

TOWNSHIP OF PEQUANNOCK

Financial Statements
with Additional Financial Information

December 31, 2011

(With Independent Auditor's Report Thereon)

TOWNSHIP OF PEQUANNOCK

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Independent Auditor's Report

The Honorable Mayor and
Members of the Township Council
Township of Pequannock
Pequannock, New Jersey:

We have audited the accompanying balance sheets of the various funds and account groups as of December 31, 2011 and 2010 of the Township of Pequannock, New Jersey, and the related statements of operations and changes in fund balances for the years then ended and the related and the related statements of revenues and statements of expenditures of the various funds for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As described in note 1, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from generally accepted accounting principles. The effects on the financial statements of the variances between the prescribed accounting practices and with accounting practices generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Pequannock, New Jersey, as of December 31, 2011 and 2010 and the changes in financial position for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Pequannock, New Jersey, as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balances for the years then ended and the related and the related statements of revenues and statements of expenditures of the various funds for the year ended December 31, 2011 on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2013 on our consideration of the Township of Pequannock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Pequannock's financial statements. The additional financial information included in the accompanying table of contents and the schedule of expenditures of Federal awards, as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information included in the accompanying table of contents and the schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Pequannock's financial statements. The information included in the Supplementary data as listed in the table of contents are presented for additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

February 7, 2013

LOUIS C. MAI CPA & ASSOCIATES

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

The Honorable Mayor and
Members of the Township Council
Township of Pequannock
Pequannock, New Jersey:

We have audited the financial statements of the Township of Pequannock, (the Township) New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated December 17, 2012, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unqualified opinion on the basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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

Management of the Township of Pequannock is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the Township of Pequannock in the accompanying General Comments and Recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements 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 that are required to be reported under Government Auditing Standards.

We noted certain matters that we have reported in the accompanying General Comments and Recommendations section of this report.

This report is intended solely for the information and use of the governing body, management, Federal and State of New Jersey awarding agencies and pass-through entities, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

February 7, 2013

LOUIS C. MAI CPA & ASSOCIATES

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**Report on Compliance with Requirements that Could Have a
Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance in Accordance
with OMB Circular A-133 and State of New Jersey OMB Circular 04-04**

The Honorable Mayor and
Members of the Township Council
Township of Pequannock
Pequannock, New Jersey:

Compliance

We have audited the Township of Pequannock's (the Township) 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 State of New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2011. The Township's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township'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 OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and State of New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we consider 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 the Township's compliance with those requirements.

In our opinion, the Township of Pequannock, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to a Federal program. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of NJ 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 Township'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 program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 deficiencies, significant deficiencies, or material weaknesses. 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 governing body, management, Federal and State of New Jersey awarding agencies and pass-through entities, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

February 7, 2013

FINANCIAL STATEMENTS

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Current Fund

December 31, 2011 and 2010

| Assets | Ref. | 2011 | 2010 |
|--|------|---------------------|------------------|
| Regular Fund: | | | |
| Cash | A-4 | \$ 3,829,356 | 3,963,709 |
| Change fund | A-23 | 260 | 260 |
| Due from State of New Jersey for veterans' and senior citizens' deductions | A-8 | <u>27,784</u> | <u>27,561</u> |
| | | <u>3,857,400</u> | <u>3,991,530</u> |
| Receivables and other assets with full reserves: | | | |
| Delinquent property taxes receivable | A-6 | 486,720 | 449,658 |
| Tax title liens | A-29 | 12,457 | 3,575 |
| Property acquired for taxes - assessed valuation | A-12 | 884,650 | 884,650 |
| Due from: | | | |
| Lakeland Regional Solid Waste Authority | A-25 | 11,700 | 11,700 |
| Other Trust Fund | A-20 | 26,487 | 55,241 |
| Open Space Trust Fund | A-20 | — | 30,000 |
| General Capital Fund | A-20 | 319 | 428 |
| Public Library | A-20 | 53,549 | 159,067 |
| Recreation Utility Operating Fund | A-20 | 4,706 | — |
| State and Federal Grant Fund | A-20 | — | 211,006 |
| Revenue accounts receivable | A-9 | <u>60,870</u> | <u>30,835</u> |
| | | <u>1,541,458</u> | <u>1,836,160</u> |
| Deferred charges: | | | |
| Overexpenditure of appropriation reserves | A-7 | 119 | 119 |
| Overexpenditure of Appropriation | A-7 | 760 | 760 |
| Emergency Authorizations | A-24 | <u>1,025,000</u> | <u>30,000</u> |
| | | <u>6,424,737</u> | <u>5,858,569</u> |
| State and Federal Grant Fund: | | | |
| Grants receivable | A-18 | 769,215 | 476,537 |
| Due from General Capital Fund | A-28 | — | 289,342 |
| Due from Builders' Escrow | A-18 | 8 | 8 |
| Due from Current Fund | A-20 | <u>116,118</u> | <u>—</u> |
| | | <u>885,341</u> | <u>765,887</u> |
| | | <u>\$ 7,310,078</u> | <u>6,624,456</u> |

