

BOROUGH OF FORT LEE

**Financial Statements With
Supplementary Information**

**December 31, 2012
(With Independent Auditors' Report Thereon)**

BOROUGH OF FORT LEE

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Fort Lee
County of Bergen, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Fort Lee's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of federal financial awards and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

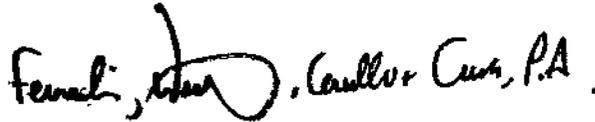
Honorable Mayor and
Members of the Borough Council
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013 on our consideration of the Borough of Fort Lee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fort Lee's internal control over financial reporting and compliance.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

June 7, 2013



BOROUGH OF FORT LEE, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 10,434,438	6,331,350
Change Fund	A-6	450	450
Petty Cash	A-7		1,500
		<hr/>	<hr/>
		10,434,888	6,333,300
		<hr/>	<hr/>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	1,468,811	1,231,515
Property Acquired for Taxes - Assessed Valuation	A-10	8,220	8,220
Tax Title Liens	A-11	92,555	90,067
Revenue Accounts Receivable	A-12	99,604	92,818
Demolition Lien Receivable	A-13	2,350	2,350
Prepaid School Taxes	A-24		40
Due from:			
Escrow Trust	A-15	525	1,113
Police Activity Account	A-15		1,325
Flexible Spending Escrow Account	A-15	13	1,304
Fort Lee Film Commission	A-15		105
Redemption Trust	A-15		2,212
Fire Prevention - Dedicated Penalties	A-15		
General Capital Fund	A-15		198,918
Animal License Trust Fund	A-15		9,835
		<hr/>	<hr/>
		1,672,078	1,639,822
		<hr/>	<hr/>
Deferred Charges:			
Special Emergency	A-16	1,448,908	1,440,000
Emergency Appropriations	A-17	1,000,000	
Overexpenditure of Appropriation Reserves	A-17		2,000
		<hr/>	<hr/>
		2,448,908	1,442,000
		<hr/>	<hr/>
		14,555,874	9,415,122
		<hr/>	<hr/>
Federal and State Grant Fund:			
Due from Current Fund	A-5	650,930	502,078
Grants Receivable	A-26	142,447	206,887
		<hr/>	<hr/>
		793,377	708,965
		<hr/>	<hr/>
		\$ 15,349,251	10,124,087
		<hr/>	<hr/>

See accompanying notes to financial statements.

BOROUGH OF FORT LEE, N.J.
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	1,538,272	1,458,543
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	72,612	68,217
Due to:			
Federal and State Grant Fund	A-5	650,930	502,078
Redemption Trust	A-15	12,074	
Senior Citizen Advisory Trust	A-15		2,175
POAA Trust	A-15		2,292
Fire Prevention - Dedicated Penalties	A-15	11,305	18,707
Other Trust Fund	A-15	100,151	2,210
COAH Development Fees Trust	A-15	56,040	100,913
General Capital Fund	A-15	368,980	
Encumbrances Payable	A-18	281,892	379,246
Prepaid Taxes	A-19	680,372	612,175
Tax Overpayments	A-20	362,135	268,437
Special Emergency Note Payable	A-21	1,448,908	1,440,000
Emergency Notes Payable	A-22	1,000,000	
Varinus Reserves	A-23	74,627	90,350
Local School District Taxes Payable	A-24	2,236,371	
County Taxes Payable	A-25	41,259	9,252
		<u>8,935,928</u>	<u>4,954,595</u>
Reserve for Receivables	Contra	1,672,078	1,639,822
Fund Balance	A-1	3,947,868	2,820,705
		<u>14,555,874</u>	<u>9,415,122</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-27	579,603	538,740
Encumbrances Payable	A-27	1,094	
Due to General Capital Fund	A-5	82,961	
Unappropriated Reserve for Grants	A-28	129,719	170,225
		<u>793,377</u>	<u>708,965</u>
		<u>\$ 15,349,251</u>	<u>10,124,087</u>

See accompanying notes to financial statements.

BOROUGH OF FORT LEE, N.J.

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

Current Fund

Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues and Other Income:		
Fund Balance Utilized	2,400,000	2,250,557
Miscellaneous Revenue Anticipated	8,448,854	7,093,846
Receipts from Delinquent Taxes	1,232,583	1,430,252
Receipts from Current Taxes	122,737,625	120,381,505
Non-Budget Revenue	1,299,479	1,302,555
Other Credits to Income:		
Liabilities canceled	73,483	135,288
Unexpended Balance of Appropriation Reserves	550,676	528,027
Cancelled Grant Appropriations	23,050	
Interfunds Returned	14,736	7,642
	<u>136,780,486</u>	<u>133,129,672</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	26,459,855	25,454,788
Other Expenses	28,154,211	26,715,360
Capital Improvement Fund	50,000	300,000
Municipal Debt Service	7,498,236	7,668,623
Deferred Charges and Statutory Expenditures -		
Municipal	5,770,457	6,265,638
Local District School Tax	52,463,270	50,748,304
County Taxes including Added Taxes	13,731,198	13,333,784
Interfunds Advanced		102,978
Other Refunds	40,330	
Tax Appeal Refunds	454,674	155,313
	<u>134,622,231</u>	<u>130,744,788</u>
Total Expenditures		
Excess (Deficit) Revenue Over Expenditures	2,158,255	2,384,884
Adjustment to Income Before Fund Balance - Expenditures		
Included above Which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>1,368,908</u>	
Statutory Excess to Fund Balance	3,527,163	2,384,884
Fund Balance, January 1,	<u>2,820,705</u>	<u>2,686,378</u>
	6,347,868	5,071,262
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>2,400,000</u>	<u>2,250,557</u>
Fund Balance, December 31,	<u>\$ 3,947,868</u>	<u>2,820,705</u>

See accompanying notes to the financial statements.

BOROUGH OF FORT LEE, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 2,400,000	2,400,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	98,000	101,851	3,851
Other	54,000	51,691	(2,309)
Fees and Permits	75,000	73,439	(1,561)
Fines and Costs:			
Municipal Court	1,259,000	1,316,080	57,080
Interest and Costs on Taxes	350,000	274,241	(75,759)
Interest on Investments and Deposits	7,500	1,986	(5,514)
Borough of Cliffside Park Sewer Services	374,718	398,165	23,447
Recreation Fees	77,000	73,932	(3,068)
Consolidated Municipal Property Tax Relief Aid	85,986	85,986	
Energy Receipts Tax	1,685,206	1,685,206	
Uniform Construction Code Fees	1,325,000	2,690,446	1,365,446
Elevator Inspection Fees	30,000	92,580	62,580
Public Health Priority Funding	17,488	17,488	
Drunk Driving Enforcement Fund	23,050		
Alcohol Education and Rehabilitation	4,019	4,019	
Clean Communities	53,248	53,248	
Recycling Tonnage Grant	27,840	27,840	
Over the Limit Under Arrest	3,650	3,650	
Pedestrian Safety Enforcement	29,000	29,000	
Body Armor Replacement Fund	19,472	19,472	
H1N1	9,946	9,946	
Drive Sober or get Pulled Over	4,400	4,400	
Joint Insurance Fund - Police			
Accreditation Program	25,000	25,000	
Bergen County Title III - Older American Act	69,950	69,950	
Reserve for Payment of Debt	145,982	145,982	
LEA Rebate	62,000	66,255	
Reserve for Sale of Assets	24,329	24,329	
General Capital Fund Balance	53,448	53,448	
Third Party Ambulance Billing	882,000	850,306	(31,694)
Due from General Capital Fund	198,918	198,918	
Total Miscellaneous Revenues	7,075,150	8,448,854	1,392,499

BOROUGH OF FORT LEE, N.J.

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	1,245,000	1,232,583	(12,417)
Subtotal General Revenues	<u>10,720,150</u>	<u>12,081,437</u>	<u>1,380,082</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>58,700,923</u>	<u>58,243,157</u>	<u>(457,766)</u>
Budget Totals	69,421,073	70,324,594	922,316
Non-Budget Revenue	<u> </u>	<u>1,299,479</u>	<u>1,299,479</u>
	<u>\$ 69,421,073</u>	<u>71,624,073</u>	<u>2,221,795</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 122,737,625
Allocated to School and County Taxes	<u>66,194,468</u>
Balance for Support of Municipal Budget Appropriations	56,543,157
Add : Appropriation - Reserve for Uncollected Taxes	<u>1,700,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 58,243,157</u>
Receipts from Delinquent Taxes	1,230,901
Receipts from Tax Title Liens	1,682
	<u>\$ 1,232,583</u>

BOROUGH OF FORT LEE, N.J.
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2012

Analysis of Non-budget Revenues

FEMA Reimbursement	\$	170,807	
Tax Searches		50	
Voting		1,510	
Cable TV Franchise Fees		102,932	
Hotel Tax		533,314	
In Lieu		76,216	
Burial Fees		16,496	
Tax Sale		2,432	
Senior Citizen Lunch		41,972	
Verizon		86,818	
DCA Housing		22,270	
Rent Leveling		20	
Internet Convenience Fee		9,913	
Parking Authority Reimbursement		161,908	
Cancelled Tax Title Lien Premiums		23,600	
Reimbursement of prior year expenditures		20,000	
Medical assistance fee		1,349	
Miscellaneous		27,872	
			\$ <u>1,299,479</u>
		Cash Receipts	1,279,479
		Due from General Capital Fund	20,000
			\$ <u>1,299,479</u>

See accompanying notes to the financial statements.

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Administration:					
Salaries and Wages	\$ 301,500	311,874	311,874		
Other Expenses	176,750	176,750	123,709	53,041	
Purchasing					
Salaries and Wages	78,000	108,049	108,048	1	
Other Expenses	83,850	83,850	82,828	1,022	
Mayor and Council					
Salaries and Wages	93,742	93,742	93,742		
Other Expenses	46,400	46,400	46,156	244	
Borough Clerk					
Salaries and Wages	203,500	211,492	211,491	1	
Other Expenses	28,625	28,625	26,704	1,921	
Elections:					
Other Expenses	28,500	28,580	28,579	1	
Pay/ Data Processing:					
Salaries and Wages	57,500	61,986	61,985	1	
Other Expenses	6,500	6,500	6,099	401	
Financial Administration:					
Other Expenses	157,000	157,000	143,877	13,123	

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>2012</u> <u>Budget</u>	<u>Budget after</u> <u>Modification</u> <u>and Transfer</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
Collection of Taxes					
Salaries and Wages	325,234	342,821	342,821		
Other Expenses	58,300	65,937	65,800	137	
Assessment of Taxes:					
Salaries and Wages	165,650	169,102	169,102		
Other Expenses	54,350	34,350	24,359	9,991	
Legal Services and Costs:					
Other Expenses	771,000	713,000	518,586	194,414	
Municipal Court:					
Salaries and Wages	725,000	725,000	676,796	48,204	
Other Expenses	119,750	128,525	128,524	1	
Engineering Services and Costs:					
Salaries and Wages	117,700	117,700	117,070	630	
Other Expenses	49,200	49,200	42,064	7,136	
Director of Economic Development					
Salaries and Wages	61,300	70,919	70,919		
Other Expenses	75,000	55,000	48,374	6,626	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Other Expenses	24,050	24,050	17,196	6,854	
Zoning Board of Adjustment:					
Other Expenses	21,650	21,650	15,406	6,244	
Rent Leveling Board:					

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 <u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Salaries and Wages	42,100	42,100	41,101	999	
Other Expenses	3,300	3,300	1,861	1,439	
Insurance:					
Other Insurance Premiums	1,979,740	1,959,740	1,956,172	3,568	
Group Insurance Plans for Employees	8,713,727	8,713,727	8,320,523	393,204	
Group Insurance Plans for Employees - UCC	436,000	436,000	436,000		
Public Safety:					
Police:					
Salaries and Wages	14,125,600	14,647,875	14,647,874	1	
Other Expenses	610,850	632,850	632,008	842	
Department of Communications:					
Salaries and Wages	858,600	858,600	804,012	54,588	
Other Expenses	20,950	20,950	18,610	2,340	
Emergency Management:					
Salaries and Wages	87,000	93,538	93,537	1	
Other Expenses	16,800	22,633	22,632	1	
Aid to Volunteer Fire Companies	40,000	40,000	40,000		
Fire Prevention					
Salaries and Wages	552,100	611,671	611,671		
Other Expenses	30,550	30,550	29,367	1,183	

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Fire Protection:					
Salaries and Wages	915,000	915,000	835,611	79,389	
Other Expenses	308,550	308,550	297,141	11,409	
Fort Lee Emergency Medical Technicians:					
Salaries and Wages	347,625	347,625	345,206	2,419	
Other Expenses	74,230	74,230	61,042	13,188	
Ambulance Corps:					
Salaries and Wages	278,000	304,248	304,247	1	
Other Expenses	92,500	92,500	76,105	16,395	
Public Works Function:					
Streets and Roads:					
Road Repairs and Maintenance:					
Salaries and Wages	1,818,000	1,873,370	1,873,370		
Other Expenses	182,000	182,000	120,459	61,541	
Garbage and Trash:					
Other Expenses	2,317,500	2,317,500	2,154,554	162,946	
Public Building and Grounds:					
Salaries and Wages	551,270	565,897	565,897		
Other Expenses	357,700	375,887	375,886	1	
General Services:					
Salaries and Wages	594,415	638,419	638,419		
Other Expenses	28,350	28,350	23,502	4,848	
Communications Repairs:					

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Salaries and Wages	193,820	193,820	191,859	1,961	
Other Expenses	43,400	43,400	38,090	5,310	
Sanitation - Sewer System:					
Salaries and Wages	228,500	203,153	169,219	33,934	
Other Expenses	172,700	173,494	173,494		
Auto Repairs:					
Other Expenses	287,500	287,500	269,753	17,747	
Health and Welfare:					
Board of Health:					
Salaries and Wages	609,028	622,917	622,916	1	
Other Expenses	104,900	104,900	98,618	6,282	
Brd of Hlth-Hepts	6,500	6,500	6,020	480	
Administration of Public Assistance:					
Salaries and Wages	129,000	133,126	133,126		
Other Expenses	2,700	2,700	2,473	227	
Other Expenses	5,000	5,000	5,000		
Parks and Recreation Functions:					
Recreation and Education:					
Salaries and Wages	438,064	428,064	427,144	920	
Other Expenses	38,400	38,400	33,778	4,622	

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 <u>Budget</u>	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Senior Citizens:					
Salaries and Wages	233,509	203,509	201,339	2,170	
Other Expenses	134,550	134,550	133,252	1,298	
Senior Citizens Special Services:					
Other Expenses	336,500	336,500	294,657	41,843	
Parks and Playgrounds:					
Salaries and Wages	562,802	562,802	555,727	7,075	
Other Expenses	51,550	53,349	53,349		
Community Center					
Salaries and Wages	161,384	161,384	154,089	7,295	
Other Expenses	153,900	153,900	138,776	15,124	
Other Common Unclassified					
Celebration of Public Events, Anniversary or Holiday - Other Expenses	95,000	95,000	80,123	14,877	
Salary & Wage Adjustment Program	300,000				
Cultural and Heritage Affairs					
Salaries and Wages	73,655	76,690	76,690		
Other Expenses	99,825	99,825	98,577	1,248	
Uniform Constnuction Code Official					
Salaries and Wages	678,686	624,686	624,306	380	
Other Expenses	47,150	47,150	32,301	14,849	

