

SKYLINE LAKES PROPERTY OWNERS ASSOCIATION

FINANCIAL STATEMENT

AND ADDITIONAL INFORMATION

November 30, 2009

SKYLINE LAKES PROPERTY OWNERS ASSOCIATION
FINANCIAL STATEMENT AND ADDITIONAL INFORMATION

NOVEMBER 30, 2009

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Butzel, Karadimas, Carrabba, Testin

A Limited Liability Company
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Skyline Lakes Property Owner's Association
Ringwood, New Jersey

We have audited the accompanying schedule of expenditures of state financial assistance for the New Jersey Department of Environmental Protection Loan Programs awarded to Skyline Lakes Property Owners Association (a non-profit organization) as of November 30, 2009 and for the period from inception of the project through November 30, 2009. The financial statement is the responsibility of Skyline Lakes Property Owners Association's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of New Jersey Circular 04-04-OMB. Those standards, OMB Circular A-133 and the State of New Jersey Circular 04-04-OMB require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of state financial assistance referred to above present fairly, in all material respects, the expenditures of state financial assistance awarded under the New Jersey Department of Environmental Protection Loan Programs in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2010 on our consideration of compliance with requirements applicable to the state program and on internal control over compliance in accordance with the program-specific audit option under OMB Circular A-133. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Butzel, Karadimas, Carrabba, Testin

Oradell, New Jersey
January 22, 2010

SKYLINE LAKES PROPERTY OWNER'S ASSOCIATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE PERIOD FROM INCEPTION OF PROJECT COSTS
THROUGH NOVEMBER 30, 2009

<u>Program Title</u>	<u>State Expenditures</u>
State of New Jersey Department of Environmental Protection	
Dam Restoration Loan Program - Lower	\$ 421,905
Dam Restoration Loan Program - Upper	<u>878,095</u>
Total State Expenditures	\$ <u>1,300,000</u>

The accompanying notes are an integral part of this financial statement.

SKYLINE LAKES PROPERTY OWNER'S ASSOCIATION
NOTES TO FINANCIAL STATEMENT
November 30, 2009

Note 1 - Organization

The Skyline Lakes Property Owners Association, Passaic County, New Jersey is a non-profit organization founded in 1949. The Association was formed to aid and assist members in the care, preservation and maintenance of their real property, to hold social, athletic and educational projects, and to supervise all activities connected thereto or being conducted within the community.

Note 2 - Summary of Significant Accounting Policies

The accompanying schedule of expenditures of state financial assistance includes the project costs expended by the Association which were financed by the state award, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and State of New Jersey Circular 04-04-OMB. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation, of the Association's basic financial statements, which are not presented herein.

Note 3 - Use of Estimates

The preparation of a financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 4 - Expenditures of State Financial Assistance

The Schedule of Expenditures of State Financial Assistance consists of the project costs expended for the completion of the Skyline Lakes Property Owner's Association Dam Reconstruction Projects which were financed by the State of New Jersey Department of Environmental Protection Loan Programs. As a result of Hurricane Floyd, the Association's upper and lower dams were severely damaged. The Association filed applications with the State of New Jersey for loans, which were awarded, from the State of New Jersey Dam Restoration Loan Program. The township of Ringwood agreed to sign the loan agreements as a co-borrower. The proceeds of the loans were used to finance the cost of rebuilding the upper and lower dams.



Butzel, Karadimas, Carrabba, Testin

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC OPTION UNDER OMB CIRCULAR A-133

To the Board of Directors
Skyline Lakes Property Owner's Association
Ringwood, New Jersey

Compliance

We have audited the compliance of Skyline Lakes Property Owner's Association (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement*, and the State of New Jersey Circular 04-04-OMB that are applicable to its major state program for the period ended November 30, 2009. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of Skyline Lakes Property Owner's Association's management. Our responsibility is to express an opinion on Skyline Lakes Property Owner's Association's compliance based on our audit.

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 State of New Jersey Circular 04-04-OMB. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state major program occurred. An audit includes examining, on a test basis, evidence about Skyline Lakes Property Owner's Association'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. Our audit does not provide a legal determination of Skyline Lakes Property Owner's Association's compliance with those requirements.

In our opinion, Skyline Lakes Property Owner's Association complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the period ended November 30, 2009.

Internal Control Over Compliance

The management of Skyline Lakes Property Owner's Association is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Skyline Lakes Property Owner's Association's internal control over compliance with the requirements that could have a direct and material effect on its major state programs in order to determine our auditing procedures 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 Skyline Lakes Property Owner's Association's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance, 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management of Skyline Lakes Property Owner's Association and the State of New Jersey Department of Environmental Protection and is not intended to be and should not be used by anyone other than those specified parties.

Burtzel Karachmas, Cerrabba, Testa

Oradell, New Jersey
January 22, 2010

**SKYLINE LAKES PROPERTY OWNER'S ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF RESULTS
NOVEMBER 30, 2009**

1). Summary of Auditor's Results:

- I. The type of report the auditor issued on the financial statement of the auditee: Unqualified
- II. Significant deficiencies in internal control disclosed by the audit of the financial statement: None
- III. Noncompliance which is material to the financial statement of the auditee: None
- IV. Significant deficiencies in the internal control over major programs: None
- V. The type report the auditor issued on compliance for major programs: Unqualified
- VI. Audit findings which the auditor is required to report under OMB A-133: None
- VII. The major programs consist of:
 - I. Dam Restoration Loan Program- Lower Dam
 - II. Dam Restoration Loan Program - Upper Dam
- VIII. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB A-133: Not applicable for a program-specific audit.
- IX. A statement as to whether the auditee qualified as a low risk auditee under OMB A-133: The auditee did not qualify as a low risk auditee.

- 2). Findings and questioned costs for State awards which shall include audit findings as defined on OMB A-133: None

INDEPENDENT AUDITOR DATA
November 30, 2009

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