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Current Fund

December 31, 2011 and 2010

| Liabilities, Reserves and Fund Balance | Ref. | 2011 | 2010 |
|---|-------------|---------------------|------------------|
| Regular Fund - liabilities: | | | |
| Appropriation reserves | A-3,A-10 | \$ 546,689 | 597,695 |
| Reserve for encumbrances | A-3, A-10 | 137,440 | 68,714 |
| Accounts payable | A-15 | 168,953 | 104,921 |
| Due to County for added taxes | A-26 | 8,318 | 20,713 |
| Prepaid taxes | A-27 | 206,895 | 155,114 |
| Due to: | | | |
| Dog License Fund | A-20 | 9,160 | 6,841 |
| Water Operating Fund | A-20 | — | 2,185 |
| Sewer Utility Operating Fund | A-20 | 35,276 | 26,821 |
| Sewer Assessment Fund | A-20 | 215,650 | 85,203 |
| Solid Waste Fund | A-20 | — | 3,161 |
| Open Space Trust Fund | A-14 | 88,700 | — |
| State and Federal Grant Fund | A-20 | 116,118 | — |
| State of New Jersey Uniform Construction Code | A-13 | 3,241 | 2,542 |
| Emergency Notes Payable | | 600,000 | — |
| Tax overpayments | A-16 | 33,340 | 39,380 |
| Reserve for various purposes | A-17 | 994,387 | 1,329,353 |
| | | <u>3,164,167</u> | <u>2,442,643</u> |
| Reserve for receivables | | 1,541,458 | 1,836,160 |
| Fund balance | A-1 | 1,719,111 | 1,579,765 |
| | | <u>6,424,737</u> | <u>5,858,569</u> |
| State and Federal Grant Fund: | | | |
| Due to Regular Fund | A-20 | — | 211,006 |
| Accounts payable | A-21 | 2,244 | 2,244 |
| Encumbrances | A-19 | 6,600 | — |
| Due to Open Space Trust Fund | A-21 | 1,973 | 1,973 |
| Appropriated reserves | A-21 | 734,388 | 428,189 |
| Unappropriated reserves | A-22 | 140,136 | 122,475 |
| | | <u>885,341</u> | <u>765,887</u> |
| | | <u>\$ 7,310,078</u> | <u>6,624,456</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Current Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|-------------------|
| Revenues and other income realized: | | |
| Fund balance utilized | \$ 1,300,000 | 1,350,000 |
| Miscellaneous revenue anticipated | 3,589,752 | 3,440,137 |
| Receipts from delinquent taxes | 454,499 | 358,830 |
| Receipts from current taxes | 48,627,242 | 48,575,976 |
| Non-budget revenues | 78,638 | 148,648 |
| Other credits to income: | | |
| Unexpended balances of appropriation reserves | 408,531 | 531,279 |
| Interfunds returned | 360,509 | 415,956 |
| Various reserves cancelled | 759,538 | 334,209 |
| Unexpended budget appropriations cancelled | <u>65,793</u> | <u>2,370</u> |
| Total revenue and other income | <u>55,644,502</u> | <u>55,157,405</u> |
| Expenditures: | | |
| Budget and emergency appropriations: | | |
| Operations: | | |
| Salaries and wages | 6,316,508 | 6,107,990 |
| Other expenses | 6,857,770 | 5,533,477 |
| Capital improvements | 930,000 | 1,075,000 |
| Debt service | 880,709 | 1,215,720 |
| Deferred charges and statutory expenditures | 1,658,703 | 1,455,613 |
| County taxes | 6,495,044 | 6,539,369 |
| Local district school taxes | 31,778,145 | 31,446,143 |
| Municipal open space tax | 288,700 | 290,191 |
| Interfund advances | — | 26,821 |
| Refund of prior year's revenue | 176 | — |
| Prior year payables | 20,401 | — |
| Sr. Citizen and Veterans' deductions disallowed for prior year | <u>4,000</u> | <u>—</u> |
| Total expenditures | <u>55,230,156</u> | <u>53,690,324</u> |
| Excess in revenue over expenditures | 414,346 | 1,467,081 |
| Adjustments to income before Fund Balance-Expenditures included above which are by statute deferred charges to budget of succeeding year | <u>1,025,000</u> | <u>30,000</u> |
| | 1,439,346 | 1,497,081 |
| Fund balance, January 1 | <u>1,579,765</u> | <u>1,432,684</u> |
| | 3,019,111 | 2,929,765 |
| Decreased by utilized as anticipated revenue | <u>1,300,000</u> | <u>1,350,000</u> |
| Fund balance, December 31 | <u>\$ 1,719,111</u> | <u>1,579,765</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Current Fund

Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|---|---------------|-----------------|-----------------------------|
| Fund balance anticipated | \$ 1,300,000 | 1,300,000 | — |
| Miscellaneous revenues: | | | |
| Licenses: | | | |
| Alcoholic beverages | 20,200 | 20,200 | — |
| Other | 25,000 | 23,845 | (1,155) |
| Fees and permits: | | | |
| Other | 79,000 | 129,276 | 50,276 |
| Cable Television Franchise Fee | 50,000 | 55,309 | 5,309 |
| Payments in lieu of taxes - Senior Citizen House | 82,000 | 83,032 | 1,032 |
| Fines and costs - Municipal Court | 265,000 | 258,314 | (6,686) |
| Interest and costs on taxes | 85,000 | 105,740 | 20,740 |
| Interest on investments and deposits | 73,000 | 34,454 | (38,546) |
| Interest and cost on assessments | 10,500 | — | (10,500) |
| Consolidated municipal property tax relief | 112,714 | 112,714 | — |
| Energy Receipts Tax (P.L. 1999, Chapters 162 & 167) | 1,101,659 | 1,101,659 | — |
| Uniform Construction Code Fees | 265,000 | 264,153 | (847) |
| Contracts for Dial-A-Ride: | | | |
| Borough of Butler | 63,293 | 63,293 | — |
| Borough of Kinnelon | 78,186 | 78,186 | — |
| Borough of Lincoln Park | 93,078 | 93,078 | — |
| Borough of Riverdale | 22,339 | 22,339 | — |
| Health Services Contract: | | | |
| Borough of Bloomingdale | 75,392 | 75,392 | — |
| Borough of Little Falls | 117,791 | 55,000 | (62,791) |
| Borough of Kinnelon | 96,814 | 96,814 | — |
| Borough of Riverdale | 28,907 | 28,907 | — |
| Borough of Florham Park | 124,881 | 124,881 | — |
| Field Maintenance Contract | 56,000 | 56,000 | — |
| Drunk Driving Enforcement Fund | 1,049 | 1,049 | — |
| Municipal Alliance on Alcoholism and Drug Abuse | 12,182 | 12,182 | — |
| Municipal Alliance on Alcoholism and Drug Abuse - supplemental | 2,500 | 2,500 | — |
| NJ DOT Streetscape | 10,000 | 10,000 | — |
| US Dept. Of Justice - Bulletproof Vest partnership | 2,730 | 2,730 | — |
| NJLM Education Foundation | 1,000 | 1,000 | — |
| N.J. Senior Citizens Disabled Residents Transportation Assistance Act | 108,509 | 108,509 | — |
| Clean Communities Program | 23,139 | 23,139 | — |
| NJDEP River Desnagging | 353,244 | 353,244 | — |
| Alcohol Education and Rehabilitation Fund | 201 | 201 | — |
| NJ Dept. Of Health - Pandemic Flu Grant | 10,000 | 10,000 | — |
| Healthcare Quality Institute - Mayor's Wellness Campaign | 1,000 | 1,000 | — |
| Uniform Fire Safety Act | 16,000 | 19,994 | 3,994 |
| Uniform Fire Code fees | 17,500 | 18,824 | 1,324 |
| Hotel Occupancy Tax | 27,500 | 30,202 | 2,702 |

(Continued)