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 <u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	<u>Reserved</u>	Unexpended Balance <u>Canceled</u>
Elevator Inspections	38,726	38,726	38,385	341	
Salaries and Wages					
UNCLASSIFIED:					
Utilities:					
Electricity	950,000	1,010,000	1,009,662	338	
Street Lighting	425,000	425,000	362,074	62,926	
Water	60,000	86,000	85,017	983	
Fuel Oil	22,000	22,000	16,417	5,583	
Telephone and Telegraph	310,000	363,000	362,031	969	
Gasoline	400,000	400,000	387,353	12,647	
Fire Hydrant Service	195,000	195,000	180,015	14,985	
Hurricane Sandy		500,000	440,361	59,639	
Severance Liabilities		368,908	368,908		
Total Operations within "CAPS"	<u>46,801,257</u>	<u>48,170,165</u>	<u>46,673,815</u>	<u>1,496,350</u>	
Total Operations Including Contingent-within "CAPS"	<u>46,801,257</u>	<u>48,170,165</u>	<u>46,673,815</u>	<u>1,496,350</u>	
Detail:					
Salaries & Wages	25,946,010	26,359,905	26,119,593	240,312	
Other Expenses (Including Contingent)	<u>20,855,247</u>	<u>21,810,260</u>	<u>20,554,222</u>	<u>1,256,038</u>	
	<u>46,801,257</u>	<u>48,170,165</u>	<u>46,673,815</u>	<u>1,496,350</u>	

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
Overexpenditures	2,000	2,000	2,000		
Prior Year Bills	19,153	19,153	19,153		
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	1,310,000	1,310,000	1,300,883	9,117	
Public Employees' Retirement System	1,240,098	1,240,098	1,211,808		28,290
Police and Firemen's Retirement System of NJ	2,755,496	2,755,496	2,755,496		
Unemployment Compensation Insurance	95,000	95,000	94,936	64	
DCRP	17,000	17,000	15,372	1,628	
Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"	5,438,747	5,438,747	5,399,648	10,809	28,290
Total General Appropriations for Municipal Purposes within "CAPS"	52,240,004	53,608,912	52,073,463	1,507,159	28,290

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>2012</u> <u>Budget</u>	<u>Budget after</u> <u>Modification</u> <u>and Transfer</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
Operations - Excluded from "CAPS"					
Bergen County Utilities Authority:					
Share of Costs	3,989,910	3,989,910	3,956,838		33,072
Englewood Sewer Treatment	30,000	30,000		30,000	
Maintenance of Free Public Library (Ch. 82 & 541, P.L. 1985)					
Contribution	2,100,000	2,100,000	2,100,000		
Fair Housing Act (P.L. 1985 Ch. 222 40A:40-45.3):					
Other Expenses	40,000	40,000	38,887	1,113	
Insurance					
Group Insurance for Employees	462,473	462,473			462,473
Total Other Operations - Excluded from "CAPS"	6,622,383	6,622,383	6,095,725	31,113	495,545
Uniform Construction Code					
Appropriations Offset by Increased					
Fee Revenues (N.J.A.C. 5:23-4:17)	30,000	30,000	30,000		
Elevator Inspections					
Salaries and Wages	30,000	30,000	30,000		
Total Uniform Construction Code Appropriations	30,000	30,000	30,000		

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public and Private Programs Offset by Revenues					
FEMA					
Alcohol Education Rehabilitation Fund					
Other Expenses	4,019	4,019	4,019		
Drunk Driving Enforcement	23,050	23,050	23,050		
JIF - Year-end Drive Sober	4,400	4,400	4,400		
Recycling Tonnage	27,840	27,840	27,840		
Body Armor					
Other Expenses	19,472	19,472	19,472		
Public Health Priority Funding					
Other Expenses	17,488	17,488	17,488		
Salaries and Wages	69,950	69,950	69,950		
Mobilization Grant	3,650	3,650	3,650		
H1 N1 Flu Vaccine Grant	9,946	9,946	9,946		
JIF - Police Accreditation	25,000	25,000	25,000		
Walk Safe	29,000	29,000	29,000		
Clean Communities Act	53,248	53,248	53,248		
Total Public and Private Programs Offset by Revenues	287,063	287,063	287,063		

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	2012 Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations-Excluded from "CAPS"	6,939,446	6,939,446	6,412,788	31,113	495,545
Detail:					
Salaries and Wages	99,950	99,950	99,950		
Other Expenses	6,839,496	6,839,496	6,312,838	31,113	495,545
Total:	6,939,446	6,939,446	6,412,788	31,113	495,545
Capital Improvements-Excluded from "CAPS"					
Capital Improvement Fund	50,000	50,000	50,000		
Total Capital Improvements Excluded from "CAPS"	50,000	50,000	50,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	5,225,000	5,225,000	5,225,000		620,262
Interest on Bonds	2,811,864	2,811,864	2,191,602		744
Interest on Notes	70,000	70,000	69,256		
Green Trust Loan Program					
Loan Repayments for Principal and Interest	24,760	24,760	12,378		12,382
Total Municipal Debt Service-Excluded from "CAPS"	8,131,624	8,131,624	7,498,236		633,388
DEFERRED CHARGES:					
Special Emergency Authorization - 5 Years (N.J.S. 40A:4-55)	360,000	360,000	360,000		

BOROUGH OF FORT LEE, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Deferred Charges - Municipal - Excluded from "CAPS"	360,000	360,000	360,000		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	15,481,070	15,481,070	14,321,024	31,113	1,128,933
Subtotal General Appropriations	67,721,074	69,089,982	66,394,487	1,538,272	1,157,223
Reserve for Uncollected Taxes	1,700,000	1,700,000	1,700,000		
Total General Appropriations	<u>69,421,074</u>	<u>70,789,982</u>	<u>68,094,487</u>	<u>1,538,272</u>	<u>1,157,223</u>
	\$	\$	\$	\$	\$
Adopted Budget	69,391,674				
Special Emergency Appropriation - N.J.S.A. 40A:4-53	368,908				
Emergency Appropriation	1,000,000				
Added by N.J.S.A. 40A:4-87	29,400				
	<u>\$ 70,789,982</u>				
Reserve for Uncollected Taxes			1,700,000		
Federal and State Grant Fund			287,063		
Encumbrances			281,892		
Deferred Charges			362,000		
Cash			65,463,532		
			<u>\$ 68,094,487</u>		

See accompanying notes to the financial statements.

BOROUGH OF FORT LEE, N.J.

Statement of Changes in Fund Balance-Regulatory Basis

Assessment Trust Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ <u>978</u>
Balance - December 31, 2012	\$ <u><u>978</u></u>

See accompanying notes to financial statements.

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BOROUGH OF FORT LEE, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2/C-3	6,334,599	6,693,308
Accounts Receivable:			
Miscellaneous	C-4	697,358	697,358
Grants	C-4	939,230	1,165,231
Interfund Receivables -			
Community Development Trust Fund	C-5	145,982	45,982
Redemption Trust Fund	C-6	100,000	100,000
Federal and State Grant Fund	C-19	82,961	
Current Fund	C-19	368,980	
Deferred Charges to Future Taxation:			
Funded	C-7	51,484,169	56,808,631
Unfunded	C-8	15,700,415	9,620,535
		<u>\$ 75,853,694</u>	<u>75,131,045</u>

BOROUGH OF FORT LEE, N.J.

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-9	51,202,000	56,517,000
Green Trust Loan Payable	C-10	282,169	291,631
Bond Anticipation Notes	C-11	8,370,000	5,422,000
Encumbrances Payable	C-13	927,417	223,261
Reserve for:			
Interest - Arbitrage	C-12	44,865	44,865
Payment of Debt	C-15	213,529	145,982
Contributions - Main			
Street Widening Project	C-16	817,059	817,059
Due to U.S. Department of Housing and Urban Development	C-14	37,168	37,168
Improvement Authorizations:			
Funded	C-17	3,718,963	4,850,676
Unfunded	C-17	10,109,716	6,248,426
Capital Improvement Fund	C-18	96,491	280,611
Interfund - Current Fund	C-19		198,918
Fund Balance	C-1	34,317	53,448
		<u>\$ 75,853,694</u>	<u>75,131,045</u>

There were \$7,330,415 and \$4,198,535 of Bonds and Notes Authorized But Not Issued on December 31, 2012 and 2011 (Exhibit C-20).

See accompanying notes to the financial statements.

BOROUGH OF FORT LEE, N.J.

Statement of Changes in Fund Balance-Regulatory Basis

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 53,448
Increased by:	
Premium received on Note Sale	<u>34,317</u>
	87,765
Decreased by:	
Utilized as budget revenue	<u>53,448</u>
Balance - December 31, 2012	<u><u>\$ 34,317</u></u>

See accompanying notes to the financial statements.

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BOROUGH OF FORT LEE
Comparative Balance Sheet-Regulatory Basis
Public Assistance Fund
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash - Public Assistance	\$ <u>28,509</u>	<u>19,275</u>
	<u>\$ 28,509</u>	<u>19,275</u>
 <u>Liabilities</u>		
Reserve for Public Assistance	\$ <u>28,509</u>	<u>19,275</u>
	<u>\$ 28,509</u>	<u>19,275</u>

See accompanying notes to the financial statements.

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BOROUGH OF FORT LEE, N.J.

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 53,018,284	53,018,284
Buildings	29,543,378	29,543,378
Machinery and Equipment	<u>15,931,927</u>	<u>15,186,302</u>
	<u>\$ 98,493,589</u>	<u>97,747,964</u>
 Investment in Fixed Assets	 <u>\$ 98,493,589</u>	 <u>97,747,964</u>

See accompanying notes to financial statements.

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BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Borough of Fort Lee have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

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

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

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

The Borough has the following funds and account group:

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

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

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

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

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This fund is used to account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Fort Lee. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

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

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

General Capital Fund
Trust Fund
Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2012, the Governing Body approved \$29,400 in additional grant revenues and appropriations in accordance with N.J.S.A. 40A:4-87, \$1,000,000 in emergency appropriations, \$500,000 for police overtime and \$500,000 for Hurricane Sandy related expenditures and a \$368,908 special emergency appropriation for contractually required severance liabilities. In addition, the Mayor and Council approved several budget transfers.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

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

Basis of Accounting, (continued)

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

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

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

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

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

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

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

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

Police and Firemens' Retirement System (PFRS)

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

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or $\frac{1}{60}$ of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2012	\$1,211,808	\$2,755,496
December 31, 2011	1,150,466	3,244,590
December 31, 2010	918,075	2,766,075

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

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

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

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

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

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

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

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

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 2. PENSION PLANS, (continued)

The Borough's contribution to the DCRP for each year were as follows:

<u>Year</u>	<u>Amount</u>
December 31, 2012	\$15,372
December 31, 2011	6,987
December 31, 2010	1,312

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$56,517,000	\$9,000,000	\$14,315,000	\$51,202,000	\$5,301,000
Green Trust Loan Payable	291,631		9,462	282,169	19,401
Compensated Absences Payable	<u>8,259,827</u>	<u>1,043,456</u>	<u>368,909</u>	<u>8,934,374</u>	<u> </u>
	<u>\$65,068,458</u>	<u>\$10,043,456</u>	<u>\$14,693,371</u>	<u>\$60,418,543</u>	<u>\$5,320,401</u>

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued - general - bonds, notes and loans	\$59,854,169	\$62,230,631	\$61,703,960
Authorized but not issued - general - bonds and notes	<u>7,330,415</u>	<u>4,198,535</u>	<u>14,117,938</u>
Bonds, notes and loans issued and authorized but not issued	67,184,584	66,429,166	75,821,898
Less deductions	<u>3,415,588</u>	<u>3,698,041</u>	<u>7,568,666</u>
Net bonds and notes issued and authorized but not issued	<u>\$63,768,996</u>	<u>\$62,731,125</u>	<u>\$68,253,232</u>

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.003%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$18,450,000	\$18,450,000	\$ -0-
General Debt	<u>67,184,584</u>	<u>3,415,588</u>	<u>63,768,996</u>
	<u>\$85,634,584</u>	<u>\$21,865,588</u>	<u>\$63,768,996</u>

Net debt of \$63,768,996 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$6,360,613,888 equals 1.003%.

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

3-1/2% of equalized valuation basis (municipal)	\$222,621,486
Less net debt	<u>63,768,996</u>
Remaining Borrowing Power	<u>\$158,852,490</u>

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

Paid by Current Fund:

\$4,230,000, 1.60%-4.90% pension refunding bonds issued March 1, 2003, due through March 1, 2018	\$2,455,000
\$12,815,000, 3.35%-4.375% general serial bonds issued July 15, 2004, due through July 15, 2013	500,000
\$16,115,000, 3.00%-4.00% general serial bonds issued July 15, 2005, due through July 15, 2013	2,250,000
\$5,170,000, 2.25%-5.00% general improvement refunding bonds issued January 29, 2009, due through February 1, 2013	1,285,000
\$22,062,000, 2.00%-5.00% County-Guaranteed Pooled Bond Program issued May 10, 2010, due through February 15, 2025	21,812,000
\$7,595,000, 4.00% general improvement refunding bonds issued March 24, 2011, due through February 15, 2016	7,595,000
\$6,520,000, 2.00%-4.00% general improvement refunding bonds issued December 22, 2011, due through July 15, 2019	6,405,000
\$8,900,000, 3.00%-4.00% general obligation refunding bonds issued May 8, 2012, due through July 15, 2020	<u>8,900,000</u>
	<u>\$51,202,000</u>

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements for principal and interest on bonded debt issued and outstanding as follows:

<u>Year</u>	<u>Total</u>	<u>General Capital</u>	
		<u>Principal</u>	<u>Interest</u>
2013	\$7,343,562	\$5,301,000	\$2,042,562
2014	6,414,088	4,570,000	1,844,088
2015	6,509,805	4,859,000	1,650,805
2016	6,451,819	4,981,000	1,470,819
2017	6,119,443	4,816,000	1,303,443
2018-2022	23,471,441	19,724,000	3,747,441
2023-2025	<u>7,475,133</u>	<u>6,951,000</u>	<u>524,133</u>
	<u>\$63,785,291</u>	<u>\$51,202,000</u>	<u>\$12,583,291</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2012, the Borough had authorized but not issued debt as follows:

General Capital Fund	<u>\$7,330,415</u>
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NOTE 4. INTERGOVERNMENTAL LOAN PAYABLE

The Borough has entered into a loan agreement with the State of New Jersey for the financing relating to a Recreational Redevelopment Project at Van Fleet Park.

\$381,500 2004 loan due in semi-annual installments of \$8,041 to \$12,256 through June 15, 2025, interest at 2%	<u>\$282,169</u>
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BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 5. BOND ANTICIPATION NOTES

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

On August 16, 2012, the Borough issued bond anticipation notes in the amount of \$8,370,000 due on August 16, 2013 at a rate of .75%.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Oppenheimer & Co., Inc.	\$5,422,000	\$	\$5,422,000	\$ -0-
TD Securities LLC		<u>8,370,000</u>		<u>8,370,000</u>
	<u>\$5,422,000</u>	<u>\$8,370,000</u>	<u>\$5,422,000</u>	<u>\$8,370,000</u>

NOTE 6. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2012, which has been appropriated as revenue in the 2013 budget is as follows:

Current Fund	<u>\$2,900,000</u>
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NOTE 7. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$8,934,374 as of December 31, 2012. This amount is not reported either as an expenditure or liability.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 8. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2012, \$0- of the Borough's bank balance of \$24,898,215 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 9. LITIGATION

We are advised that the Borough is involved in several legal suits. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Borough. The following matters were identified to have significant risk exposure:

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 9. LITIGATION, (continued)

**Fort Lee Borough/Bergen County
Motion of Fair Share Housing Center, Inc. to Invalidate Fort Lee Redevelopment
Plan and Impose Scarce Resource Restraint
Council on Affordable Housing Docket No.: 13-2331**

This matter is currently pending before the State of New Jersey Council on Affordable Housing ("COAH"), and arises from a motion that an entity known as the Fair Share Housing Center, Inc. ("FSHC") filed with COAH. To place this matter and FSHC's motion in proper context, some background information is necessary.

FSHC is a non-profit organization that "is dedicated to the provision of a realistic opportunity for the construction" of low and moderate income housing throughout the State of New Jersey, pursuant to a New Jersey legal doctrine known as the Mount Laurel Doctrine, and pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301 et seq. As noted above, Tucker is the designated redeveloper of the parcel within Redevelopment Area 5 known as the West Parcel. An entity known as Fort Lee Redevelopment Associates, LLC ("FLRA") is the designated redeveloper of the parcel within Redevelopment Area 5 that is known as the East Parcel.

