12/23/2014-39 \$939,657.26	3.25%	\$ 962,421.61	\$ 22,764.35	\$ 939,657.26

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE

\$1,200,000 WATER-SEWER IMPROVEMENT LOAN

USDA - 3.25%

Exhibit D-16

Sheet 2 of 2

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 23,482	\$ 30,350
2015	24,251	29,581
2016	25,046	28,786
2017	25,866	27,966
2018	26,714	27,118
2019	27,589	26,243
2020	28,493	25,339
2021	29,462	24,370
2022	30,391	23,441
2023	31,386	22,446
2024	32,415	21,417
2025	33,677	20,155
2026	34,573	19,259
2027	35,706	18,126
2028	36,876	16,956
2029	38,084	15,748
2030	39,332	14,500
2031	40,621	13,211
2032	41,952	11,880
2033	43,326	10,506
2034	44,746	9,086
2035	46,212	7,620
2036	47,726	6,106
2037	49,290	4,542
2038	51,105	2,727
2039	<u>51,336</u>	<u>1,699</u>
	<u>\$ 939,657</u>	<u>\$ 459,178</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-17

SCHEDULE OF FARMERS' HOME ADMINISTRATION LOAN PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreased by Refunding Bonds</u>
Water Improvements	<u>9/01/1980</u>	\$ <u>325,000.00</u>	<u>5%</u>	\$ <u>124,357.00</u>	\$ <u>124,357.00</u>

BOROUGH OF LAKEHURST-COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Bond Anticipation Notes Redeemed</u>
09-14	Improvements to Well No. 16	4/23/2011	12/04/2012	3/04/2013	3.00%	\$ 87,500.00	\$ 87,500.00
11-03	Water Tower Improvements	11/01/2011	12/04/2012	3/04/2013	3.00%	807,500.00	807,500.00
						\$ 895,000.00	\$ 895,000.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit D-19

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2013</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
General Obligation Bonds	2/21/2013	\$ 895,000.00	\$ 60,000.00	2.250%			
			3/01/2014-15	2.250%			
			3/01/2016-20	2.250%			
			3/01/2021-22	2.250%			
			3/01/2023	2.250%			
			3/01/2024	2.375%			
			3/01/2025-26	2.500%	\$ 895,000.00	\$	\$ 895,000.00
General Obligation Refunding Bonds	5/15/2013	124,357.00	4,025.00	2.000%			
			12/01/2014	2.000%			
			12/01/2015-17	2.000%			
			12/01/2018	2.000%			
			12/01/2019	2.000%			
			12/01/2020	2.125%			
			12/01/2021	2.350%			
			12/01/2022	2.500%			
			12/01/2023	2.625%			
			12/01/2026	3.000%			
			12/01/2028	3.000%			
			12/01/2033	3.500%			
			12/01/2035	3.500%			
			12/01/2040	4.000%			
					124,357.00	2,100.00	122,257.00
					<u>\$ 1,019,357.00</u>	<u>\$ 2,100.00</u>	<u>\$ 1,017,257.00</u>
					<u>\$ 124,357.00</u>		
					<u>895,000.00</u>		
					<u>\$ 1,019,357.00</u>		

Farmer's Home Administration Loan Payable
Bond Anticipation Notes

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>
00-08	Acquisition of a Utility Truck	\$ 21,560.00
03-05	Various Water-Sewer Improvements	<u>33,250.00</u>
		<u>\$ 54,810.00</u>

BOROUGH OF LAKEHURST

COUNTY OF OCEAN

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate	<u>2013</u> \$ <u>2.138</u>	<u>2012</u> \$ <u>2.010</u>	<u>2011</u> \$ <u>1.98</u>
Apportionment of Tax Rate			
Municipal	1.109	1.069	1.04
County	.415	.346	.34
Local School	.614	.595	.60
Assessed Valuation			
2013	\$ 188,948,432		
2012		\$ 189,965,889	
2011			\$ 190,477,370

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2013	\$ 4,039,717	\$ 3,911,878	96.83%
2012	3,831,308	3,703,432	96.66%
2011	3,783,298	3,683,874	97.37%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 36,918	\$ 106,761	\$ 143,679	3.56%
2012	35,850	103,957	139,807	3.65%
2011	30,151	81,658	111,809	2.96%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2013	\$ 50,000
2012	50,000
2011	50,000

COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2013	\$ 937,015	\$ 81,178	\$ 969,051
2012	936,725	100,036	955,583
2011	911,718	77,455	889,137

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2013	\$ 1,025,383	\$ *
2012	1,030,710	700,000
2011	879,768	650,000
2010	646,238	545,500
2009	770,775	660,000
<u>Water-Sewer Fund</u>		
2013	\$ 364,681	\$ *
2012	272,457	150,000
2011	176,175	154,150
2010	203,655	178,150
2009	190,482	150,000