TOWNSHIP OF PEQUANNOCK
Statement of Revenues
Current Fund
Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|--|----------------------|----------------------|-----------------------------|
| Reserve for Public Defender Fees | \$ 7,550 | 7,550 | — |
| Assessment Trust Fund Balance | 20,000 | — | (20,000) |
| FEMA Flood Disaster Assistance | 105,042 | 105,042 | — |
| Total miscellaneous revenues | <u>3,644,900</u> | <u>3,589,752</u> | <u>(55,148)</u> |
| | | | |
| Receipts from delinquent taxes | \$ 425,000 | 454,499 | 29,499 |
| Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes | <u>11,291,456</u> | <u>11,108,018</u> | <u>(183,438)</u> |
| Budget totals | <u>\$ 16,661,356</u> | 16,452,269 | <u>(209,087)</u> |
| | | | |
| Non-budget revenues | | <u>78,638</u> | |
| | | <u>\$ 16,530,907</u> | |
| Analysis of Realized Revenues | | | |
| Allocation of current tax collections: | | | |
| Revenue from collections | | \$ 48,627,242 | |
| Allocated to school, county and open space taxes | | <u>38,561,890</u> | |
| Balance for support of municipal budget appropriations | | 10,065,352 | |
| | | | |
| Add reserve for uncollected taxes | | <u>1,042,666</u> | |
| Amount for support of municipal budget appropriations | | <u>\$ 11,108,018</u> | |
| | | | |
| Receipts from delinquent taxes: | | | |
| Tax title liens | | \$ 2,104 | |
| Delinquent tax collections | | <u>452,395</u> | |
| | | <u>\$ 454,499</u> | |
| Analysis of Non-budget Revenue | | | |
| Refunds and prior year reimbursements | | \$ 8,575 | |
| Township Clerk | | 816 | |
| Police Department | | 3,062 | |
| Tax Collector | | 3,781 | |
| Insurance dividends | | 18,428 | |
| Sale of surplus equipment | | 29,125 | |
| Finance | | 4,580 | |
| Engineering inspection fees | | 890 | |
| Recyclable materials | | 2,934 | |
| Miscellaneous | | 635 | |
| Tax Assessor | | 270 | |
| Senior Citizen and Veterans administrative fee | | 3,578 | |
| DMV inspection fees | | <u>1,964</u> | |
| | | <u>\$ 78,638</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2011

| General Appropriations | Appropriations | | | Expended | | |
|--|----------------|---|---------------------------------------|--------------------|----------|-------------|
| | Budget | Transfers/ Emergency appropriations | Budget after modifi- cations | Paid or charged | Reserved | Canceled |
| Operations-within "CAPS": | | | | | | |
| General Government: | | | | | | |
| Township Clerk: | | | | | | |
| Salaries and wages | \$ 71,400 | — | 71,400 | 70,636 | 764 | — |
| Other expenses | 69,100 | — | 69,100 | 65,431 | 3,669 | — |
| Township Council: | | | | | | |
| Salaries and wages | 10,003 | — | 10,003 | 10,001 | 2 | — |
| Other expenses | 8,100 | — | 8,100 | 5,395 | 2,705 | — |
| Managers Office: | | | | | | |
| Salaries and wages | 153,148 | — | 153,148 | 151,866 | 1,282 | — |
| Other expenses | 3,000 | — | 3,000 | 2,542 | 458 | — |
| Legal services and costs: | | | | | | |
| Other expenses | 126,500 | — | 126,500 | 112,051 | 14,449 | — |
| Municipal Prosecutor Salaries and wages | 22,635 | — | 22,635 | 22,631 | 4 | — |
| Municipal Court: | | | | | | |
| Salaries and wages | 157,590 | — | 157,590 | 155,361 | 2,229 | — |
| Other expenses | 11,600 | — | 11,600 | 7,004 | 4,596 | — |
| Public Defender (P.L. 1997, C.256): | | | | | | |
| Salaries and wages | 6,525 | — | 6,525 | 6,523 | 2 | — |
| Audit Services | 17,250 | — | 17,250 | 9,500 | 7,750 | — |
| Workmen's Compensation Insurance | 170,000 | — | 170,000 | 166,818 | 3,182 | — |
| Insurance - General Liability | 163,500 | (36,000) | 127,500 | 114,613 | 12,887 | — |
| Group Insurance for employees | 1,636,100 | (120,000) | 1,516,100 | 1,404,866 | 111,234 | — |
| Department of Finance: | | | | | | |
| Financial Administration: | | | | | | |
| Salaries and wages | 118,990 | — | 118,990 | 116,904 | 2,086 | — |
| Other expenses | 8,400 | — | 8,400 | 4,784 | 3,616 | — |
| Data Processing: | | | | | | |
| Other expenses | 98,000 | — | 98,000 | 78,818 | 19,182 | — |
| Revenue Administration- salaries and wages | 93,095 | — | 93,095 | 83,136 | 9,959 | — |
| Revenue Administration- other expenses | 7,100 | — | 7,100 | 5,929 | 1,171 | — |
| Tax Assessment: | | | | | | |
| Salaries and wages | 59,745 | — | 59,745 | 56,113 | 3,632 | — |
| Other expenses | 10,200 | — | 10,200 | 4,897 | 5,303 | — |
| Reassessment | — | 175,000 | 175,000 | 130,570 | 44,430 | (Continued) |

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2011

| General Appropriations | Appropriations | | | Expended | | |
|--|----------------|---|---------------------------------------|--------------------|----------|----------|
| | Budget | Transfers/ Emergency appropriations | Budget after modifi- cations | Paid or charged | Reserved | Canceled |
| Department of Planning and Building: | | | | | | |
| Planning and Building Department: | | | | | | |
| Salaries and wages | 88,955 | — | 88,955 | 87,861 | 1,094 | — |
| Other expenses | 79,600 | (10,000) | 69,600 | 62,116 | 7,484 | — |
| Municipal Land and Use Law (N.J.S.A. 40:55d-1): | | | | | | |
| Board of Adjustment: | | | | | | |
| Salaries and wages | 1,400 | — | 1,400 | 1,100 | 300 | — |
| Other expenses | 10,300 | — | 10,300 | 7,558 | 2,742 | — |
| Department of Parks and Recreation: | | | | | | |
| Public buildings and grounds: | | | | | | |
| Salaries and wages | 67,571 | — | 67,571 | 56,836 | 10,735 | — |
| Other expenses | 120,100 | (15,000) | 105,100 | 94,643 | 10,457 | — |
| Parks and playgrounds: | | | | | | |
| Salaries and wages | 254,419 | — | 254,419 | 254,254 | 165 | — |
| Other expenses | 62,400 | — | 62,400 | 60,354 | 2,046 | — |
| Celebration of public events, holidays or anniversary: | | | | | | |
| Other expenses | 18,300 | — | 18,300 | 10,382 | 7,918 | — |
| Dial-a-ride program: | | | | | | |
| Salaries and wages | 56,444 | — | 56,444 | 52,189 | 4,255 | — |
| Other expenses | 58,974 | — | 58,974 | 58,974 | — | — |
| Recreation: | | | | | | |
| Salaries and wages | 160,624 | — | 160,624 | 160,402 | 222 | — |
| Other expenses | 26,400 | — | 26,400 | 21,007 | 5,393 | — |
| Department of Fire: | | | | | | |
| Other expenses: | | | | | | |
| Clothing allowance | 50,000 | — | 50,000 | 48,477 | 1,523 | — |
| Miscellaneous other expenses | 46,500 | — | 46,500 | 42,308 | 4,192 | — |
| Office of Fire Safety: | | | | | | |
| Salaries and wages | 37,455 | — | 37,455 | 32,707 | 4,748 | — |
| Other expenses | 6,900 | — | 6,900 | 6,516 | 384 | — |
| Department of Police: | | | | | | |
| Salaries and wages | 3,561,262 | — | 3,561,262 | 3,559,930 | 1,332 | — |
| Other expenses | 185,900 | — | 185,900 | 182,846 | 3,054 | — |
| First Aid Squad - other expenses | 24,000 | — | 24,000 | 24,000 | — | — |

(Continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2011

| General Appropriations | Appropriations | | | Expended | | |
|---|----------------|---|---------------------------------------|--------------------|----------|----------|
| | Budget | Transfers/ Emergency appropriations | Budget after modifi- cations | Paid or charged | Reserved | Canceled |
| Emergency Management Services: | | | | | | |
| Salaries and wages | \$ 8,740 | — | 8,740 | 8,362 | 378 | — |
| Other expenses | 6,000 | — | 6,000 | 5,900 | 100 | — |
| Flood Response and Clean Up | 105,042 | 1,015,000 | 1,120,042 | 1,116,259 | 3,783 | — |
| Aid to Volunteer Fire Companies | 87,000 | — | 87,000 | 87,000 | — | — |
| Department of Public Works: | | | | | | |
| Road repairs and maintenance: | | | | | | |
| Salaries and wages | 192,213 | — | 192,213 | 157,818 | 34,395 | — |
| Other expenses | 118,500 | — | 118,500 | 103,766 | 14,734 | — |
| Director of Public Works/Township Engineer: | | | | | | |
| Salaries and wages | 43,375 | — | 43,375 | 43,322 | 53 | — |
| Other expenses | 25,250 | — | 25,250 | 25,170 | 80 | — |
| Street lighting and traffic control: | | | | | | |
| Other expenses | 172,000 | — | 172,000 | 137,775 | 34,225 | — |
| Community Services Act | 21,000 | — | 21,000 | — | 21,000 | — |
| Vehicle Maintenance: | | | | | | |
| Salaries and wages | 70,762 | — | 70,762 | 70,709 | 53 | — |
| Other expenses | 70,000 | — | 70,000 | 69,744 | 256 | — |
| Department of Health: | | | | | | |
| Salaries and wages | 108,206 | (2,000) | 106,206 | 105,363 | 843 | — |
| Other expenses | 41,000 | 2,000 | 43,000 | 42,299 | 701 | — |
| Dog regulation - other expenses | 25,200 | — | 25,200 | 25,200 | — | — |
| Boards and Commissions: | | | | | | |
| Environmental Protection Commission (N.J.S.A. 40:56A-1 et seq.) | 1,000 | — | 1,000 | 1,000 | — | — |
| Senior Citizens Advisory Committee: | | | | | | |
| Other expenses | 1,800 | — | 1,800 | 978 | 822 | — |
| Historic District Commission: | | | | | | |
| Other expenses | 850 | — | 850 | 116 | 734 | — |
| PV Mental Health Center Contribution | 100 | — | 100 | — | 100 | — |
| Shade Tree Commission | 39,250 | — | 39,250 | 25,672 | 13,578 | — |
| Economic Development Committee | | | | | | |
| Other expenses | 1,000 | — | 1,000 | 566 | 434 | — |
| Uniform Construction Code-Appropriations Offset by Dedicated revenues | | | | | | |
| Uniform Construction Code Official (N.J.S.A. 52:27D-120 et seq.): | | | | | | |
| Salaries and wages | 169,815 | — | 169,815 | 169,815 | — | — |
| Other expenses | 13,000 | — | 13,000 | 3,635 | 9,365 | — |

(Continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2011

| General Appropriations | Appropriations | | | Expended | | |
|---|----------------|---|---------------------------------------|--------------------|----------|----------|
| | Budget | Transfers/ Emergency appropriations | Budget after modifi- cations | Paid or charged | Reserved | Canceled |
| Unclassified: | | | | | | |
| Gasoline | \$ 131,000 | 20,000 | 151,000 | 145,350 | 5,650 | — |
| Electricity | 122,500 | — | 122,500 | 119,180 | 3,320 | — |
| Telephone | 73,000 | — | 73,000 | 71,673 | 1,327 | — |
| Water | 2,000 | — | 2,000 | 1,282 | 718 | — |
| Natural Gas | 43,000 | — | 43,000 | 24,533 | 18,467 | — |
| Accumulated Leave | 58,500 | — | 58,500 | 58,500 | — | — |
| Total Operations within "CAPS" | 9,690,588 | 1,029,000 | 10,719,588 | 10,231,836 | 487,752 | — |
| Detail: | | | | | | |
| Salaries and wages | 5,514,372 | (2,000) | 5,512,372 | 5,433,839 | 78,533 | — |
| Other expenses | 4,176,216 | 1,031,000 | 5,207,216 | 4,797,997 | 409,219 | — |
| | 9,690,588 | 1,029,000 | 10,719,588 | 10,231,836 | 487,752 | — |
| Deferred Charges and Statutory Expenditures - Municipal within "CAPS": | | | | | | |
| Statutory Expenditures: | | | | | | |
| Contribution to: | | | | | | |
| Social Security System (O.A.S.I.) | 324,164 | — | 324,164 | 324,164 | — | — |
| Public Employees Retirement System | 323,500 | (25,000) | 298,500 | 252,153 | 46,347 | — |
| Police and Firemen's Retirement System of NJ | 770,039 | — | 770,039 | 770,039 | — | — |
| Unemployment Insurance | 30,000 | 21,000 | 51,000 | 51,000 | — | — |
| Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS" | 1,447,703 | (4,000) | 1,443,703 | 1,397,356 | 46,347 | — |
| Total General Appropriations for Municipal Purposes within "CAPS": | 11,138,291 | 1,025,000 | 12,163,291 | 11,629,192 | 534,099 | — |
| Operations - Excluded from "CAPS": | | | | | | |
| Maintenance of Free Public Library | 935,434 | — | 935,434 | 935,434 | — | — |
| Fair Share Housing Act (Ch. 22 P.L. 1985): | | | | | | |
| Fair Housing Committee: | | | | | | |
| Salaries and wages | 12,525 | — | 12,525 | 12,336 | 189 | — |
| Other expenses | 2,100 | — | 2,100 | — | 2,100 | — |
| Police Dispatch/911 -salaries and wages | 218,100 | — | 218,100 | 217,423 | 677 | — |
| Total Other Operations - Excluded from "CAPS" | 1,168,159 | — | 1,168,159 | 1,165,193 | 2,966 | — |

(Continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2011

| General Appropriations | Appropriations | | | Expended | | |
|--|------------------|---|---------------------------------------|--------------------|---------------|---------------|
| | Budget | Transfers/ Emergency appropriations | Budget after modifi- cations | Paid or charged | Reserved | Canceled |
| Shared Services Agreements: | | | | | | |
| Field Maintenance Board of Education | | | | | | |
| Salaries and wages | \$ 29,000 | — | 29,000 | 28,978 | 22 | — |
| Other expenses | 27,000 | — | 27,000 | 26,029 | 971 | — |
| Dial-a-ride program: | | | | | | |
| Salaries and wages | 100,525 | — | 100,525 | 100,525 | — | — |
| Other expenses | 156,371 | — | 156,371 | 147,740 | 8,631 | — |
| Interlocal Health Services Agreement: | | | | | | |
| Salaries and wages | 443,785 | — | 443,785 | 380,994 | — | 62,791 |
| Other expenses | — | — | — | — | — | — |
| Total Interlocal Municipal Service Agreements | <u>756,681</u> | <u>—</u> | <u>756,681</u> | <u>684,266</u> | <u>9,624</u> | <u>62,791</u> |
| Public and Private Programs Offset by Revenues: | | | | | | |
| Clean Communities program | 23,139 | — | 23,139 | 23,139 | — | — |
| New Jersey Senior Citizen and Disabled | | | | | | |
| Residents Transportation Assistance Act - Other expense | 108,509 | — | 108,509 | 108,509 | — | — |
| Drunk Driving Enforcement | 1,049 | — | 1,049 | 1,049 | — | — |
| NJTEP Streetscape | 10,000 | — | 10,000 | 10,000 | — | — |
| US Dept. of Justice - Bulletproof Vest Partnership | 2,730 | — | 2,730 | 2,730 | — | — |
| Municipal Alliance Grant - other expenses | 15,228 | — | 15,228 | 15,228 | — | — |
| NJ Dept. of Health and Senior Services - | | | | | | |
| H1N1 Corrective Action Grant | 10,000 | — | 10,000 | 10,000 | — | — |
| Municipal Alliance Supplement | 3,750 | — | 3,750 | 3,750 | — | — |
| NJ DEP River Desnagging | 353,244 | — | 353,244 | 353,244 | — | — |
| NJLM Education Foundation | 1,000 | — | 1,000 | 1,000 | — | — |
| Healthcare Quality Institute - Mayor's Wellness Campaign | 1,000 | — | 1,000 | 1,000 | — | — |
| Alcohol Education and rehabilitation | | | | | | |
| Court Salaries and wages | 201 | — | 201 | 201 | — | — |
| Total Public and Private Programs Offset by Revenues | <u>529,850</u> | <u>—</u> | <u>529,850</u> | <u>529,850</u> | <u>—</u> | <u>—</u> |
| Total Operations-Excluded from "CAPS" | <u>2,454,690</u> | <u>—</u> | <u>2,454,690</u> | <u>2,379,309</u> | <u>12,590</u> | <u>62,791</u> |
| Detail: | | | | | | |
| Salaries and wages | 804,136 | — | 804,136 | 740,457 | 888 | 62,791 |
| Other expenses | 1,650,554 | — | 1,650,554 | 1,638,852 | 11,702 | — |
| | <u>2,454,690</u> | <u>—</u> | <u>2,454,690</u> | <u>2,379,309</u> | <u>12,590</u> | <u>62,791</u> |

(Continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2011

| General Appropriations | Appropriations | | | Expended | | |
|--|----------------------|---|---------------------------------------|----------------------|----------------|---------------|
| | Budget | Transfers/ Emergency appropriations | Budget after modifi- cations | Paid or charged | Reserved | Canceled |
| Capital Improvements - Excluded from "CAPS": | | | | | | |
| Capital Improvement Fund | \$ 410,000 | — | 410,000 | 410,000 | — | — |
| Reserve for Purchase of Fire Apparatus | 75,000 | — | 75,000 | 75,000 | — | — |
| Reserve for Vehicle Replacement | 120,000 | — | 120,000 | 120,000 | — | — |
| Reserve for Purchase of Public Works Equipment | 80,000 | — | 80,000 | 80,000 | — | — |
| Reserve for Data Processing and Office Equipment | 45,000 | — | 45,000 | 45,000 | — | — |
| Reserve for Road Resurfacing | 200,000 | — | 200,000 | 200,000 | — | — |
| Total Capital Improvements Excluded from "CAPS" | <u>930,000</u> | <u>—</u> | <u>930,000</u> | <u>930,000</u> | <u>—</u> | <u>—</u> |
| Municipal Debt Service-Excluded from "CAPS": | | | | | | |
| Payment of bond principal | 200,000 | — | 200,000 | 200,000 | — | — |
| Payment of bond anticipation notes and capital notes | 625,000 | — | 625,000 | 625,000 | — | — |
| Interest on bonds | 6,000 | — | 6,000 | 3,000 | — | 3,000 |
| Interest on notes | 49,709 | — | 49,709 | 49,707 | — | 2 |
| Total Municipal Debt Service-Excluded from "CAPS" | <u>880,709</u> | <u>—</u> | <u>880,709</u> | <u>877,707</u> | <u>—</u> | <u>3,002</u> |
| Deferred Charges - Municipal - Excluded from "CAPS": | | | | | | |
| Emergency Authorization | 30,000 | — | 30,000 | 30,000 | — | — |
| Deferred Charges to Future Taxes: | | | | | | |
| Ord # 2002-06 | 185,000 | — | 185,000 | 185,000 | — | — |
| Total Deferred Charges - Municipal - Excluded from "CAPS" | <u>215,000</u> | <u>—</u> | <u>215,000</u> | <u>215,000</u> | <u>—</u> | <u>—</u> |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>4,480,399</u> | <u>—</u> | <u>4,480,399</u> | <u>4,402,016</u> | <u>12,590</u> | <u>65,793</u> |
| Total General Appropriations-Excluded from "CAPS" | <u>4,480,399</u> | <u>—</u> | <u>4,480,399</u> | <u>4,402,016</u> | <u>12,590</u> | <u>65,793</u> |
| Subtotal General Appropriations | 15,618,690 | 1,025,000 | 16,643,690 | 16,031,208 | 546,689 | 65,793 |
| Reserve for Uncollected Taxes | 1,042,666 | — | 1,042,666 | 1,042,666 | — | — |
| Total General Appropriations | \$ <u>16,661,356</u> | <u>1,025,000</u> | <u>17,686,356</u> | <u>17,073,874</u> | <u>546,689</u> | <u>65,793</u> |
| Reserve for encumbrances | | | | \$ 137,440 | | |
| Reserve for uncollected taxes | | | | 1,042,666 | | |
| Deferred Charges | | | | 30,000 | | |
| Due to State and Federal Grant Fund | | | | 525,554 | | |
| Cash | | | | 15,338,214 | | |
| | | | | \$ <u>17,073,874</u> | | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2011 and 2010