After FLRA and Tucker received development approvals from the Borough Planning Board for their respective redevelopment projects, FSHC filed two separate lawsuits purportedly challenging the approvals. Specifically, FSHC filed a complaint in the Bergen County Superior Court on May 29, 2012, naming FLRA, the Borough, the Borough Planning Board, and COAH as defendants (the "FLRA Lawsuit"). FSHC filed another complaint in the Bergen County Superior Court on July 30, 2012, naming TDC, the Borough, the Borough Planning Board, and COAH as defendants (the "TDC Lawsuit").

Though both of the lawsuits were brought under the guise of a challenge to FLRA's and Tucker's Planning Board approvals, FSHC was, in reality, mounting of a broad-based attack upon the Housing Element and Fair Share Plan (the "Plan") adopted by the Borough to address its affordable housing obligations under the Mount Laurel Doctrine and the Fair Housing Act. However, because the Borough had petitioned COAH for substantive certification of its Plan, and because FSHC has filed objections to the Plan with COAH, FSHC was required – as a matter of law – to exhaust its administrative remedies in COAH, before it can seek judicial relief.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 9. LITIGATION, (continued)

Consequently, the defendants in the FLRA Lawsuit and the TDC Lawsuit filed motions to dismiss those lawsuits, on the grounds that FSHC must first exhaust its administrative remedies in COAH. COAH filed briefs in support of these motions.

Finding that FSHC was indeed required to exhaust its administrative remedies in COAH before it can seek judicial relief, the Bergen County Superior Court entered two separate Orders dismissing these lawsuits without prejudice. The Court dismissed the FLRA Lawsuit by Order dated August 7, 2012. The Court dismissed the TDC Lawsuit by Order dated September 28, 2012.

In light of the foregoing, on or about January 14, 2013, FSHC filed its present motion with COAH. Through this motion, FSHC seeks: (1) To invalidate the Redevelopment Plan that the Borough has adopted for Redevelopment Area 5; (2) To invalidate the Redevelopment Agreements between the Borough and FLRA and between the Borough and Tucker, concerning Redevelopment Area 5; (3) To invalidate the preliminary and final site plan approvals granted to FLRA and Tucker; and (4) The imposition of a scarce resource restraint, wherein FSHC seeks to restrain the further development of land within the Borough.

The matter has been briefed, but the Borough intends to file a motion with COAH to allow for a sur-reply brief to address additional issues FSHC has raised in its reply brief. Thereafter, both the motion to allow a sur-replay and FSHC's motion on the merits will be considered by COAH.

Based upon our review of the facts and relevant law, we believe that it is more likely than not that FSHC's motion will be denied, and that the issues raised by FSHC's motion will be resolved within the mediation and review process provided by COAH's administrative rules. Because of the nature of the relief that FSHC seeks, it is not possible to provide an estimate or range of any potential loss.

Tax Appeals

The Borough has a substantial amount of pending tax appeal cases outstanding as of December 31, 2012. Some of these cases involve large assessments and there is substantial exposure for some of the matters and certainly in the aggregate.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 10. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2012.

	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2012</u>
Land	\$53,018,284	\$	\$	\$53,018,284
Building and Building Improvements	29,543,378			29,543,378
Machinery and Equipment	<u>15,186,302</u>	<u>746,924</u>	<u>1,299</u>	<u>15,931,927</u>
	<u>\$97,747,964</u>	<u>\$746,924</u>	<u>\$1,299</u>	<u>\$98,493,589</u>

NOTE 11. INTERFUND BALANCES AND ACTIVITY

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

\$368,980	Due to the General Capital Fund from the Current Fund for grant receipts deposited in error less charges to improvement authorizations to reimburse expenses made by Current Fund in error and the balance of current year interest earnings.
82,961	Due to the General Capital Fund from the Federal and State Grant Fund for grant receipts deposited in error.
525	Due to the Current Fund from the Escrow Trust for interest earned due the Borough.
11,305	Due to the Dedicated Penalties Trust from the Current Fund for penalties deposited in error.
12,074	Due to the Redemption Trust Fund from the Current Fund for premium refunds made in error less the accumulation of interest earnings.
13	Due to the Current Fund from the Flexible Spending Trust for interest earnings and employee contributions advanced.
145,982	Due to the General Capital Fund from the Community Development Trust for grant receipts received.
100,151	Due to the Other Trust Fund from the Current Fund to correct a deposit error less current year interest earned.
56,040	Due to the COAH Trust from the Current Fund current year development fees collected but not turned over to the Trust Account.
650,930	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid.
<u>100,000</u>	Due to the General Capital Fund from the Redemption Trust to correct a deposit error.
<u>\$1,528,961</u>	

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

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 12. DEFERRED CHARGES

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

	Balance December 31, <u>2012</u>	2013 Budget <u>Appropriation</u>	Balance to Succeeding Year's <u>Budget</u>
Current Fund:			
Special Emergency - N.J.S.A. 40A:4-53	\$1,448,908	\$433,782	\$1,015,126
Emergency Authorizations	<u>1,000,000</u>	<u>1,000,000</u>	<u> </u>
	<u>\$2,448,908</u>	<u>\$1,433,782</u>	<u>\$1,015,126</u>

NOTE 13. RISK MANAGEMENT

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

The Borough of Fort Lee is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The SBJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 13. RISK MANAGEMENT, (continued)

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages in any of the prior three years.

Financial statements for the funds are available at the office of the funds executive director, Public Entity Risk Management Administrators, Inc.

NOTE 14. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2012</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$680,372</u>	<u>\$612,175</u>
Cash Liability for Taxes Collected in Advance	<u>\$680,372</u>	<u>\$612,175</u>

NOTE 15. POSTEMPLOYMENT HEALTHCARE PLAN

Postemployment Benefits Other Than Pensions

The Borough sponsors a single employer postemployment benefits plan that provided benefits in accordance with State statute, through the State's Health Benefits Bureau to eligible retirees, their spouses/domestic partners and eligible dependent children and continues to be provided on behalf of the surviving spouse/domestic partner or a retiree. Employees and/or their spouses/domestic partners become eligible for these benefits upon 25 years or more of service in the Public Employees Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) or those approved for disability retirement.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 15. POSTEMPLOYMENT HEALTHCARE PLAN, (continued)

Valuation Date	Actuarial Value of Assets OPEB Cost	Actuarial accrued Liability - Projected Unit Credit	Unfunded Actuarial Accrued Liability	Funde d Ratio	Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
(Dollars in Thousands)						
01/01/11	\$-0-	\$139,127.7	\$139,127.7	0%	N/A	N/A

The **Present Value of all Projected Benefits** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees. The Plan's present value of all projected benefits (at January 1, 2011) is \$171,315,859 assuming no prefunding of obligations. The majority of this liability is for current active employees (future retirees).

The **Actuarial Accrued Liability** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at January 1, 2011) is \$139,127,697 assuming no prefunding of obligations. The majority of this obligation is for active employees.

Normal Cost is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2011 Fiscal Year Normal Cost is \$3,067,533 assuming no prefunding of obligations. In pension accounting, this is also known as "service cost."

Future Normal Costs represent the present value of the remaining balance of all projected benefits to be earned in future years.

Assumptions

The results were calculated based upon plan provisions, as provided by the Borough of Fort Lee and the State of New Jersey, along with certain demographic and economic assumptions as recommended by Aon, in conjunction with the Borough of Fort Lee with guidance from the GASB statement.

BOROUGH OF FORT LEE
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 15. POSTEMPLOYMENT HEALTHCARE PLAN, (continued)

Demographic Assumptions

Data was provided by the Borough of Fort Lee as of January 1, 2011. Demographic assumptions used to project the data are the same as those used to value the SHBP PERS pension liabilities. There is no assumption for future new hires.

Economic Assumptions

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be estimated long-term yield on the "investments that are expected to be used to finance the payments of benefits". Since the Borough of Fort Lee does not currently pre-fund the retiree healthcare liabilities, the discount rate for the "no prefunding" scenario should be based on the portfolio of the Borough of Fort Lee's "general assets" used to pay these benefits. The discount rate assumption selected by the Borough is 4.0%.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is "publicly available, objective and unbiased".

Aon developed the trend assumption utilizing the short-term rates expected on the SHBP plan along with information in published papers from other industry experts (actuaries, health economists, etc.). For medical benefits, this amount initially is at 10.0% and decreases to a 5.0% long-term trend rate for all medical benefits after twelve years. For prescription drug benefits, the initial trend rate is 11.0%, decreasing to a 5.0% long-term trend rate after fourteen years.

NOTE 16. CONTINGENT LIABILITIES

Defalcation - The Borough was the subject of a defalcation in 2012 by one of its municipal court employees. The defalcation is currently estimated to be \$27,782. However, the investigation initiated by the Bergen County Prosecutor's office is still ongoing. It is anticipated that the funds will be repaid to the Court through either a claim with the Borough's insurance or through restitution by the defendant.

NOTE 17. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through June 7, 2013, the date which the financial statements were available to be issued and no other items were noted for disclosure.

BOROUGH OF FORT LEE

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax rate	2.052	1.988	1.947
Apportionment of tax rate:			
Municipal	0.930	0.905	0.933
Library	0.034	0.035	
School	0.862	0.829	0.802
County	0.226	0.219	0.208

Assessed Value

2012	\$ 6,086,093,646
2011	6,122,598,259
2010	6,117,807,169

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 125,261,259	122,737,625	97.99%
2011	121,801,241	120,381,505	98.83%
2010	119,234,943	117,435,978	98.49%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2012	\$ 1,468,811	92,555	1,561,366	1.25%
2011	1,231,515	90,067	1,321,582	1.09%
2010	1,428,289	84,028	1,512,317	1.27%

BOROUGH OF FORT LEE

Supplementary data

Property Acquired by Tax Title Lien Liquidation

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

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

<u>Year</u>		<u>Amount</u>
2012	\$	8,220
2011		8,220
2010		8,220

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2012	\$	3,947,868	2,900,000
	2011		2,820,705	2,400,000
	2010		2,686,378	2,250,557
	2009		2,243,091	1,950,000
	2008		1,575,849	1,331,000

BOROUGH OF FORT LEE, N.J.
Schedule of Cash - Collector-Treasurer
Current Fund
Year Ended December 31, 2012

		<u>Current Fund</u>
Balance - December 31, 2011	\$	6,331,350
Increased by Receipts:		
Due to Federal and State Grant Fund	\$	353,420
Miscellaneous Revenue Not Anticipated		1,279,479
Tax Overpayments		362,135
Petty Cash		3,000
Special Emergency Note		1,448,908
Emergency Notes		1,000,000
Due to State - Senior Citizen and Veteran Deductions		224,145
Taxes Receivable		123,127,856
Tax Title Liens		1,682
Revenue Accounts Receivable		8,160,512
Interfunds		572,894
Prepaid Taxes		680,372
Various Cash Liabilities and Reserves		<u>117,157</u>
		<u>137,331,560</u>
		143,662,910
Decreased by Disbursements:		
Current Year Budget Appropriations		65,463,532
Petty Cash		1,500
Tax Overpayments		186,209
Interfunds		115,945
Due from Federal and State Grant Fund		204,568
Special Emergency Note		1,440,000
Tax Appeal Refunds		454,674
Revenue Refunds		40,330
Various Cash Liabilities and Reserves		108,551
Appropriation Reserves		1,287,113
Local District School Taxes		50,226,859
County Taxes Payable		<u>13,699,191</u>
		<u>133,228,472</u>
Balance - December 31, 2012	\$	<u><u>10,434,438</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Due from/(to) Federal and State Grant Fund

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	(502,078)
Decreased by:			
Cash Disbursements			<u>204,568</u>
			(297,510)
Increased by:			
Grants Received - Unappropriated	\$	106,669	
Grants Received - Due to			
General Capital Fund		82,961	
Grants Received - Appropriated		<u>163,790</u>	
			<u>353,420</u>
Balance - December 31, 2012		\$	<u>(650,930)</u>

Exhibit A-6

BOROUGH OF FORT LEE, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	<u>450</u>
Balance - December 31, 2012	\$	<u>450</u>
<u>Analysis of Balance:</u>		
Municipal Court		400
Tax Collector		<u>50</u>
	\$	<u>450</u>

Exhibit A-7

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	1,500
Increased by:		
Petty Cash Advanced		<u>1,500</u>
		3,000
Decreased by:		
Returned to Treasurer	\$	<u>3,000</u>

Authorized Petty Cash

Tax Collector	500
Recreation	200
Police	500
Board of Health	<u>300</u>
	\$ <u>1,500</u>

BOROUGH OF FORT LEE, N.J.

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

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	68,217
Increased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash			<u>224,145</u>
			292,362
Decreased by:			
Senior Citizens' Deductions Per Tax Billing	\$	46,000	
Veterans' Deductions Per Tax Billing		173,500	
Senior Citizens' and Veterans' Allowed		<u>250</u>	
			<u>219,750</u>
Balance - December 31, 2012		\$	<u><u>72,612</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2012

Year	Balance, Dec. 31, 2011	Levy	Added Taxes	Collected 2011	Collected 2012	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2012
2010	400				400				
2011	\$ 1,231,115			1,230,501	1,230,501		598	16	
				1,230,901			598	16	
2012		124,886,641	374,618	612,175	121,905,700	219,750	5,206	1,049,617	1,468,811
		124,886,641	374,618	612,175	123,136,601	219,750	5,804	1,049,633	1,468,811

Overpayments Applied 8,745
Cash Receipts 123,127,856
\$ 123,136,601

Analysis of Tax Levy

Tax yield:
General Purpose Tax \$ 124,886,641
Added Tax (R.S. 54:4-63.1 et seq.) 374,618
\$ 125,261,259

Tax Levy:
Local District School Tax \$ 52,463,270
County Tax 13,689,939
Added County Taxes 41,259
13,731,198
66,194,468

Local Tax for Municipal Purposes \$ 58,700,923
Additional Taxes 365,868
59,066,791
\$ 125,261,259

BOROUGH OF FORT LEE, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Clerk:				
Licenses:				
Alcoholic beverages		101,851	101,851	
Other		51,691	51,691	
Fees and Permits		73,439	73,439	
Municipal Court :				
Fines and Costs	92,818	1,322,866	1,316,080	99,604
Interest and Costs on Taxes		274,241	274,241	
Interest on Investments and Deposits		1,986	1,986	
Consolidated Municipal Property Tax				
Relief Aid		85,986	85,986	
Energy Receipts Tax		1,685,206	1,685,206	
Uniform Construction Code Fees		2,690,446	2,690,446	
Elevator Inspection Fees		92,580	92,580	
Recreation Fees		73,932	73,932	
Borough of Cliffside Park Sewer Services		398,165	398,165	
Reserve for Payment of Debt		145,982	145,982	
LEA Rebate		66,255	66,255	
Reserve for Sale of Assets		24,329	24,329	
General Capital Fund Balance		53,448	53,448	
Third Party Ambulance Billing		850,306	850,306	
Due from General Capital Fund		198,918	198,918	
	<u>92,818</u>	<u>8,191,627</u>	<u>8,184,841</u>	<u>99,604</u>
			Reserve for Sale of Assets	24,329
			Cash	<u>8,160,512</u>
			<u>\$</u>	<u>8,184,841</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Demolition Lien Receivable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ <u>2,350</u>
Balance - December 31, 2012	\$ <u><u>2,350</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administration	\$ 1	1		1
Purchasing	1	1		1
Payroll/Data Processing	1	1		1
Road Repairs and Maintenance	260	260		260
Public Buildings and Grounds	172	172		172
General Services	1	1		1
Sanitary Sewer System	28,597	28,597		28,597
Board of Health	1	1		1
Municipal Court	10,918	10,918		10,918
Ambulance	82	82		82
Police	1	1		1
Communications Repairs	1	1		1
Recreation and Education	844	844		844
Senior Citizens	484	484		484
Parks and Playgrounds	1	1		1
Community Center	261	261		261
Uniform Construction Code Official	1	479	478	1
Emergency Medical Technicians	291	291		291
Fire Prevention	315	315		315
Total Salaries and Wages Within "CAPS"	42,233	42,711	478	42,233
Other Expenses Within "CAPS":				
Administration	52	5,898	5,898	
Purchasing	2,539	7,563	4,523	3,040
Mayor and Council	318	1,315	1,003	312
Borough Clerk	7,198	7,724	2,393	5,331
Elections	1,677	1,677		1,677
Personnel and Data Processing	741	964	223	741
Financial Administration	41,258	42,307	36,146	6,161
Collection of Taxes	471	2,732	2,731	1
Assessment of Taxes		751	202	549
Legal	200,534	191,673	101,887	89,786
Municipal Court	20,206	26,074	8,159	17,915
Engineering Services and Costs	9,598	12,672	6,537	6,135
Dir. Economic Development	17,595	18,492	2,346	16,146