* Pending

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued</u>			
General Bonds and Notes	\$ 4,617,743	\$ 4,593,037	\$ 4,370,210
Water-Sewer Utility Bonds, Loans and Notes	<u>1,956,914</u>	<u>1,981,779</u>	<u>1,739,225</u>
Total Issued	6,574,657	6,574,816	6,109,435
Less:			
Funds on Hand to Pay Bonds	<u> </u>	<u>500</u>	<u>500</u>
Net Debt Issued	<u>6,574,657</u>	<u>6,574,316</u>	<u>6,108,935</u>
<u>Authorized but not Issued</u>			
General Bonds and Notes	149,671	148,781	148,781
Water-Sewer Utility Bonds and Notes	<u>54,810</u>	<u>54,810</u>	<u>362,310</u>
Total Authorized but not Issued	<u>204,481</u>	<u>203,591</u>	<u>511,091</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>6,779,138</u>	\$ <u>6,777,907</u>	\$ <u>6,620,026</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 2.60%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 921,000	\$ 921,000	\$ -0-
General Debt	4,767,414		4,767,414
Water-Sewer Utility Debt	<u>2,011,724</u>	<u>2,011,724</u>	<u>-0-</u>
	\$ <u>7,700,138</u>	\$ <u>2,932,724</u>	\$ <u>4,767,414</u>

Net Debt \$4,767,414 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$183,564,131 = 2.60%.

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

3.5% of Equalized Valuation Basis	\$ 6,424,745
Net Debt	<u>4,767,414</u>
Remaining Borrowing Power	\$ <u>1,657,331</u>

**CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER
N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other		
Charges for the Year		\$ 1,123,575
Deductions:		
Operating and Maintenance Cost	\$ 798,017	
Debt Service	<u>81,172</u>	
		<u>879,189</u>
Excess in Revenues		\$ <u>244,386</u>

A revised Annual Debt Statement should be filed by the chief Financial Officer.



The Honorable Mayor and Members of the
Borough Council
Borough of Lakehurst, New Jersey

We have audited the financial statements – statutory basis of the Borough of Lakehurst in the County of Monmouth for the year ended December 31, 2013.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, the activities of the Mayor and Council and the records of the various outside departments.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Revenue Accounts Receivable are presented as recorded in the Borough records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

A test was conducted to determine that expenditures greater than \$5,400 obtained solicitation of quotes. No exceptions were noted.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Council.

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2013 adopted the following resolutions (13-014 & 13-015) authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED, that in accordance with N.J.S. 54:4-67, as amended, the Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500 becoming delinquent after the due date. Effective January 1, 2010 there will be a ten day grace period of quarterly tax payments made by cash, check or money order.”

It appears from an examination of the Tax Collector and Water-Sewer Utility Collector’s records, that interest was collected in accordance with the foregoing resolution and statutes.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2013 included real estate taxes for 2013.

The last tax sale was held on October 9, 2013 and was complete.

Inspection of 2013 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2013	7
2012	7
2011	6

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Borough employees.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of ten (10); eight traffic and two criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2012 with the governing body.

Construction Code Office

- (1) **Indirect Costs** – Indirect costs are not allocated to the Construction Code Budget Appropriation.
- (2) **Annual Report** – An annual report of revenue, expenditures and a recommendation for any fee increase or decrease was filed with the governing body.
- (3) **Construction Code Costs** – A test was conducted to determine that all revenues collected for construction code fees are applied to pay for municipal costs of enforcing the Uniform Construction Code [*N.J.A.C.5:23.17(c)2*]. No exceptions were discovered as a result of the test that would indicate that construction code revenues were not being applied to pay for costs related to enforcement of the Uniform Construction Code.
- (4) **Construction Code Permits** – A test of the fees charged for construction code permits disclosed no exceptions regarding charges being levied in accordance with the Borough Ordinances in effect.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	TITLE
Harry Robbins	Mayor
Steven Oglesby	Council President
Robin Busch	Councilwoman
Gary Lowe	Councilman
Glenn McComas	Councilman
James Davis	Councilman
Edward Seaman, Jr.	Councilman
Sean Gertner	Attorney
Bernadette Dugan	Municipal Clerk
Alan Murray	Chief Financial Officer
Marie C. Bell	Tax/Utility Collector & Search Official
Mateene D. Hopkins	Tax Assessor
Damian G. Murray	Magistrate
Lisa A. Fischer	Court Administrator
Patricia Borsetti	Deputy Court Administrator

There were Employee's Blanket Performance Bonds in the amount of \$50,000 for the Township employees and court personnel carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Liability Joint Insurance Fund.

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, please contact us.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney Haines
Certified Public Accountant
Registered Municipal Accountant
No. CR498

Medford, New Jersey
June, 20 2014