| Assets | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---------------------------------------|-------------|---------------------|------------------|
| Dog License Trust Fund: | | | |
| Cash | B-1 | \$ 43,378 | 42,188 |
| Due from Current Fund | B-3 | <u>9,160</u> | <u>6,841</u> |
| | | <u>52,538</u> | <u>49,029</u> |
| Open Space Trust Fund: | | | |
| Cash | B-1 | 158,271 | 92,929 |
| Due from State and Federal Grant Fund | B-13 | 1,973 | 1,973 |
| Due from Current Fund | B-11 | <u>88,700</u> | <u>—</u> |
| | | <u>248,944</u> | <u>94,902</u> |
| Other Trust Fund: | | | |
| Cash | B-1 | <u>2,582,446</u> | <u>2,429,554</u> |
| | | <u>2,582,446</u> | <u>2,429,554</u> |
| | | <u>\$ 2,883,928</u> | <u>2,573,485</u> |

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2011 and 2010

| Liabilities and Reserves | Ref. | 2011 | 2010 |
|---------------------------------|-------------|---------------------|------------------|
| Dog License Trust Fund: | | | |
| Reserve for expenditures | B-2 | \$ 43,626 | 42,217 |
| Reserve for Dodge Grant | B | 10 | 10 |
| Reserve for donations | B-4 | 700 | 700 |
| Due to State of New Jersey | B-6 | 2 | 1 |
| Prepaid licenses | B-5 | <u>8,200</u> | <u>6,101</u> |
| | | <u>52,538</u> | <u>49,029</u> |
| Open Space Trust Fund: | | | |
| Due to Current Fund | B-11 | — | 30,000 |
| Due to General Capital | B-15 | 30,000 | — |
| Encumbrances | B-10 | 3,000 | 3,533 |
| Reserve for Expenditures | B-10 | <u>215,944</u> | <u>61,369</u> |
| | | <u>248,944</u> | <u>94,902</u> |
| Other Trust Fund: | | | |
| Benefits payable - payroll | B-12 | 2,094 | 508 |
| Reserve for: | | | |
| Special deposits | B-9 | 422,887 | 415,093 |
| Group insurance claims | B-7 | 1,320,124 | 1,200,767 |
| Due to Current Fund | B-11 | 26,487 | 55,241 |
| Accumulated leave | B-14 | 366,420 | 302,950 |
| Various reserves | B-8 | <u>444,434</u> | <u>454,995</u> |
| | | <u>2,582,446</u> | <u>2,429,554</u> |
| | | <u>\$ 2,883,928</u> | <u>2,573,485</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

General Capital Fund

December 31, 2011 and 2010

| Assets | Ref. | 2011 | 2010 |
|---|-------------|----------------------|------------------|
| Cash | C-2,C-3 | \$ 1,197,629 | 704,020 |
| Due from Sewer Operating Fund | C-17 | — | 12,859 |
| Due from Open Space | C-13 | 30,000 | |
| Deferred charges to future taxation: | | | |
| Funded | C-12 | — | 200,000 |
| Unfunded | C-4 | <u>10,979,500</u> | <u>6,229,500</u> |
| | | <u>\$ 12,207,129</u> | <u>7,146,379</u> |
| Liabilities, Reserves and Fund Balance | | | |
| Serial bonds | C-8 | \$ — | 200,000 |
| Bond anticipation notes | C-14 | 3,517,000 | 3,542,000 |
| Due to Water Utility Operating Fund | C-9 | — | 6,185 |
| Due to Current Fund | C-11 | 319 | 428 |
| Due to Water Capital Fund | C-16 | — | 156,779 |
| Due to Recreation Utility Operating Fund | C-19 | — | 6,000 |
| Due to Sewer Capital Fund | C-15 | — | 2,362 |
| Due to Grant Fund | C-18 | — | 289,342 |
| Reserve for encumbrances | C-5 | 532,097 | 112,220 |
| Improvement authorizations: | | | |
| Funded | C-5 | 867,567 | 939,555 |
| Unfunded | C-5 | 6,769,952 | 1,581,409 |
| Reserve for improvements | C-7 | 358,400 | 211,400 |
| Capital Improvement Fund | C-6 | 86,200 | 28,300 |
| Fund balance | C-1 | <u>75,594</u> | <u>70,399</u> |
| | | <u>\$ 12,207,129</u> | <u>7,146,379</u> |

There were bonds and notes authorized but not issued at December 31, 2011 and 2010 of \$7,462,500 and \$2,687,500 respectively. (Exhibit C-10).

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Fund Balance

General Capital Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|------------------|---------------|
| Balance, January 1 | \$ 70,399 | 48,494 |
| Increased by: | | |
| Funded improvement authorizations canceled | 34,300 | 33,581 |
| Premium on sale of notes | <u>1,895</u> | <u>11,324</u> |
| | <u>36,195</u> | <u>44,905</u> |
| | 106,594 | 93,399 |
| Decreased by appropriated to finance improvement authorizations - | <u>31,000</u> | <u>23,000</u> |
| Balance, December 31 | <u>\$ 75,594</u> | <u>70,399</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Water Utility Fund

December 31, 2011 and 2010

| Assets | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|----------------------|-------------------|
| Operating Fund: | | | |
| Cash | D-5 | \$ 1,093,081 | 812,865 |
| Change Fund - Water Utility Collector | | <u>60</u> | <u>60</u> |
| | | 1,093,141 | 812,925 |
| Receivables with full reserves: | | | |
| Consumers' accounts receivable | D-7 | <u>392,423</u> | <u>486,596</u> |
| | | 392,423 | 486,596 |
| Due from Current Fund | D-21 | — | 2,185 |
| Due from General Capital Fund | D-25 | — | 6,185 |
| Due from Water Capital Fund | D-18 | 1,105 | 1,167 |
| Due from Sewer Utility Operating Fund | D-17 | <u>85,379</u> | <u>67,438</u> |
| | | 86,484 | 76,975 |
| Deferred Charges: | | | |
| Emergency Authorizations | D-3 | <u>35,000</u> | <u>—</u> |
| Total Operating Fund | | <u>1,607,048</u> | <u>1,376,496</u> |
| Assessment Fund: | | | |
| Water assessment liens | D-8 | 1,266 | 1,266 |
| Water assessment lien interest and costs | D-8 | <u>159</u> | <u>159</u> |
| Total Assessment Fund | | <u>1,425</u> | <u>1,425</u> |
| Capital Fund: | | | |
| Cash | D-5 | 558,260 | 361,664 |
| Due from Recreation Capital Fund | D | 110,000 | 110,000 |
| Due from Sewer Utility Operating Fund | D-23 | 300,000 | 300,000 |
| Due from General Capital Fund | D-22 | — | 156,779 |
| Due from Sewer Capital | D-15 | 277,765 | 277,765 |
| Fixed capital | D-9 | 7,736,617 | 6,337,700 |
| Fixed capital authorized and uncompleted | D-11 | <u>4,151,371</u> | <u>5,451,371</u> |
| Total Capital Fund | | <u>13,134,013</u> | <u>12,995,279</u> |
| | | <u>\$ 14,742,486</u> | <u>14,373,200</u> |