BOROUGH OF FORT LEE, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53 - Special Emergency

		Current Fund					
		Year Ended December 31, 2012					
<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2011</u>	<u>Added in 2012</u>	<u>Reduced in 2012</u>	<u>Balance, Dec. 31, 2012</u>
Dec. 20, 2012	Contractually Required Severance Liabilities	368,908	73,782		368,908		368,908
Dec. 19, 2010	Contractually Required Severance Liabilities	<u>1,440,000</u>	<u>360,000</u>	<u>1,440,000</u>		<u>360,000</u>	<u>1,080,000</u>
		<u>\$ 1,808,908</u>	<u>433,782</u>	<u>1,440,000</u>	<u>368,908</u>	<u>360,000</u>	<u>1,448,908</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	Decreased by: Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2012</u>
Emergency Authorizations:				
Hurricane Sandy	500,000			500,000
Police Salaries/Wages - Overtime	500,000			500,000
Overexpenditure of Appropriation Reserves	<u>2,000</u>		<u>2,000</u>	
	<u>\$ 2,000</u>	<u>1,000,000</u>	<u>2,000</u>	<u>1,000,000</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 379,246
Increased by:	
Transfer from Current Appropriations	<u>281,892</u>
	661,138
Decreased by:	
Transferred to Appropriation Reserves	<u>379,246</u>
Balance - December 31, 2012	<u><u>\$ 281,892</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 612,175
Increased by:	
Receipts - Prepaid 2013 Taxes	<u>680,372</u>
	1,292,547
Decreased by:	
Applied to 2012 Taxes	<u>612,175</u>
Balance - December 31, 2012	<u><u>\$ 680,372</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	268,437
Increased by:			
Transfer from Tax Collections			<u>362,135</u>
			630,572
Decreased by:			
Applied	\$	8,745	
Cancelled to Operations		73,483	
Cash Disbursed		<u>186,209</u>	
			<u>268,437</u>
Balance - December 31, 2012		\$	<u><u>362,135</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Special Emergency Notes

Current Fund

Year ended December 31, 2012

Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2011	Issued	Payments	Balance, Dec. 31, 2012
Severance Liabilities	Dec. 28, 2012	Dec. 28, 2012	Dec. 27, 2013	1.75%	\$ -	368,908		368,908
Severance Liabilities	Dec. 30, 2010	Dec. 14, 2012	Aug. 15, 2013	1.25%	1,440,000	1,080,000	1,440,000	1,080,000
					\$ 1,440,000	1,448,908	1,440,000	1,448,908

Schedule of Emergency Notes Payable

Current Fund

Year ended December 31, 2012

Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2011	Issued	Payments	Balance, Dec. 31, 2012
Hurricane Sandy	Dec. 14, 2012	Dec. 14, 2012	Aug. 15, 2013	1.25%	\$ -	500,000		500,000
Police - Overtime	Dec. 14, 2012	Dec. 14, 2012	Aug. 15, 2013	1.25%		500,000		500,000
					\$ -	1,000,000		1,000,000

BOROUGH OF FORT LEE, N.J.

Schedule of Various Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2012</u>
<u>Reserve for:</u>				
Environmental Committee	\$ 269			269
Sale of Municipal Assets	24,329	2,044	24,329	2,044
Reserve for Police Communications System	1,762			1,762
Reserve for Payment of Debt - Ord. 96-26	10,538			10,538
Due to Library	26,686			26,686
Marriage License/Domestic Partner Registration				
Fees Payable	850	4,550	4,125	1,275
Burial Permits Payable	20			20
DCA Fees Payable	16,068	110,563	104,426	22,205
Due to Developers	1,201			1,201
Improvements	4,757			4,757
Miscellaneous	3,870			3,870
	<u>\$ 90,350</u>	<u>117,157</u>	<u>132,880</u>	<u>74,627</u>
		Cash Receipts		
		117,157		
			Cash Disbursements	
			108,551	
			Utilized as Budget Revenue	
			24,329	
		<u>\$ 117,157</u>	<u>132,880</u>	

BOROUGH OF FORT LEE, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	(40)
Increased by:		
Levy School Year - July 1, 2012 to June 30, 2013		<u>52,463,270</u>
		52,463,230
Decreased by:		
Payments		<u>50,226,859</u>
Balance - December 31, 2012	\$	<u><u>2,236,371</u></u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	9,252
Increased by:		
Levy	\$	13,689,939
Added and Omitted Taxes		<u>41,259</u>
		<u>13,731,198</u>
		13,740,450
Decreased by:		
Payments		<u>13,699,191</u>
Balance - December 31, 2012	\$	<u><u>41,259</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, 2011	Budget Revenue	<u>Received</u>	<u>Canceled</u>	Balance, Dec. 31, 2012
USDA (2003)	\$ 8,818				8,818
Historical Commission	300				300
Title III - Older Americans Act (2007)	23,593				23,593
Title III - Older Americans Act (2008)	43,250				43,250
Title III - Older Americans Act (2009)	554				554
Title III - Older Americans Act (2011)	17,486		17,486		
Title III - Older Americans Act (2012)		69,950	64,122		5,828
Municipal Alliance (2008)	8,817				8,817
Municipal Alliance (2009)	11,778				11,778
Municipal Alliance (2010)	15,759		5,082		10,677
NJ Department of Transportation - Linwood Avenue Improvements	49,268		47,700		1,568
Public Health Priority Funding	10,823				10,823
Stationhouse Adjustment Program	16,441				16,441
Public Health Priority Funding		17,488		17,488	
Drunk Driving Enforcement Fund		23,050		23,050	
Alcohol Education and Rehabilitation		4,019	4,019		
Clean Communities		53,248	53,248		
Recycling Tonnage Grant		27,840	27,840		
Over the Limit Under Arrest		3,650	3,650		
Pedestrian Safety Enforcement		29,000	29,000		
Body Armor Replacement Fund		19,472	19,472		
H1N1		9,946	9,946		
Drive Sober or get Pulled Over		4,400	4,400		
Joint Insurance Fund - Police Accreditation Program		25,000	25,000		
	<u>\$ 206,887</u>	<u>287,063</u>	<u>310,965</u>	<u>40,538</u>	<u>142,447</u>
			Cash Receipts \$ 163,790		
			Unappropriated Reserves 147,175		
			<u>\$ 310,965</u>		

BOROUGH OF FORT LEE, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, 2011	Transfer From 2012 Budget	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, 2012.
Body Armor - 2001	\$ 9,816				9,816
Body Armor - 2000	8,708				8,708
Body Armor - 2002	9,198				9,198
Title III - Older Americans Act	444				444
Recycling Tonnage Grant	6,091				6,091
Traffic Grant	6,720				6,720
Pedestrian Safety Grant	5,760		2,000		3,760
Pedestrian Safety Grant - 2003	9,743				9,743
Domestic Violence Grant	3,000				3,000
Drunk Driving Enforcement Fund	3,181		1,094		2,087
Public Health Priority Funding - 2003	8,762				8,762
New Jersey Smoking	2,220				2,220
New Jersey Playground	4,251				4,251
BCUA Recycling Grant	4,686				4,686
Historic Commission	300				300
USDA	11,758				11,758
Body Armor - 2003	16,838				16,838
Municipal Alliance	3,908		1,182		2,726
Recycling Tonnage Grant	7,586				7,586
Emergency Management	2,406				2,406
Public Health Priority Funding	5,212				5,212
Domestic Violence Grant	67				67
COPS More	4,015				4,015
Body Armor	30,903				30,903
Recycling Tonnage Grant	8,038				8,038
Click it or Ticket	1				1
Public Health Priority Funding	12,090				12,090
Stormwater Grant	11,354				11,354
Clean Communities	6,489		6,090		399
Pedestrian Safety Grant	4,032				4,032
Recycling Tonnage Grant	6,647				6,647
Alcohol Education Rehabilitation	398				398
Public Health Priority Funding	7,741				7,741

BOROUGH OF FORT LEE, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, <u>2011</u>	Transfer From 2012 <u>Budget</u>	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, <u>2012</u>
Stormwater Grant	20,223				20,223
Emergency Management	3,000				3,000
NJ Smoking Prevention	4,860				4,860
NJ CMB Tobacco	1,660				1,660
NJ Information Technology	22,952				22,952
Body Armor	9,616				9,616
Body Armor Grant	10,081				10,081
Clean Communities	17,035				17,035
Clean Communities	1,098				1,098
Municipal Alliance	2,317				2,317
Alcohol Education and Rehabilitation	3,890				3,890
Public Health Priority Funding	1,021				1,021
Aggressive Driver Grant	3,800				3,800
Click it or Ticket	3,200				3,200
Stationhouse Adjustment Grant	13,563				13,563
Municipal Recycling Assistance	9,800				9,800
You Drink You Drive You Lose	3,294				3,294
NJ CMB Tobacco	440				440
Body Armor - State (07)	11,925				11,925
Municipal Recycling Assistance - (BCUA)	8,994				8,994
Recycling Tonnage Grant	6,666				6,666
Public Health Priority Funding	173				173
Drunk Driving Enforcement Fund	2,785				2,785
Pedestrian Safety Grant	18,644				18,644
Municipal Alliance	5,703				5,703
Recycling Tonnage Grant	14,228				14,228
Public Health Priority Funding	3,674				3,674
Alcohol Education Rehabilitation	1,660				1,660
Over the Limit Under Arrest	9,600		9,600		
Justice Assistance Grant (JAG)	1,037				1,037
Body Armor - State	10,641				10,641
Body Armor - Federal	10,191				10,191
Stormwater Grant	5,155				5,155
NJ CMB Tobacco	3,720				3,720
Infrastructure Preparedness	1,500				1,500
Clean Communities	5,525				5,525
Municipal Alliance - 2010	15,759		5,082		10,677
Municipal Alliance - Match	3,940				3,940
Public Health Priority Funding	1,967				1,967

BOROUGH OF FORT LEE, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, 2011	Transfer From 2012 Budget	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, 2012
Traffic Safety	2,000				2,000
Alcohol Education and Rehabilitation	3,017				3,017
Over the Limit Under Arrest	5,600		1,700		3,900
Clean Communities	13,729				13,729
Pedestrian Safety Grant	14,000				14,000
Title III - Older Americans Act		69,950	69,950		
Clean Communities	1,037				1,037
NJ Department of Transportation - Linwood Avenue Improvements	1,657				1,657
Recycling Tonnage Grant		27,840	24,508		3,332
Joint Insurance Fund - Police Accreditation Program		25,000	24,621		379
Public Health Priority Funding		17,488		17,488	
Drunk Driving Enforcement Fund		23,050		23,050	
Pedestrian Safety Enforcement		29,000	7,221		21,779
Clean Communities		53,248	52,614		634
Alcohol Education and Rehabilitation		4,019			4,019
Body Armor Replacement Fund		19,472			19,472
Over the Limit Under Arrest		3,650			3,650
H1N1		9,946			9,946
Drive Sober or Get Pulled Over		4,400			4,400
	<u>\$ 538,740</u>	<u>287,063</u>	<u>205,662</u>	<u>40,538</u>	<u>579,603</u>

Encumbrances	\$ 1,094
Cash Disbursements	<u>204,568</u>
	<u>\$ 205,662</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance, Dec. 31, 2011	Cash <u>Received</u>	Transfer To 2012 <u>Budget</u>	Balance, Dec. 31, 2012
Recycling Tonnage Grant	\$ 50,890	24,670	27,840	47,720
Body Armor - State	19,472	8,206	19,472	8,206
Safety Belt Performance Grants - Walksafe NJ	29,000		29,000	
Pedestrian Safety		12,600		12,600
NJ Health Officers Association - H1N1 Mini Grant	9,946		9,946	
Clean Communities	53,248	49,576	53,248	49,576
Hepatitis B		4,119		4,119
Alcohol Impaired Driving Countermeasures - Over the Limit Under Arrest	3,650	4,800	3,650	4,800
Alcohol Education and Rehabilitation	4,019	2,698	4,019	2,698
	<u>\$ 170,225</u>	<u>106,669</u>	<u>147,175</u>	<u>129,719</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2012

	Assessment Trust <u>Fund</u>	Animal Trust <u>Fund</u>	Unemployment Trust <u>Fund</u>	Other Trust <u>Fund</u>
Balance - December 31, 2011	\$ <u>7,444</u>	<u>20,975</u>	<u>64,052</u>	<u>3,753,767</u>
Increase by Receipts:				
Due from Board of Health		5,398		
Due to State		979		
Interfunds				253,467
Other Trust Funds				9,009,961
Due from Employees - Flexible Spending Account				1,281
Payroll Deductions			31,371	
Interest Earned on Investments		<u>3</u>		
Total Receipts		<u>6,380</u>	<u>31,371</u>	<u>9,264,709</u>
	<u>7,444</u>	<u>27,355</u>	<u>95,423</u>	<u>13,018,476</u>
Decreased by Disbursements:				
Reserve for Animal License Expenditures		12,437		
Due to State		979		
Unemployment Claims			94,000	
Interfunds		9,835		133,401
Other Trust Funds				6,058,216
Total Disbursements		<u>23,251</u>	<u>94,000</u>	<u>6,191,617</u>
Balance - December 31, 2012	\$ <u>7,444</u>	<u>4,104</u>	<u>1,423</u>	<u>6,826,859</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Due from Board of Health

Animal License Trust Fund

Year Ended December 31, 2012

Increased by:

License Fees collected

\$ 5,398

Decreased by:

Cash Receipts

\$ 5,398

BOROUGH OF FORT LEE, N.J.

Analysis of Assessment Cash

Assessment Trust Fund

Year Ended December 31, 2012

Reserve for Utility Deposits	\$ 6,466
Fund Balance	<u>978</u>
Balance - December 31, 2012	<u>\$ 7,444</u>

Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 11,140
Increased by:	
Dog License Fees Collected	\$ 4,893
Cat License Fees Collected	385
Late Fees	120
Interest earned	<u>3</u>
	<u>5,401</u>
	16,541
Decreased by:	
Expenditures R.S. 4:19-15.11	<u>12,437</u>
Balance - December 31, 2012	<u>\$ 4,104</u>

Animal Licenses Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 5,142
2011	<u>4,595</u>
	<u>\$ 9,737</u>

Exhibit B-6

BOROUGH OF FORT LEE, N.J.

Schedule of Interfund - Current Fund

Animal License Trust Fund

Year Eaded December 31, 2012

Balance - December 31, 2011	\$ <u>9,835</u>
Decreased by:	
Cash Disbursements	\$ <u>9,835</u>

Exhibit B-7

Due to State of New Jersey

Animal License Trust Fund

Year Ended December 31, 2012

Increased by:	
Fees Collected	\$ <u>979</u>
Decreased by:	
Paid to State of New Jersey	\$ <u>979</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Interfunds

Other Trust Funds

Year Ended December 31, 2012

	Due from/(to) Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2012</u>
Current Fund:				
Escrow Trust	\$ (1,113)	1,113	525	(525)
Redemption Trust	(2,212)	40,269	25,983	12,074
POAA Trust	2,292		2,292	
Police Activity Trust	(1,325)	1,325		
Other Trust Fund	2,210	100,500	2,559	100,151
Fire Prevention Dedicated Penalties	18,707	11,305	18,707	11,305
Flexible Spending Escrow Account	(1,304)	1,304	13	(13)
Fort Lee Film Commission	(105)	405	300	
Senior Citizen Advisory	2,175		2,175	
COAH Development Fees	100,913	56,040	100,913	56,040
Total Current Fund	<u>120,238</u>	<u>212,261</u>	<u>153,467</u>	<u>179,032</u>
Capital Fund:				
Redemption Trust Fund	(100,000)			(100,000)
Community Development	(45,982)		100,000	(145,982)
	<u>(145,982)</u>		<u>100,000</u>	<u>(245,982)</u>
Total All Funds	<u>\$ (25,744)</u>	<u>212,261</u>	<u>253,467</u>	<u>(66,950)</u>
Due from	126,297	205,902	152,629	179,570
Due (to)	<u>(152,041)</u>	<u>6,359</u>	<u>100,838</u>	<u>(246,520)</u>
	<u>\$ (25,744)</u>	<u>212,261</u>	<u>253,467</u>	<u>(66,950)</u>
Due from Current - Deposit Errors		78,860		
Cash Receipts			253,467	
Cash Disbursements		<u>133,401</u>		
		<u>\$ 212,261</u>	<u>253,467</u>	

BOROUGH OF FORT LEE, N.J.

Schedule of Reserve for Other Trust Funds

Trust Funds

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
Reserve for:				
Escrow Deposits	\$ 635,593	4,103,640	4,127,672	611,561
Disability Insurance	81			81
Police Activities - Justice	220,048	258,440	92,819	385,669
Police Activities - County	207			207
Police Activities - Treasury	379,804	337,517	284,635	432,686
Police Activities - Asset Management	696			696
Parks and Recreation	22,395	45,650	43,979	24,066
Tax Title Lien Premiums	551,900	433,600	376,100	609,400
Tax Title Redemptions	870	984,937	984,937	870
East/West Acquisition Company	102,447			102,447
Avalon Bay Escrow	230,183			230,183
Donation - Allmendinger Estate	5,000			5,000
Donation - Police Station Equipment	60,098		57,075	3,023
Donation - Fire Command Vehicle	30,433			30,433
Film Shoot Proceeds	17,391			17,391
Confiscated Funds	27,115			27,115
Police School Resource	13,467	7,752	6,890	14,329
Police Donations	1,818	100		1,918
Senior Citizen Advisory Council	65,997	38,368	36,188	68,177
Senior Citizen Computer Projects	664		664	
COAH Development Fees	1,006,738	2,811,309	8,676	3,809,371
Multiple Dwelling Fees	92,151	41	377	91,815
Historic Film Commission	2,184	19,598	20,164	1,618
Litigation Escrow	106,947			106,947
Fire Prevention-Dedicated Penalties	22,101	11,305		33,406
POAA Trust	119,722	9,258		128,980
Recycling Trust	10,224	3,267	1,350	12,141
Flexible Spending Account Escrow	3,030	24,039	16,690	10,379
	<u>\$ 6,851,145</u>	<u>9,088,821</u>	<u>6,058,216</u>	<u>6,759,909</u>
		Cash	9,009,961	6,058,216
		Due from Current Fund	78,860	
		<u>\$ 9,088,821</u>	<u>6,058,216</u>	

BOROUGH OF FORT LEE, N.J.

Schedule of Reserve for Expenditures

Unemployment Trust Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 64,052
Increased by:	
Payroll Deductions	<u>31,371</u>
	95,423
Decreased by:	
Unemployment Claims Paid	<u>94,000</u>
Balance - December 31, 2012	<u><u>\$ 1,423</u></u>

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BOROUGH OF FORT LEE, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	6,693,308
Increased by Receipts:			
Premium on Note Sale	\$	34,317	
Grants Receivable		47,756	
Bond Anticipation Note Proceeds		2,948,000	
Capital Improvement Fund		50,000	
Interfund - Current Fund		1,033	
			<u>3,081,106</u>
			9,774,414
Decreased by Disbursements:			
Improvement Authorizations		2,818,206	
Encumbrances		223,261	
Due to Current Fund -			
Reserve for payment of debt		145,982	
Fund Balance		53,448	
Interfund		198,918	
			<u>3,439,815</u>
Balance - December 31, 2012		\$	<u><u>6,334,599</u></u>

BOROUGH OF FORT LEE, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Fund Balance	C-1	34,317
Various Receivables	C-4	(1,636,588)
Interfund - Community Development Trust Fund	C-5	(145,982)
Interfund - Redemption Trust Fund	C-6	(100,000)
Reserve for Interest - Arbitrage	C-12	44,865
Reserve for Contributions-Main Street Widening	C-16	817,059
Reserve for Payment of Debt	C-15	213,529
Due to US Department of Housing and Urban Development	C-14	37,168
Interfund - Current Fund	C-19	(451,941)
Capital Improvement Fund	C-18	96,491
Encumbrances payable	C-13	927,417

Improvement Authorizations:

<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
88-12	Various Improvements	(3,619)
93-12	Self Insurance Claims	(2,970)
94-35	Improvements to Main Street/Palisades Ave.	(136)
00-36	Streetscape and sewer improvements	13,592
01-22/02-11	Storm Water/Sewer Improvement	7
01-40	Construction of Library	(4,750)
02-34	Municipal Parking Lot Improvements	(500)
02-35	Streetscape Imps. - Various Streets	(250)
02-41	Various Capital Improvements	2,788
03-13/06-28	Construction of a Community Center and Sports Fields	77,752
03-24	Various Capital Improvements	3,051
03-32	Anderson and Columbia Avenue Drainage Bypass	12,444
03-34	Installation of a Traffic Light	14,696
04-21	Downtown Pedestrian Imp. Project, Phase IIA	215
04-27/06-36/07-31	Acquisition of Real Property (95 Main Street)	71,510
04-30	Various Capital Improvements	4,033
04-31	Downtown Pedestrian Imp. Project, Phase IIA	30
04-45	Acquisition of a Fire Truck	(1,272)
05-7	Acquisition of Property - 4601/10	3,733
05-21	Various Capital Improvements	2,550

BOROUGH OF FORT LEE, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2012

05-27	Firefighter Safety Program Equipment	13,481
06-5	Rehabilitation of the Richard Nest Senior Citizens' Center Kitchen	493
06-6	Improvements to Inwood Terrace Park	102,798
06-15	Environmental engineering and related services in connection with the combined sewer outflow	51,465
06-39/07-32	Acquisition of Property (2005 Hoyt Ave., 153 Main St. 33-35 Main Street)	(491)
06-44	Various Capital Improvements	260,298
07-09	Wireless Public Safety Communications Network	1,217,209
07-30	Various Capital Improvements	854,890
07-47	Installation of Solar Panels	195,314
08-16	Acquisition of Mini Buses	(2,490)
08-29	Improvements to Constitution Park	1,524
08-35	Various Road Improvements	795
09-11	Abbott Blvd Pedestrian Pathway Project	199,077
09-22	Acquisition of Law Enforcement Equipment	242
09-24	Various Capital Improvements	193,192
09-35	Acquisition of Firefighting Equipment	4,659
10-04	Acquisition of a Fire Truck and related equipment	25,653
10-06	North Avenue and 8th Street Project	57,515
10-20	Roadway Imps., to Stillwell Avenue, 8th and 11th Sts.	100,000
10-21	Roadway Imps. To Myrtle Avenue	5,808
10-22	William T. Birch Park Improvements	147,236
10-23	Combined sewer outflow abatement upgrades	229,391
10-24	Various Capital Improvements	121,535
11-14	Various Capital Improvements	529,406
11-16	Preparation/Implementation of an energy efficiency strategy	71,895
11-18	Refunding Bond Ordinance	(915)
11-21	Various Capital Improvements	81,008
12-19	Imps. to Brinkerhoff Avenue, Section 2	356
12-21	Various Capital Improvements	1,714,346
12-35	Imps. to Inwood Terrace Park Playground	36,550
12-43	Acquisition of Land - 4851/5	93,120
		<u>\$ 6,334,599</u>

BOROUGH OF FORT LEE, N.J.

Schedule of Grants and Contributions Receivable

General Capital Fund

Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Grant</u> <u>Awards</u>	<u>Decreased</u> <u>by</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>Miscellaneous:</u>				
Bank	\$ 142			142
Bergen County	302,000			302,000
Bergen County - Ord. 03-32: Anderson and Columbia Avenue Drainage Bypass	208,000			208,000
Borough of Cliffside Park	10,000			10,000
Palisades Interstate Park Commission	177,216			177,216
	<hr/>			<hr/>
Total Miscellaneous Contributions Receivable	697,358			697,358
 <u>Community Development Block Grant</u>				
Prior Year	3,537			3,537
Various Street Improvements	100,000			100,000
 <u>State of NJ - Department of Transportation</u>				
Ord. 09-11: Abbott Boulevard Pedestrian Pathway	184,000			184,000
Ord. 10-06: North Avenue and 8th Street	57,515			57,515
Ord. 10-21: Roadway Improvements to Myrtle Avenue	19,499			19,499
Ord. 12-19: Imps. to Brinkerhoff Avenue, Section 2		146,500	109,179	37,321
 <u>U.S. Department of Justice</u>				
Ord. 09-22: Law Enforcement Equipment	47,798		47,756	42
 <u>U.S. Department of Homeland Security</u>				
Ord. 05-27: Firefighter Safety Equipment	4,124			4,124
 <u>U.S. Department of Environmental Protection</u>				
Ord. 10-23: Sewer Outflow Abatement Upgrades	485,000		167,305	317,695
 <u>U.S. Department of Energy</u>				
Ord. 11-16: Preparation/Implementation of an Energy Efficiency Strategy	155,000		82,961	72,039
 <u>Bergen County Open Space Trust Fund</u>				
Ord. 08-29: Imps. to Constitution Park	8,758			8,758
Ord. 10-22: Imps. to William T. Birch Park	100,000			100,000
Ord. 12-35: Imps. to Inwood Terrace Park Plyd.		34,700		34,700
	<hr/>			<hr/>
Total Grants Receivable	1,165,231	181,200	407,201	939,230
	<hr/>			<hr/>
	\$ 1,862,589	181,200	407,201	1,636,588

Due from Federal/State Grant Fund	82,961
Due from Current Fund	276,484
Cash Receipts	47,756
	<hr/>
\$	407,201

Exhibit C-5

BOROUGH OF FORT LEE, N.J.

Schedule of Due from/(to) Community Development Trust Fund

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	45,982
Increased by:		
Grant receipts received in Trust		<u>100,000</u>
Balance - December 31, 2012	\$	<u><u>145,982</u></u>

Exhibit C-6

Schedule of Due from/(to) Redemption Trust Fund

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	<u>100,000</u>
Balance - December 31, 2012	\$	<u><u>100,000</u></u>

BOROUGH OF FORT LEE, N.J.

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

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	56,808,631
Increased by:			
Refunding Bonds Issued			<u>9,000,000</u>
			65,808,631
Decreased by:			
Serial Bonds Refunded	\$	8,990,000	
Paid via refunding closing escrow		100,000	
Current Year Budget Appropriations:			
Serial Bonds		5,225,000	
Green Trust Loan		<u>9,462</u>	
			<u>14,324,462</u>
Balance - December 31, 2012		\$	<u><u>51,484,169</u></u>

BOROUGH OF FORT LEB, N.J.

Schedule of Deferred Charges in Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance		2012 Authorizations	Decreased	Balance Dec. 31, 2012	Analysis of Balance - Dec. 31, 2012		Unexpended Improvement Authorization
		Dec. 31, 2011	\$				Financed by	Expenditures	
	General Improvements:								
88-12	Various Improvements	3,619	3,619			3,619	Anticipation	3,619	
93-12	Self Insurance Claims	2,970	2,970			2,970	Notes	2,970	
94-35	Improvements in Main St./Fallsacks Ave.	136	136			136		136	
01-40	Construction of Library	4,750	4,750			4,750		4,750	
02-34	Municipal Parking Lot Improvements	500	500			500		500	
02-35	Streetscape Imps. - Various Streets	250	250			250		250	
03-24	Various Capital Improvements	100	100			100			100
04-27	Acquisition of Real Property (95 Main St.)	500	500			500			500
04-30	Various Capital Improvements	100	100			100			100
04-45	Acquisition of a Fire Truck	1,272	1,272			1,272		1,272	
05-27	Firefighter Safety Program Equipment	607	607			607			607
06-39	Acquisition of property (2005 Hayt Ave., 153 Main St., 33-35 Main Street)	755	755			755		491	264
07-30	Various Capital Improvements	6,012	6,012			6,012			6,012
07-47	Installation of Solar Panels	389	389			389		1	388
08-16	Acquisition of Mini Buses	4,750	4,750			4,750		2,490	2,260
08-17	Refunding Bonds	1,680,000	1,680,000			1,680,000			1,680,000
10-04	Acquisition of Fire Truck and related equipment	855,000	855,000			855,000	855,000		
10-22	William T. Birch Park Improvements	95,000	95,000			95,000	95,000		
10-23	Combined sewer outflow abatement upgrades	370,000	370,000			370,000	370,000		
10-24	Various Capital Improvements	2,270,500	2,270,500			2,270,500	2,270,500		
10-28	Refunding Bond Ordinance	1,155,000	1,155,000			1,155,000			1,155,000
11-14	Various Capital Improvements	1,832,075	1,832,075			1,832,075	1,831,500		575

BOROUGH OF FORT LEE, N.J.
 Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Analysis of Balance - Dec. 31, 2012						
		Balance Dec. 31, 2011	2012 Authorizations	Depreciated	Balance Dec. 31, 2012	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
11-18	Refunding Bond Ordinance	980,000			980,000		915	979,085
11-21	Various Capital Improvements	356,250			356,250	356,000		250
12-05	Refunding Bond Ordinance		10,500,000	9,000,000	1,500,000			1,500,000
12-19	Imps. to Brinkthoff Avenue, Section 2		34,000		34,000	34,000		
12-21	Various Capital Improvements		2,558,350		2,558,350	2,558,000		350
12-35	Imps. To Inwood Terroce Park Playground		35,150		35,150			35,150
12-43	Acquisition of Land - 4851/5		1,952,380		1,952,380			1,952,380
		<u>\$ 9,620,535</u>	<u>15,079,880</u>	<u>9,008,000</u>	<u>15,700,415</u>	<u>8,370,000</u>	<u>17,394</u>	<u>7,313,021</u>

Refunding Bonds Issued \$ 9,000,000
 \$ 9,000,000

Improvement Authorizations-Unfunded \$ 10,109,716

Less: Unexpended Proceeds of Bond Anticipation Notes

Ord. 10-04	25,653
Ord. 10-22	95,000
Ord. 10-23	229,391
Ord. 10-24	121,535
Ord. 11-14	529,406
Ord. 11-21	81,008
Ord. 12-19	356
Ord. 12-21	1,714,346

2,796,695
 \$ 7,313,021

BOROUGH OF FORT LEE, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012	Interest Rate	Balance		
					Dec. 31, 2011	Dec. 31, 2012	
General Improvement Bonds	Feb. 15, 2002	18,030,000	2/15/12 1,750,000	4.10%	1,750,000	1,750,000	
Pension Refunding Bonds	Mar. 1, 2003	4,230,000	3/1/2013 310,000	4.70%	2,735,000	280,000	
			3/1/2014 345,000	4.75%			
			3/1/2015 385,000	4.80%			
			3/1/2016 425,000	4.85%			
			3/1/2017 470,000	4.90%			
	3/1/2018 520,000	4.90%					
General Obligation Bonds	July 15, 2004	12,815,000	7/15/2013 500,000	4.00%	1,100,000	600,000	
General Obligation Bonds	July 15, 2005	16,115,000	7/15/2013 1,100,000	4.00%	12,290,000	10,040,000	
			7/15/2014 1,150,000				
General Improvement Refunding Bonds	Jan. 29, 2009	5,170,000	2/1/2013 1,285,000	3.00%	2,565,000	1,280,000	
							500,000
							2,250,000
							1,285,000

BOROUGH OF FORT LEE, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
County -Guaranteed Pooled Bond Program Series 2010	May 10, 2010	22,062,000	2/15/13	351,000	4.00%	21,962,000		150,000	21,812,000
			2/15/14	550,000	4.00%				
			2/15/15	599,000	5.00%				
			2/15/16	601,000	3.00%				
			2/15/17	2,056,000	3.00%				
			2/15/18	650,000	4.00%				
			2/15/18	1,637,000	3.00%				
			2/15/19	2,105,000	5.00%				
			2/15/20	1,445,000	4.00%				
			2/15/20	570,000	5.00%				
			2/15/21	2,104,000	5.00%				
			2/15/22	2,193,000	5.25%				
			2/15/23	2,286,000	5.25%				
			2/15/24	2,380,000	5.00%				
			2/15/25	2,285,000	5.00%				
General Improvement Refunding Bonds									
	March 24, 2011	7,595,000	2/15/13	650,000	3.00%	7,595,000			7,595,000
			2/15/13	1,105,000	5.00%				
			2/15/14	435,000	4.00%				
			2/15/14	1,425,000	5.00%				
			2/15/15	1,980,000	4.00%				
			2/15/16	2,000,000	4.00%				

BOROUGH OF FORT LEE, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
General Obligation Refunding Bonds	Dec. 22, 2011	6,520,000	7/15/14	665,000	3.00%	6,520,000		115,000	6,405,000
			7/15/15	685,000	3.00%				
			7/15/16	705,000	4.00%				
			7/15/17	1,005,000	2.00%				
			7/15/18	1,280,000	4.00%				
7/15/19	2,065,000	4.00%							
General Obligation Refunding Bonds	May 8, 2012	9,000,000	7/15/15	1,210,000	3.00%		9,000,000	100,000	8,900,000
			7/15/16	1,250,000	3.00%				
			7/15/17	1,285,000	3.00%				
			7/15/18	330,000	3.00%				
			7/15/19	995,000	4.00%				
7/15/20	1,370,000	4.00%							
						\$ 56,517,000	9,000,000	14,315,000	51,202,000

Refunded 8,990,000
 Paid via refund closing escrow 100,000
 Budget Appropriation 5,225,000
 \$ 14,315,000

BOROUGH OF FORT LEE, N.J.