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Water Utility Fund

December 31, 2011 and 2010

| Liabilities, Reserves and Fund Balances | Ref. | 2011 | 2010 |
|--|-------------|----------------------|-------------------|
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation reserves | D-3,D-10 | \$ 74,583 | 103,796 |
| Reserve for accrued interest on notes | D-27 | 4,792 | 8,179 |
| Reserve for encumbrances | D-3,D-10 | 64,937 | 42,098 |
| Accounts payable | D-19 | 82,110 | 65,260 |
| | | <u>226,422</u> | <u>219,333</u> |
| Reserve for receivables | | 392,423 | 486,596 |
| Fund balance | D-1 | 988,203 | 670,567 |
| Total Operating Fund | | <u>1,607,048</u> | <u>1,376,496</u> |
| Assessment Fund: | | | |
| Reserve for: | | | |
| Assessments and liens | D-8 | 1,266 | 1,266 |
| Assessment lien interest and costs | D-8 | 159 | 159 |
| Total Assessment Fund | | <u>1,425</u> | <u>1,425</u> |
| Capital Fund: | | | |
| Reserve for amortization | D-13 | 6,347,580 | 6,118,663 |
| Bond anticipation notes | D-26 | 1,170,000 | 1,300,000 |
| Due to Water Operating Fund | D-18 | 1,105 | 1,167 |
| Improvement authorizations: | | | |
| Funded | D-14 | 1,436,807 | 1,447,468 |
| Unfunded | D-14 | 1,447,311 | 1,577,596 |
| Deferred reserve for amortization | D-20 | 2,623,097 | 2,523,097 |
| Reserve for encumbrances | | — | 19,175 |
| Capital Improvement Fund | D-12 | 100,049 | 49 |
| Fund balance | D-4 | 8,064 | 8,064 |
| Total Capital Fund | | <u>13,134,013</u> | <u>12,995,279</u> |
| | | <u>\$ 14,742,486</u> | <u>14,373,200</u> |

There were bonds and notes authorized but not issued at December 31, 2010 and 2011 of \$1,847,311 and \$1,747,311, respectively. (Exhibit D-16)

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes
in Fund Balance - Operating Fund

Water Utility Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|------------------|
| Revenues and other income realized: | | |
| Fund balance utilized | \$ 200,000 | 212,000 |
| Rents | 2,311,554 | 1,996,530 |
| Miscellaneous | 30,495 | 46,556 |
| Other credits to income: | | |
| Unexpended balance of appropriation reserves | 81,200 | 97,053 |
| Cancellation of accrued interest | 3,387 | — |
| Total revenues and other income | <u>2,626,636</u> | <u>2,352,139</u> |
| Expenditures: | | |
| Operating: | | |
| Salaries and wages | 570,965 | 557,935 |
| Other expenses | 1,018,000 | 966,400 |
| Capital improvements | 202,000 | 356,000 |
| Debt service | 149,500 | — |
| Deferred charges and statutory expenditures | 203,535 | 97,665 |
| Additional accrued interest | — | 8,179 |
| Total expenditures | <u>2,144,000</u> | <u>1,986,179</u> |
| Excess in revenue | 482,636 | 365,960 |
| Adjustments to income before Fund Balance-Expenditures included above which are by statute deferred charges to budget of succeeding year-emergency appropriations(40A:4-47) | <u>35,000</u> | <u>—</u> |
| Statutory excess to fund balance | 517,636 | 365,960 |
| Fund balance, January 1 | <u>670,567</u> | <u>516,607</u> |
| | 1,188,203 | 882,567 |
| Decreased by utilized as Water Utility Operating Fund budget revenue | <u>200,000</u> | <u>212,000</u> |
| Fund balance, December 31 | <u>\$ 988,203</u> | <u>670,567</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues - Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>Excess</u> |
|----------------------------------|---------------------|------------------|----------------|
| Fund balance anticipated | \$ 200,000 | 200,000 | — |
| Rents | 1,884,000 | 2,311,554 | 427,554 |
| Miscellaneous | <u>25,000</u> | <u>30,495</u> | <u>5,495</u> |
| | <u>\$ 2,109,000</u> | <u>2,542,049</u> | <u>433,049</u> |
| Miscellaneous: | | | |
| Interest on investments | | \$ 4,351 | |
| Customer Account Interest | | 11,098 | |
| Connection fees | | 8,404 | |
| Miscellaneous | | <u>6,642</u> | |
| Cash collected | | 30,495 | |
| Less Due from Water Capital Fund | | <u>63</u> | |
| | | <u>\$ 30,432</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures - Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | Appropriations | | | Expended | |
|--|---------------------|--------------------------|----------------------------|---------------------|---------------|
| | Budget | Emergency Appropriations | Budget after modifications | Paid or charged | Reserved |
| Operating: | | | | | |
| Salaries and wages | \$ 570,965 | — | 570,965 | 568,244 | 2,721 |
| Other expenses | 983,000 | 35,000 | 1,018,000 | 951,789 | 66,211 |
| Capital improvements: | | | | | |
| Capital improvement | 100,000 | — | 100,000 | 100,000 | — |
| Capital outlay | 102,000 | — | 102,000 | 97,671 | 4,329 |
| Debt Service: | | | | | |
| Payment of Bond Anticipation Notes | 130,000 | — | 130,000 | 130,000 | — |
| Interest on Notes | 19,500 | — | 19,500 | 19,500 | — |
| Deferred charges and statutory expenditures: | | | | | |
| Deferred charges: | | | | | |
| Deferred Charges to Future Rents | | | | | |
| Ord. 2007-14 | 50,000 | — | 50,000 | 50,000 | — |
| Ord. 2007-13 | 50,000 | — | 50,000 | 50,000 | — |
| Statutory expenditures: | | | | | |
| Public Employees Retirement System | 56,884 | — | 56,884 | 56,884 | — |
| Social Security System (O.A.S.I.) | 43,600 | — | 43,600 | 42,278 | 1,322 |
| Unemployment Compensation | | | | | |
| Insurance | 3,051 | — | 3,051 | 3,051 | — |
| | <u>\$ 2,109,000</u> | <u>35,000</u> | <u>2,144,000</u> | <u>2,069,417</u> | <u>74,583</u> |
| Cash disbursed | | | | \$ 1,994,642 | |
| Interest on notes | | | | 19,500 | |
| Encumbrances payable | | | | 55,275 | |
| | | | | <u>\$ 2,069,417</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Fund Balance - Capital Fund