Schedule of Green Trust Loan

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$	291,631
Decreased by:		
Green Trust Loans Paid by Current Year		
Budget Appropriations		<u>9,462</u>
Balance - December 31, 2012	\$	<u><u>282,169</u></u>
		<u>Analysis of Balance</u>
Van Fleet Park/Community Center, Ord. 03-13		<u><u>282,169</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2012
						Dec. 31, 2011	Dec. 31, 2012			
2010-4	Acquisition of Fire Truck and related equipment	Aug. 16, 2011	Aug. 16, 2012	Aug. 16, 2013	0.75%	\$	855,000	855,000		855,000
2010-22	William T. Birch Park Improvements	Aug. 16, 2011	Aug. 16, 2012	Aug. 16, 2013	0.75%		95,000	95,000		95,000
2010-23	Combined sewer outflow obatement upgrades	Aug. 16, 2011	Aug. 16, 2012	Aug. 16, 2013	0.75%		370,000	370,000		370,000
2010-24	Various Capital Improvements	Aug. 16, 2011	Aug. 16, 2012	Aug. 16, 2013	0.75%		2,270,500	2,270,500		2,270,500
2011-14	Various Capital Improvements	Aug. 16, 2011	Aug. 16, 2012	Aug. 16, 2013	0.75%		1,831,500	1,831,500		1,831,500
2011-21	Various Capital Improvements	Aug. 16, 2012	Aug. 16, 2012	Aug. 16, 2013	0.75%		356,000	356,000		356,000
2012-19	Imps. To Brinkerhoff Avenue, Sec. 2	Aug. 16, 2012	Aug. 16, 2012	Aug. 16, 2013	0.75%		34,000	34,000		34,000
2012-21	Various Capital Improvements	Aug. 16, 2012	Aug. 16, 2012	Aug. 16, 2013	0.75%		2,558,000	2,558,000		2,558,000
						\$	5,422,000	8,370,000	5,422,000	8,370,000

Cash	2,948,000
Renewed	5,422,000
\$	8,370,000

	5,422,000
	5,422,000
\$	5,422,000

BOROUGH OF FORT LEE, N.J.

Schedule of Reserve for Interest - Arbitrage

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ <u>44,865</u>
Balance - December 31, 2012	\$ <u><u>44,865</u></u>

Exhibit C-13

BOROUGH OF FORT LEE, N.J.

Schedule of Encumbrances Payable

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ 223,261
Increased by:	
Charged to Improvement Authorizations	<u>927,417</u>
	1,150,678
Decreased by:	
Payments	<u>223,261</u>
Balance - December 31, 2012	<u><u>\$ 927,417</u></u>

Exhibit C-14

**Schedule of Amount due to the U.S. Department
of Housing and Urban Development**

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ <u>37,168</u>
Balance - December 31, 2012	<u><u>\$ 37,168</u></u>

BOROUGH OF FORT LEE, N.J.
Schedule of Reserve for Payment of Debt
General Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$ 145,982
Increased by:	
Grants Received - Due from Current	<u>213,529</u>
	359,511
Decreased by:	
Utilized as Budget Revenue	<u>145,982</u>
Balance - December 31, 2012	<u><u>\$ 213,529</u></u>
	<u><u>Analysis of Balance</u></u>
	Ord. 2011-21 - Notes \$ <u><u>213,529</u></u>

BOROUGH OF FORT LEE, N.J.

**Schedule of Reserve for
Contributions - Main Street
Widening Project**

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	\$ <u>817,059</u>
Balance - December 31, 2012	\$ <u><u>817,059</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2011		2012 Authorizations	Canceled	Paid or Charged	Balance Dec. 31, 2012	
			Funded	Unfunded				Funded	Unfunded
	General Improvements:								
00-36	Streetscape and sewer improvements	\$ 1,300,000	13,607				15	13,592	
01-22/2-11	Storm Water/Sewer Improvement	600,000	7					7	
02-41	Various Capital Improvements	2,000,000	2,788					2,788	
03-13/06-28	Construction of a Community Center and Sports Fields	13,500,000	118,945				41,193	77,752	100
03-24	Various Capital Improvements	1,978,000	3,051	100				3,051	
03-32	Anderson and Columbia Ave. Drainage Bypass	208,000	12,444					12,444	
03-34	Installation of a Traffic Light	125,000	14,696					14,696	
04-21	Downtown Pedestrian Imp. Project: Phase IIA Streetscape	250,000	215					215	
04-27/06-36/07-31	Acquisition at Real Property (95 Main Street)	2,250,000	71,510	500				71,510	500
		800,000	4,033	100				4,033	100
04-30	Various Capital Improvements	400,000	30					30	
04-31	Downtown Pedestrian Imp. Project: Phase IIA Streetscape	525,000	3,733					3,733	
05-7	Acquisition of Property - 4601/10	1,746,750	2,550					2,550	
05-21	Various Capital Improvements	121,800	13,481	607				13,481	607
05-27	Firefighter Safety Program Equipment								
06-5	Rehabilitation of the Richard Nest Senior Citizens' Center Kitchen	250,000	493					493	
06-6	Improvements to Inwood Terrace Park	275,000	102,798					102,798	
06-15	Environmental Engineering and related services in connection with the combined sewer outflow	500,000	51,465					51,465	
06-39/07-32	Acquisition of property (2005 Hoyt Ave., 153 Main St., 33-35 Main Street)	5,500,000		264					264
		400,000							
06-44	Various Capital Improvements	2,000,000	260,298					260,298	
07-09	Wireless Public Safety Communications Network	5,500,000	1,465,849				248,640	1,217,209	
07-30	Various Capital Improvements	2,110,000	855,727	6,012			837	854,890	6,012

BOROUGH OF FORT LEE, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2011		2012 Authorizations	Canceled	Paid or Charged	Balance Dec. 31, 2012	
			Funded	Unfunded				Funded	Unfunded
07-47	Installation of Solar Panels	1,550,000	195,315	388				195,315	388
08-16	Acquisition of Mini-Buses	165,000		2,260					2,260
08-17	Refunding Bonds	6,850,000		1,680,000					1,680,000
08-29	Imps. to Constitution Park	110,000	1,524					1,524	
08-35	Various Road Improvements	320,000	56,395			55,600		795	
09-11	Abbott Blvd Pedestrian Pathway Project	200,000	199,077					199,077	
09-22	Acquisition of Law Enforcement Equipment	280,590	47,798			47,556		242	
09-24	Various Capital Improvements	2,300,000	493,332			300,140		193,192	
09-35	Acquisition of Firefighting Equipment	225,000	15,439			10,780		4,659	
10-04	Acquisition of Fire Truck and related equipment	900,000		178,937		153,284		57,515	25,653
10-06	North Avenue and 8th Street Project	245,000	57,515			(58)		100,000	
10-20	Roadway Imps. to Stillwell Avenue, 8th and 11th Sts.	100,000	99,942					5,808	
10-21	Roadway Improvements to Myrtle Avenue	200,000	5,808					52,236	
10-22	William T. Birch Park Improvements	200,000	60,244			8,008			95,000
10-23	Combined sewer outflow abatement upgrades	900,000	458,058			598,667			229,391
10-24	Various Capital Improvements	2,390,000		48,466		(73,069)			121,535
10-28	Refunding Bond Ordinance	8,750,000		1,155,000					1,155,000
11-14	Various Capital Improvements	1,928,500	1,375,457			845,476		71,895	529,981
11-16	Preparation/Implementation of an energy efficiency strategy	155,100	154,856			82,961			979,085
11-18	Refunding Bond Ordinance	7,500,000		979,085					81,258
11-21	Various Capital Improvements	375,000	7,653			282,645			1,500,000
12-05	Refunding Bond Ordinance	10,500,000		356,250	10,500,000	9,000,000			
12-19	Imps. to Brinkerhoff Avenue, Section 2	180,500			180,500	180,144			356

BOROUGH OF FORT LEE, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2011		2012 Authorizations	Canceled	Paid or Charged	Balance Dec. 31, 2012	
			Funded	Unfunded				Funded	Unfunded
12-21	Various Capital Improvements	2,693,000			2,693,000		978,304	36,550	1,714,696
12-35	Imps. to Inwood Terrace Park Playground	71,700			71,700				35,150
12-43	Acquisition of Land - 4851/5	2,050,000			2,050,000		4,500	93,120	1,952,380
			\$ 4,850,676	6,248,426	15,495,200		12,765,623	3,718,963	10,109,716

State of New Jersey Department of Transportation \$ 146,500
 Bergen County Open Space Trust Fund 34,700
 Capital Improvement Fund 234,120
 Deferred Charges in Future Taxation - Unfunded 15,079,880

\$ 15,495,200

Cash \$ 2,818,206
 Refunding Bonds Issued 9,000,000
 Due to Current Fund - Charges to 2011-16 20,000
 Encumbrances 927,417
 \$ 12,765,623

BOROUGH OF FORT LEE, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	\$ 280,611
Increased by:	
Budget Appropriation	<u>50,000</u>
	330,611
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>234,120</u>
Balance - December 31, 2012	<u><u>\$ 96,491</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011		\$	(198,918)
Increased by:			
Charges to Ordinance 2011-16	\$	20,000	
Interest on Investments		<u>1,033</u>	
			<u>21,033</u>
			(219,951)
Increased by:			
Grant Receipts		472,974	
Cash Disbursements		<u>198,918</u>	
			<u>671,892</u>
Balance - December 31, 2012		\$	<u><u>451,941</u></u>
			<u>Analysis of Balance</u>
			Due from Current Fund 368,980
			Due from Federal and State Grant Fund <u>82,961</u>
		\$	<u><u>451,941</u></u>

BOROUGH OF FORT LEE, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
	<u>General Improvements:</u>				
88-12	Various Improvements	\$ 3,619			3,619
93-12	Self-Insurance Fund	2,970			2,970
94-35	Refund of Taxes	136			136
01-40	Construction of Library	4,750			4,750
02-34	Municipal Parking Lot Improvements	500			500
02-35	Streetscape Improvements - Various Streets	250			250
03-24	Various Capital Improvements	100			100
04-27	Acquisition of Real Property (95 Main Street)	500			500
04-30	Various Capital Improvements	100			100
04-45	Acquisition of a Fire Truck	1,272			1,272
05-27	Firefighter Safety Program Equipment	607			607
06-39	Acquisition of property (2005 Hoyt Ave., 153 Main St., 33-35 Main Street)	755			755
07-30	Various Capital Improvements	6,012			6,012
07-47	Installation of Solar Panels	389			389
08-16	Acquisition of Mini-Buses	4,750			4,750
08-17	Refunding Bond Ordinance	1,680,000			1,680,000
10-28	Refunding Bond Ordinance	1,155,000			1,155,000
11-14	Various Capital Improvements	575			575
11-18	Refunding Bond Ordinance	980,000			980,000
11-21	Various Capital Improvements	356,250		356,000	250
12-05	Refunding Bond Ordinance		10,500,000	9,000,000	1,500,000
12-19	Imps. To Brinkerhoff Avenue, Sec. 2		34,000	34,000	

BOROUGH OF FORT LEE, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
	<u>General improvements:</u>				
12-21	Various Capital Improvements		2,558,350	2,558,000	350
12-35	Imps. to Inwood Terrace Park Playground		35,150		35,150
12-43	Acquisition of Land - 485 1/5		1,952,380		1,952,380
		<u>\$ 4,198,535</u>	<u>15,079,880</u>	<u>11,948,000</u>	<u>7,330,415</u>
	Refunding Bonds Issued			9,000,000	
	Bond Anticipation Notes Issued			2,948,000	
		\$		<u>11,948,000</u>	

BOROUGH OF FORT LEE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2011	\$ 19,275	19,275	
Increased by Receipts:			
State Aid	91,329		91,329
Budget Appropriations	5,000	5,000	
Refunds of Assistance	7,488		7,488
Donations	24,306	24,306	
Interest Earned	32	32	
	<u>128,155</u>	<u>29,338</u>	<u>98,817</u>
	<u>147,430</u>	<u>48,613</u>	<u>98,817</u>
Decreased by Disbursements:			
Public Assistance - 2012	112,418	20,104	92,314
State of New Jersey - Refund of State Aid, zero-balance account	6,503		6,503
	<u>118,921</u>	<u>20,104</u>	<u>98,817</u>
Balance - December 31, 2012	<u>28,509</u>	<u>28,509</u>	

BOROUGH OF FORT LEE

**Schedule of Public Assistance Cash and Reconciliation
Per N.J.S.A. 40A:5-5**

Public Assistance Fund

Year Ended December 31, 2012

Balance - December 31, 2012			\$	28,509
Increased by:				
State Aid	\$	17,339		
Budget Appropriation		15,000		
Interest Earned on Investments		<u>7</u>		
				<u>32,346</u>
				60,855
Decreased by:				
Public Assistance - 2013		17,339		
Non reimbursable expenses		<u>5,080</u>		
				<u>22,419</u>
Balance - February 28, 2013			\$	<u>38,436</u>
Reconciliation - February 28, 2013		<u>PATF I</u>		<u>PATF II</u>
		<u>Account</u>		<u>Account</u>
Balance on Deposit per Bank Statement:				<u>Total</u>
Checking	\$	42,301		42,301
Savings		<u>42,301</u>		<u>42,301</u>
Less: Outstanding Checks		<u>3,865</u>		<u>3,865</u>
Balance - February 28, 2013	\$	<u>38,436</u>		<u>38,436</u>

BOROUGH OF FORT LEE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2012

Balance - December 31, 2011			\$	19,275
Increased by:				
State Aid	\$	91,329		
Budget Appropriations		5,000		
Refunds of Assistance		7,488		
Donations		24,306		
Interest Earned on Investments		32		
				<u>128,155</u>
				147,430
<u>Decreased by:</u>				
Public Assistance 2012		112,418		
State of New Jersey - Refund of State Aid, Zero-Balance Account		<u>6,503</u>		
				<u>118,921</u>
Balance - December 31, 2012			\$	<u>28,509</u>
<u>Reconciliation - December 31, 2012</u>		<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
		<u>Account</u>	<u>Account</u>	
Balance on Deposit per Bank Statement:				
Checking	\$	28,534		28,534
Savings				
		<u>28,534</u>		<u>28,534</u>
Less: Outstanding Checks		<u>25</u>		<u>25</u>
Balance - December 31, 2012	\$	<u>28,509</u>		<u>28,509</u>

BOROUGH OF FORT LEE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2011	\$ 19,275	19,275	
Increased by:			
State Aid	91,329		91,329
Refunds of Assistance	7,488		7,488
Budget Appropriations	5,000	5,000	
Donations	24,306	24,306	
Interest Earned	32	32	
	<u>128,155</u>	<u>29,338</u>	<u>98,817</u>
	<u>147,430</u>	<u>48,613</u>	<u>98,817</u>
Decreased by:			
Public Assistance - 2012	112,418	20,104	92,314
State of New Jersey - Refund of State Aid, Zero-Balance Account	6,503		6,503
	<u>118,921</u>	<u>20,104</u>	<u>98,817</u>
Balance - December 31, 2012	\$ <u>28,509</u>	<u>28,509</u>	

BOROUGH OF FORT LEE
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 91,329		91,329
Less: Refunds to the State			
Net State Aid Payments	<u>91,329</u>		<u>91,329</u>
Budget Appropriation	5,000	5,000	
Refunds of Assistance	7,488		7,488
Interest Earned	<u>32</u>	<u>32</u>	
Total Revenues (P.A.T.F.)	<u>103,849</u>	<u>5,032</u>	<u>98,817</u>
Donations	<u>24,306</u>	<u>24,306</u>	
Total Receipts	<u>\$ 128,155</u>	<u>29,338</u>	<u>98,817</u>

BOROUGH OF FORT LEE

Schedule of Expenditures - Cash Basis

Public Assistance Fund

Year Ended December 31, 2012

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 34,995		34,995
Temporary Rental Assistance	36,128		36,128
Emergency Assistance	20,031		20,031
Work-Related Expenses	143		143
Transportation	982		982
Total Payments Reported	<u>92,279</u>		<u>92,279</u>
Petty Cash	20,104	20,104	
Underclaim - Assistance not Reported			35
State of New Jersey -			
Refund of State Aid, Zero-balance account	6,503		6,503
	<u>26,607</u>	<u>20,104</u>	<u>6,538</u>
Total Disbursements (P.A.T.F.)	<u>\$ 118,886</u>	<u>20,104</u>	<u>98,817</u>

BOROUGH OF FORT LEE

PART II

LETTERS ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

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

Honorable Mayor and
Members of the Borough Council
Borough of Fort Lee
County of Bergen, New Jersey

We have audited the financial statements-regulatory basis of the Borough of Fort Lee in the County of Bergen as of and for the year ended December 31, 2012, and have issued our report thereon dated June 7, 2013. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Fort Lee prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

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

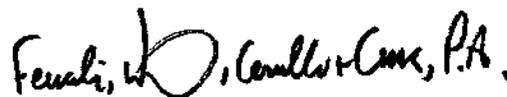
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Fort Lee in the accompanying comments and recommendations section of this report.

Purpose of this Report

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



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

Honorable Mayor and
Members of the Borough Council
Borough of Fort Lee
County of Bergen, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Fort Lee in the County of Bergen compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012. The Borough of Fort Lee's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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



Honorable Mayor and
Members of the Borough Council
Page 2.

types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Fort Lee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Fort Lee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

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

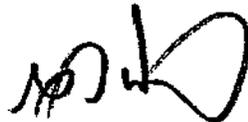
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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



Honorable Mayor and
Members of the Borough Council
Page 3.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CR00413



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

June 7, 2013



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BROUGH OF FORT LEE

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award	From	Grant Period	To	Balance Dec. 31 2011	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31 2012	MEMO Cumulative Total Expenditures
Federal and State Grant Fund, Department of Housing and Urban Development Pass Through Funds. U.S. Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605 (WQ05-044)	5,155	1/1/2007	12/31/2007	12/31/2007	5,155				5,155	
			5,155	1/1/2008	12/31/2008	12/31/2008	5,155				5,155	
		20.609	16,000	1/1/2010	12/31/2018	12/31/2018	16,000		7,221		8,779	7,221
		20.609	13,000	3/1/2011	12/31/2011	12/31/2011	13,000				13,000	
U.S. Department of Transportation National Highway Traffic Safety Administration	Pedestrian Safety Enforcement Pedestrian Safety Enforcement Alcohol Impaired Driving Countermeasures Incentive Grants Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	3,650	1/1/2011	12/31/2011	12/31/2011	3,650				3,650	
		20.601	4,800	7/1/2012	6/30/2013	6/30/2013		4,800			4,800	
			4,400	7/1/2012	6/30/2013	6/30/2013		4,400			4,400	
		28.205	(50,000)	1/1/2011	12/31/2011	12/31/2011	(47,611)	47,701			90	148,343
Federal Highway Administration	Highway Planning and Construction - Linwood Avenue Improvements	16.540	39,444	9/30/2008	3/31/2009	3/31/2009	(11,096)		8,218		(2,878)	34,299
		16.504	11,924	1/1/2009	12/31/2009	12/31/2009	9,255		(8,218)		1,037	2,669
U.S. Department of Justice	Office of Juvenile Justice and Delinquency Program - Station House Adjustment Grant Edward Byrne Memorial Justice Assistance Grant - Local Solicitation - ARRA CDP's More	16.607	576	1/1/2002	12/31/2002	12/31/2002	576				576	
			20,592	1/1/2003	12/31/2003	12/31/2003	20,592				20,592	
			6,468	1/1/2006	12/31/2006	12/31/2006	6,468				6,468	
			3,723	1/1/2007	12/31/2007	12/31/2007	3,723				3,723	
Health and Senior Services	Title III - Older Americans Act	91.045	69,228	1/1/2003	12/31/2003	12/31/2003	444				444	68,784
			95,534	1/1/2007	12/31/2007	12/31/2007	(23,592)				(23,592)	95,534
			95,534	1/1/2008	12/31/2008	12/31/2008	(21,902)				(21,902)	95,534
			95,534	1/1/2009	12/31/2009	12/31/2009	(21,902)				(21,902)	95,534
U.S. Department of Energy	Preparation of an Energy Efficiency Strategy/ Implement the Strategy - Ord. 2011-16	81.128	69,950	1/1/2011	12/31/2011	12/31/2011	(17,486)	17,486			(5,828)	69,950
			69,950	1/1/2012	12/31/2012	12/31/2012		64,122	69,950			69,950
Current Fund.	USDA		11,758	1/1/2003	12/31/2003	12/31/2003	2,940				2,940	
							(52,617)	138,509	77,171		8,721	
	Total State and Federal Grant Fund		155,100					20,000	20,000			20,000

BOROUGH OF FORT LEE
Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award	Grant Period From	Grant Period To	Balance Dec. 31 2011	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31 2012	MEMO
											Total Expenditures
Current Fund (continued)											
Department of Homeland Security											104,564
Disaster Grants - Public Assistance (Presidentially Declared Disasters)											66,243
	Hurricane Irene - OR-4021	97.036	104,564	8/26/2011			104,564	104,564			
	Severe Snowstorm - DR-4048	97.036	66,243	10/29/2011			66,243	66,243			
							190,807	190,807			
General Capital Fund											
Department of Housing and Urban Development											
Community Development Block Grant Pass Through Funds:											
County of Bergen											
	Senior Center Expansion	14.218	72,168	1/1/2006	12/31/2006	37,168				37,168	
	Imps. To Whiteman St, Beverly Hills Rd, Jerome Ave.	14.218	100,000	7/1/2011	6/30/2012			100,000			100,000
	Barrier Free Curb Cuts	14.218	100,000	3/1/2012	2/28/2013			13,529		(13,529)	13,529
	Barrier Free Curb Cuts	14.218	100,000	3/1/2012	2/28/2013			100,000			100,000
	Stillwell Avenue Street Improvements - Ord. 2011-21	14.218	100,000	7/1/2009	6/30/2010			100,000			100,000
U.S. Department of Environmental Protection											
	Sewer Overflow Abatement Upgrades, Ord. 2010-23	66.202	485,000			(7,745)	167,304	159,562		(3)	167,307
U.S. Department of Energy											
	Preparation of an Energy Efficiency Strategy/ Implement the Strategy - Ord. 2011-16	81.128	155,100				62,961	62,961			62,961
U.S. Department of Transportation											
Federal Highway Administration											
	Highway Planning and Construction - North Avenue and 8th Street Imps, 2010-6	20.205	175,000								117,485
	Rayway Imps to Myrtle Ave., 2010-21	20.205	200,000								180,851
	Abbott Blvd Pedestrian Pathway Infrastructure Project - Ord. 2009-11	20.205	184,000								146,500
	Brinkerhoff Avenue, Sec. 2 - Ord. 2012-19	20.205	146,500				109,179	146,500		(37,321)	
U.S. Department of Justice											
	Community Oriented Policing Services - Law Enforcement Technology Grant 2008CKW0490	16.710	280,590	12/26/2007	12/25/2010		47,756	47,556		200	280,348
	Homeland Security Grant	97.073	109,620	Ordinance 2005-27		(2,216)				(2,216)	107,712
Total Federal Grants											
						27,207	587,200	638,188		(15,701)	
						(25,410)	916,516	898,086		(6,980)	
						\$					

Note: This schedule was subject to an audit in accordance with DMB Circular A-133

A - Accounts Receivable of \$8,518, appropriated reserve of \$11,758
B - Accounts Receivable of \$16,441, appropriated reserve of \$13,563
C - Accounts Receivable of \$1,567, appropriated reserve of \$1,657.

BOROUGH OF FORT LEE

Schedule of Expenditures of State Awards
For the Year Ended December 31, 2012

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	From	Grant Period To	Balance Dec. 31 2011	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31 2012	MEMO Cumulative Total Expenditures
State and Federal Grant Fund, Department of Environmental Protection and Energy/ Solid Waste Administration	Recycling Tonnage Grant	4900-752-178810-61	10,703	1/1/2001	12/31/2001	6,091		6,091		6,091	4,612
		4900-752-178810-62	7,586	1/1/2003	12/31/2003	7,506		7,506		7,506	5,832
		4900-752-138810-63	9,095	1/1/2004	12/31/2004	3,263		3,263		3,263	4,775
		4900-752-178810-64	4,375	1/1/2005	12/31/2005	4,775		4,775		4,775	6,647
		4900-752-042-4900-001-V42Y	6,702	1/1/2006	12/31/2006	6,666		6,666		6,666	14,228
		4900-752-042-4900-001-V42Y	6,666	1/1/2007	12/31/2007	14,228		14,228		14,228	23,050
		4900-752-042-4900-001-V42Y	14,228	1/1/2008	12/31/2008	23,050		23,050		23,050	17,974
		4900-752-842-4900-001-V42Y	23,050	1/1/2009	12/31/2009	17,974		17,974		17,974	6,534
		4900-752-842-4900-001-V42Y	17,974	1/1/2008	12/31/2008	9,866		9,866		9,866	24,670
		4900-752-842-4900-001-V42Y	9,866	1/1/2009	12/31/2009	24,670		24,670		24,670	3,332
		4900-752-842-4900-001-V42Y	24,670	1/1/2012	12/31/2012	6,534		6,534		6,534	31,765
		4900-765-042-4900-004-V42Y	32,164	1/1/2006	12/31/2006	6,489		6,489		6,489	17,488
		4900-765-042-4900-004-V42Y	34,518	1/1/2007	12/31/2007	16,525		16,525		16,525	1,608
		4900-765-042-4900-004-V42Y	3,471	1/1/2008	12/31/2008	1,608		1,608		1,608	5,525
		4900-765-042-4900-004-V42Y	39,841	1/1/2008	12/31/2008	5,525		5,525		5,525	13,729
4900-765-042-4900-004-V43Y	51,120	1/1/2009	12/31/2009	53,248		53,248		53,248	1,037		
4900-765-042-4900-004-V42Y	53,248	1/1/2010	12/31/2010	1,037		1,037		1,037	49,576		
4900-765-042-4900-004-V42Y	50,341	1/1/2011	12/31/2011	49,576		49,576		49,576	11,354		
4900-765-004	49,576	1/1/2012	12/31/2012	15,464		15,464		15,464	396		
NJ Stormwater Regulation Grant NJ Stormwater Regulation Grant			15,464	1/1/2004	12/31/2004	11,354		11,354		11,354	4,110
			15,464	1/1/2005	12/31/2005	15,068		15,068		15,068	749
NJ Playground Historical Commission			5,000	1/1/2002	12/31/2002	4,251		4,251		4,251	2,406
			300	1/1/2003	12/31/2003	2,406		2,406		2,406	2,087
Emergency Management Grant			2,406	1/1/2004	12/31/2004	2,406		2,406		2,406	2,255
			4,342	1/1/2008	12/31/2008	3,181		3,181		3,181	8,998
Ornuk Driving Enforcement Fund		4230-100-846-4750-241	11,783	1/1/2007	12/31/2007	2,785		2,785		2,785	2,206
		6400-100-078-6400	11,783	1/1/2007	12/31/2007	2,785		2,785		2,785	6,257
Alcohol Education and Rehabilitation		9735-760-060000-60	398	1/1/2005	12/31/2005	398		398		398	13,935
		9735-760-098-Y900-001-X108	3,890	1/1/2007	12/31/2007	3,890		3,890		3,890	18,644
		9735-760-098-Y900-001-X108	1,660	1/1/2008	12/31/2008	1,660		1,660		1,660	14,000
		9735-760-098-Y900-001-X108	3,017	1/1/2009	12/31/2009	3,017		3,017		3,017	5,000
		9735-760-098-Y900-001-X108	3,318	1/1/2010	12/31/2010	3,318		3,318		3,318	7,600
Division of Highway Traffic Safety		9735-760-098-Y900-001-X100	701	1/1/2011	12/31/2011	701		701		701	2,000
		9735-760-001	2,698	1/1/2012	12/31/2012	2,698		2,698		2,698	3,360
		1160-100-066-1160-112-YHTS	5,760	1/1/2008	12/31/2008	5,760		5,760		5,760	9,743
		1160-100-066-1160-112-YHTS	16,000	1/1/2002	12/31/2002	9,743		9,743		9,743	18,644
		1160-100-066-1160-112-YHTS	16,967	1/1/2005	12/31/2005	4,032		4,032		4,032	14,000
Division of Highway Traffic Safety		1160-100-066-1160-112-YHTS	18,850	1/1/2008	12/31/2008	18,644		18,644		18,644	5,000
		1160-100-066-1160-112-YHTS	14,000	1/1/2009	12/31/2009	14,000		14,000		14,000	7,600
		1160-100-131-12	5,000	1/1/2012	12/31/2012	5,000		5,000		5,000	1,600
	1160-100-131-13	7,600	1/1/2013	12/31/2013	7,600		7,600		7,600		

BOROUGH OF FORT LEE

Schedule of Expenditures of State Awards
For the Year Ended December 31, 2012

Name of State Agency or Department Division of Highway Traffic Safety, (continued)	State Program / Account No.	Total Grant Award	From	To	Grant Period	Balance Dec. 31 2011	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31 2012	MEMO
											Cumulative Total Expenditures
Division of Highway Traffic Safety, (continued)	Speed/Aggressive Driving Pilot Enforcement Grant	3,800	1/1/2006	12/31/2006		3,800				3,800	-
	Traffic Safety	2,240	1/1/2001	12/31/2001		2,240				2,240	-
	Traffic Safety	4,480	1/1/2001	12/31/2001		4,480				4,480	-
		2,000	1/1/2009	12/31/2009		2,000				2,000	-
	You Drink You Drive You Lose	4,900	1/1/2007	12/31/2007		3,294				3,294	1,606
	Click It/Ticket	8,320	1/1/2004	12/31/2004		1				1	8,319
	Click It/Ticket	3,200	1/1/2006	12/31/2006		3,200				3,200	-
	Over the Limit	9,600	1/1/2008	12/31/2008		9,600		9,600		9,600	9,600
		5,600	1/1/2009	12/31/2009		5,600		1,700		1,700	1,700
		13,385	1/1/2001	12/31/2001		8,762				8,762	13,385
Department of Health and Senior Services	Public Health Priority Funding	13,354	1/1/2002	12/31/2002		8,762				8,762	4,592
		13,858	1/1/2003	12/31/2003		5,212				5,212	8,656
		13,890	1/1/2004	12/31/2004		12,090				12,090	1,000
		9,886	1/1/2005	12/31/2005		7,741				7,741	2,145
		12,162	1/1/2006	12/31/2006		1,021				1,021	11,141
		13,674	1/1/2007	12/31/2007		173				173	13,581
		15,080	1/1/2008	12/31/2008		3,674				3,674	-
		18,488	1/1/2011	12/31/2011		(8,856)				(8,856)	16,439
		4,119	1/1/2012	12/31/2012			4,119			4,119	-
	Division of Epidemiology/Communicable Diseases	Hepatitis B Vaccines	3,000	1/1/2001	12/31/2001		3,000				3,000
Domestic Violence Grant		67	1/1/2002	12/31/2002		67				67	-
State of NJ Smoking Prevention		2,228	1/1/2002	12/31/2002		2,220				2,220	-
State of NJ Smoking Prevention		2,040	1/1/2005	12/31/2005		2,040				2,040	-
Comprehensive Tobacco Control		1,660	1/1/2005	12/31/2005		1,660				1,660	-
		448	1/1/2006	12/31/2006		448				440	-
		2,828	1/1/2007	12/31/2007		2,820				2,820	-
		2,160	1/1/2008	12/31/2008		3,720				3,720	-
		1,500	1/1/2008	12/31/2008		1,500				1,500	-
Office of the Attorney General Department of Law and Public Safety		Infrastructure Preparedness Grant	8,708	1/1/2000	12/31/2000		8,788				8,708
	Body Armor	9,816	1/1/2001	12/31/2001		9,816				9,816	-
		9,198	1/1/2002	12/31/2002		9,198				9,198	-
		16,838	1/1/2003	12/31/2003		16,838				16,838	-
		9,735	1/1/2004	12/31/2004		9,735				9,735	-
		9,616	1/1/2004	12/31/2004		9,616				9,616	-
		18,081	1/1/2006	12/31/2006		18,081				18,081	-
		11,925	1/1/2007	12/31/2007		11,925				11,925	-
		18,641	1/1/2008	12/31/2008		18,641				18,641	-

BOROUGH OF FORT LEE
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2012

Name of State Agency or Department Office of the Attorney General Department of Law and Public Safety (continued)	State Program / Account No.	Total Grant Award	Grant Period		Balance Dec. 31 2011	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue (Accounts Receivable) Dec. 31 2012	MEMO Cumulative Total Expenditures
			From	To						
Body Armor	1020-318-066-1020-001-YCIS	3,162	1/1/2009	12/31/2009	3,162				3,162	
	1020-718-066-1020-001-YCIS	8,227	1/1/2010	12/31/2010	8,227				8,227	
	1020-718-066-1020-001-YCIS	8,083	1/1/2011	12/31/2011	8,087				8,083	
	1020-718-001	8,206	1/1/2012	12/31/2012		8,206			8,206	
Bergen County Pass Through Grants	Municipal Alliance	17,500	1/1/2004	12/31/2004	3,908		1,182		2,726	14,774
		17,500	1/1/2008	12/31/2008	(6,500)				(6,500)	14,500
		16,765	1/1/2009	12/31/2009	(6,075)				(6,075)	14,625
		15,759	1/1/2010	12/31/2010		5,082	5,082			5,082
		74,355	1/1/2006	12/31/2006	22,952				22,952	11,403
Office of Information Technology/ Emergency Telecommunications Svcs	Enhanced 911 General Assistance Grant					106,931	103,870		517,410	448,179
Public Assistance Trust Fund, Department of Human Services	7500-150-158010-60		1/1/2012	12/31/2012		92,314	92,314			92,314
	Total Public Assistance Trust Fund					92,314	92,314			92,314
	Total State Financial Assistance				8	199,265	196,104		517,410	540,493
Other Equival Assistance:										
	South Bergen Municipal Joint Insurance Fund	25,008	1/1/2012	12/31/2012		25,000	24,621		379	24,621
	NJ Health Officers Association - H1N1 Mini Grant	10,000	1/1/2011	12/31/2011	9,946				9,946	
	Municipal Alliance - Local Match	3,940	1/1/2010	12/31/2010	7,940				3,940	
	Bergen County Emergency Management	5,000	1/1/2005	12/31/2005	3,000				7,000	
	Municipal Recycling Assistance Program	15,011	1/1/2003	12/31/2003	4,686				4,686	10,325
		9,800	1/1/2007	12/31/2007	9,000				9,800	
		11,021	1/1/2007	12/31/2007	8,994				8,994	2,027
Bergen County Open Space Inwood Terrace Park Rubber Surface Playground Fort Lee Little League Park Improvements Improvements to William T. Birch Park - Ord. 2010-22	066-910-785-20-31 OSTFAP-FTL-09-47 OST-FTL-06	34,700	7/23/2010	10/21/2011						
		78,842	8/1/2007	9/30/2008						
	Total Other Financial Assistance	100,000				25,000	24,621		40,745	36,973
	Total State Grants and Other Financial Assistance				\$	554,695	224,265		550,155	577,466

Note: This schedule is not subject to an audit in accordance with N.J. OMB Circular 04-04

- A - Accounts Receivable of \$300, appropriated reserve of \$700.
- C - Accounts Receivable of \$8,817, appropriated reserve of \$2,713
- D - Accounts Receivable of \$16,765, appropriated reserve of \$5,703.
- E - Accounts Receivable of \$10,677, appropriated reserve of \$10,677 plus local match of \$3,940.
- F - Accounts Receivable of \$10,823, appropriated reserve of \$1,063.

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**BOROUGH OF FORT LEE
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Federal and State Grant Fund	\$77,171	\$103,870	\$24,621	\$205,662
Current Fund	\$190,807			190,807
General Capital Fund	630,108			630,108
Public Assistance Trust Fund		<u>92,314</u>		<u>92,314</u>
	<u>\$898,086</u>	<u>\$196,184</u>	<u>\$24,621</u>	<u>\$1,118,891</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports. However, we noted certain differences which are reported in the accompanying schedule of findings of noncompliance and questioned costs.

**BOROUGH OF FORT LEE
 NOTES TO THE SCHEDULES OF EXPENDITURES
 OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2012
 (CONTINUED)**

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2012, which are not required to be reported on the schedule of expenditures of federal and state awards, are as follows:

<u>Loan Program</u>	<u>Federal score Number/ State Account Number</u>	<u>Total</u>
Dept. Of Environmental Protection Green Trust Loan Program	0219-03-061	<u>\$282,169</u>

**BOROUGH OF FORT LEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

2. Were significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to general-purpose financial statements noted? _____ yes X no

Federal Awards Section

Dollar threshold used to determine type A programs: \$ 300,000

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

Type of auditors' report on compliance for major programs: unqualified

Internal Control over compliance:

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

2. Were significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

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

Identification of major programs:

<u>SCORE Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Department of Housing and Urban Development - Community Development Block Grant</u>
<u>66.202</u>	<u>U.S. Department of Environmental Protection - Sewer Outflow Abatement Upgrades</u>
<u>81.128</u>	<u>U.S. Department of Energy - Preparation of an Energy Efficiency Strategy/Implement the Strategy</u>

BOROUGH OF FORT LEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(continued)

Section I - Summary of Auditor's Results, (continued)

State Awards Section

N/A

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**BOROUGH OF FORT LEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

This section identifies the status of prior-year findings related to the general purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04, as amended.

STATUS OF PRIOR YEAR FINDINGS

Finding 2006-1:

Excess reimbursement has not been refunded.

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BOROUGH OF FORT LEE

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to 25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

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BOROUGH OF FORT LEE

GENERAL COMMENTS, (CONTINUED)

Effective January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

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

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

Police Accreditation	Police service weapons and related equipment
"Red Light" Traffic Program	Loader Backhoe for DPW
Generators - Bluff Road & Valley St.	Roadway improvements - Brinkerhoff Avenue
Pump stations	Lease of Borough property
Palisades Terrace Pump Station Improvements	3 rd Party Billing services for the Ambulance Corp.
Purchase of (5) Motorcycles for the Police station	Purchase of New ambulance
Purchase and installation of Field Turk - Van Fleet Park	

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

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

Our examination of expenditures did reveal individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

BOROUGH OF FORT LEE

GENERAL COMMENTS, (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 5, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, the provisions of NJSA 54:4-67 direct that the governing body of each municipality may **fix the rate of interest** to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent, and may further provide that no interest shall be charged if on payment of any installment is made within the tenth calendar day following the date upon which the same became payable; and ;

WHEREAS, NJSA 54:4-67 further provides that the rate of interest so fixed **shall not exceed eight (8%) on the first one thousand five hundred dollars (\$1,500) of the delinquency and eighteen percent (18%) per annum on any amount in excess of one thousand five hundred dollars (\$1,5000,**

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough of Fort Lee do hereby fix, in accordance with the provisions of NJSA 54:4-67 the rate of interest to be charged for the non-payment of taxes or assessments at eight (8%) per annum on the first one thousand five hundred dollars (\$1,500) of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500) of the delinquency, provided, however, that no interest shall be charged if payment of any installation is made within the tenth calendar day following the date upon which the same became payable.

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 5, 2012, and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	7
2011	8
2010	7

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

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BOROUGH OF FORT LEE, N.J.

COMMENTS

Tax Collector/Finance Department

1. *There are old grant and miscellaneous receivables in the Federal and State Grant Fund and General Capital Fund.
2. *Tax payments are not validated upon receipt therefore it is not possible to determine if receipts are being deposited within 48 hours as required.
3. *There exists a substantial amount of appropriated grant reserves available for expenditure.
4. * Not all petty cash accounts utilized by Borough departments have been approved by the Director in accordance with N.J.S.A. 40A:5-21.
5. *There are various trust fund reserves for which there is not an approved dedication by rider:
 - a. Multiple Dwellings
 - b. Senior Citizen Advisory Council
 - c. Police School Resource Account
6. Prior year inter-fund balances between the Community Development Trust and Redemption Trust Accounts and the General Capital Fund were not liquidated prior to the close of the current audit year.
7. Grant awards are being reprogrammed to new improvement authorizations while the existing ordinance funded by those grants remains on the books.
8. Various grant receipts were posted incorrectly to the wrong accounts and/or funds.
9. Not all current year mandatory debt service payments to the State of New Jersey Green Trust Loan program were made in a timely manner.
10. Expenditures reimbursable through a federal grant appropriated in the General Capital Fund were charged to incorrect ordinances.
11. Certificates of availability of funds for professional services contracts did not stipulate which budget lines will be charged for the contract expenditures as required by N.J.A.C. 5:30-5.4

Purchasing/Accounts Payable Department

1. *Goods/services were ordered prior to being encumbered.
2. *Informal quotes were not obtained for all purchases in excess of 15% of the bid threshold as required by N.J.S.A. 40A:11-6.1(a).
 - a. AXON Media Server and Accessories
 - b. Generator Installation at Ambulance Corp. Building

BOROUGH OF FORT LEE, N.J.

COMMENTS, (cont.)

Purchasing/Accounts Payable Department, (cont.)

3. Purchase orders and/or approval vouchers are not being prepared and approved for monthly utility and health insurance bills.
4. The purchase of a generator at Fire Company No. 1 in excess of the bid threshold was deemed an emergency purchase however there was no documentation to support the emergency purchase nor was there approval of an emergent circumstance by the Mayor and Council.

Public Assistance

1. *The amount of general assistance disbursed does not agree to the amount of assistance reported on the GA-6 summary reports.

Clerk/Administration

1. A review of various professional service contracts and award procedures revealed that the Borough did not properly utilize the "fair and open" process as set forth in the state's "Pay to Play" statute (P.L. 2005, c.51).

Municipal Court

1. *The analysis of open bail per the ATS/ACS report is not in agreement with the reconciled cash balance in the bail account as of December 31, 2012.
2. A review of the Court's December Management report revealed the following:
 - a. *There are 235 complaints eligible for FTA over 14 days.
 - b. *There are 123 complaints that are eligible for warrant.
3. The municipal court was the subject of a defalcation by an employee in 2012.

Fire Sub-Code

1. Fees charged for plan reviews are not being consistently charged in accordance with approved fee ordinances.

BOROUGH OF FORT LEE, N.J.

COMMENTS, (cont.)

Fire Department

1. The Fire Department is accepting donations and paying for normal operating expenses through a Fire Chief's account opened under the borough's tax identification number without the knowledge of the mayor and council or chief financial officer.
2. The Fire Department is utilizing credit cards to pay for normal operating expenses that should be initiated through the borough's purchase order system.

BOROUGH OF FORT LEE, N.J.

RECOMMENDATIONS

Tax Collector/Finance Department

1. *The old grant and miscellaneous receivables in the General Capital and Federal and State Grant Funds be investigated to see if collection is possible and cancelled if necessary.
2. *That all tax receipts received be validated and deposited within 48 hours of receipt.
3. *That greater effort be made to charge allowable grant expenditures to applicable appropriated grant reserves.
4. *Petty cash accounts utilized by the following departments be submitted to the Division of Local Government Services for approval: Police, Recreation and Board of Health.
5. *Any unauthorized reserves in the Trust Funds be reviewed and either a dedication by rider be prepared and submitted to the Division of Local Government Services for approval or cancelled to Current Fund if necessary.
6. All interfund balances be liquidated prior to the close of the year.
7. Stricter oversight over grant awards be maintained to ensure that duplicate funding sources are not being utilized for improvement authorizations.
8. A review of all grant monies received be made to ensure that proper postings to the borough's financial statements are made.
9. All mandatory debt service payments be made when due.
10. Borough personnel ensure that all expenditures reimbursable through federal and state grants that have been appropriated in specific improvement authorizations be charged to those ordinances.

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BOROUGH OF FORT LEE

RECOMMENDATIONS, (cont.)

Tax Collector/Finance Department, (cont.)

11. All certificates of availability of funds documenting professional service contracts stipulate the budget line to be charged.

Purchasing Department

1. *That an encumbrance be made prior to goods and services being ordered in accordance with Technical Accounting Directive #1.
2. *Informal quotes should be obtained for all purchases over 15% of the bid threshold as required by Local Public Contracts Law.
3. Purchase orders or approval vouchers for monthly utility and health insurance bills be prepared and submitted for the necessary approvals prior to payment.
4. All purchases made on an emergent basis be presented to the Mayor and Council for their approval and documentation from the applicable department head/administrator declaring the emergency be made available for audit review.

Public Assistance

1. A review of assistance claimed per the GA-6 summary reports be made to actual cash disbursed to ensure accuracy of filings.

Clerk/Administration

1. Borough officials develop and implement policies and procedures concerning the award of professional service contracts to ensure compliance with N.J.S.A. 19:44A-20.4

Municipal Court

1. *That steps be taken to compare and agree the open bail as listed in the ATS/ACS report to that of the reconciled cash balance at December 31, 2012.
2. *That greater effort be made to ensure that:
 - a. All complaints eligible for FTA over 14 days be investigated and processed accordingly.
 - b. All complaints eligible for warrant be investigated and processed accordingly.
3. The investigation concerning the theft of funds during 2012 be continued to determine, if possible, the exact amount of funds stolen.

BOROUGH OF FORT LEE

RECOMMENDATIONS, (cont.)

Fire Sub-Code

1. Fees charged for plan reviews be charged in accordance with established and approved fee ordinances.

Fire Department

1. The Fire Department apply for and establish themselves as a 501(C)(3) organization for the purposes of accepting charitable donations and that all operating expenses be initiated through the borough's purchase order system.
2. The use of credit cards be discontinued and all purchases be initiated through the creation of a requisition and purchase order in accordance with Borough purchasing policies and procedures.

BOROUGH OF FORT LEE

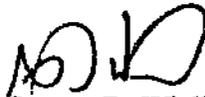
Status of Prior Year Audit Findings/Recommendation

A review was performed on all prior year recommendations and corrective action was taken on all, except for the findings/recommendations marked with an "*".

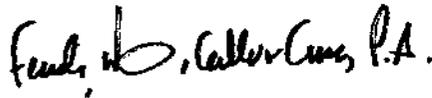
Acknowledgment

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkocz
Registered Municipal Accountant
No. CR00413



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

June 7, 2013