Water Utility Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|-----------------------|-----------------|--------------|
| Balance, January 1, | \$ 8,064 | 4,042 |
| Premium on BAN Sale | <u>—</u> | <u>4,022</u> |
| Balance, December 31, | <u>\$ 8,064</u> | <u>8,064</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Sewer Utility Fund

December 31, 2011 and 2010

| Assets | Ref. | 2011 | 2010 |
|--|------|----------------------|-------------------|
| Operating Fund: | | | |
| Cash | E-5 | \$ 276,561 | 810,093 |
| Due from Sewer Assessment Fund | E-23 | 497,483 | — |
| Due from Sewer Utility Capital Fund | E-16 | 271,101 | 19,837 |
| Due from Current fund | E-21 | 35,276 | 26,821 |
| Deficit in Operations | | — | 142,419 |
| | | <u>1,080,421</u> | <u>999,170</u> |
| Receivables with full reserves: | | | |
| Sewer rents receivable | E-7 | 570,592 | 559,035 |
| Sewer Liens | E-35 | 302 | 1,047 |
| | | <u>570,894</u> | <u>560,082</u> |
| Total Operating Fund | | <u>1,651,315</u> | <u>1,559,252</u> |
| Assessment Fund: | | | |
| Due from Sewer Utility Operating Fund | E-23 | — | 38,517 |
| Due from Current Fund | E-30 | 215,650 | 85,203 |
| Assessments receivable | E-29 | 261,186 | 424,936 |
| Deficit | | 413,000 | |
| Prospective assessments funded | | <u>10,530,000</u> | <u>10,530,000</u> |
| Total Assessment Fund | | <u>11,419,836</u> | <u>11,078,656</u> |
| Capital Fund: | | | |
| Cash | E-5 | 866,057 | 467,932 |
| Due from General Capital Fund | E-10 | — | 2,362 |
| Fixed capital | E-9 | 3,810,637 | 3,810,637 |
| Fixed capital authorized and uncompleted | E-22 | <u>22,862,694</u> | <u>22,862,694</u> |
| Total Capital Fund | | <u>27,539,388</u> | <u>27,143,625</u> |
| | | <u>\$ 40,610,539</u> | <u>39,781,533</u> |

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Sewer Utility Fund

December 31, 2011 and 2010

| Liabilities, Reserves and Fund Balances | Ref. | 2011 | 2010 |
|--|----------|----------------------|-------------------|
| Operating Fund: | | | |
| Liabilities: | | | |
| Accounts payable | E-24 | \$ 13,700 | — |
| Encumbrances payable | E-8 | 21,058 | 24,925 |
| Appropriation reserves | E-3,E-11 | 61,952 | 66,814 |
| Accrued interest on sewer bonds | E-12 | 59,327 | 63,286 |
| Accrued interest on notes | E-13 | 4,982 | 4,254 |
| Due to Sewer Utility Assessment Fund | E-23 | — | 38,517 |
| Due to Solid Waste Utility Fund | E-25 | 250,220 | 307,320 |
| Due to Water Utility Operating Fund | E-26 | 85,379 | 67,438 |
| Due to Water Utility Capital Fund | E-34 | 300,000 | 300,000 |
| Due to General Capital Fund | E-31 | — | 12,860 |
| Reserve for maintenance bond | E-32 | 5,000 | 5,000 |
| | | <u>801,618</u> | <u>890,414</u> |
| Reserve for receivables | | 570,894 | 560,082 |
| Fund balance | E-1 | 278,803 | 108,756 |
| | | <u>849,697</u> | <u>668,838</u> |
| Total Operating Fund | | <u>1,651,315</u> | <u>1,559,252</u> |
| Assessment Fund: | | | |
| Reserve for assessment | - | 261,186 | 424,936 |
| Due to Sewer Operating Fund | E-23 | 497,483 | — |
| Fund balance | E-27 | 131,167 | 123,720 |
| Reserve for prospective assessments funded | - | 10,530,000 | 10,530,000 |
| Total Assessment Fund | | <u>11,419,836</u> | <u>11,078,656</u> |
| Capital Fund: | | | |
| Bonds payable | E-17 | 7,233,000 | 7,708,000 |
| Bond anticipation notes payable | E-33 | 1,253,000 | 753,000 |
| Reserve for amortization | E-14 | 3,536,137 | 3,061,137 |
| Encumbrances payable | E-18 | — | 5,769 |
| Due to Sewer Utility Operating Fund | E-16 | 271,101 | 19,837 |
| Due to Water Utility Capital Fund | E-28 | 277,765 | 277,765 |
| Improvement authorizations: | | | |
| Funded | E-18 | 338,034 | 687,982 |
| Unfunded | E-18 | 11,726,373 | 11,726,373 |
| Deferred reserve for amortization | E-20 | 2,776,194 | 2,776,194 |
| Capital Improvement Fund | E-15 | 3,685 | 3,685 |
| Fund balance | E-4 | 124,099 | 123,883 |
| Total Capital Fund | | <u>27,539,388</u> | <u>27,143,625</u> |
| | | <u>\$ 40,610,539</u> | <u>39,781,533</u> |

There were bonds and notes authorized but not issued of \$12,375,000 and \$11,875,000 at December 31, 2010 and 2011 respectively (Exhibit E-19).

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Sewer Utility Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|------------------|
| Revenue and other income realized: | | |
| Fund balance utilized | \$ — | 81,000 |
| Rents | 2,581,327 | 2,432,116 |
| Miscellaneous | 33,439 | 47,353 |
| Assessment Trust Fund surplus | 123,000 | 140,000 |
| Other credits to income: | | |
| Appropriation cancelled | 10,995 | 524 |
| Unexpended balance of appropriation reserves | 52,379 | 36,541 |
| Miscellaneous | 2,039 | |
| Unexpended balance of accrued interest | <u>—</u> | <u>1,556</u> |
| Total revenues and other income | <u>2,803,179</u> | <u>2,739,090</u> |
| Expenditures: | | |
| Operations: | | |
| Salaries and wages | 259,180 | 262,765 |
| Other expenses | 221,480 | 221,050 |
| Two Bridges Sewer Authority | 1,599,322 | 1,559,608 |
| Capital improvement fund | — | 21,000 |
| Debt service | 372,710 | 783,408 |
| Deferred charges and statutory expenditures | 180,440 | 33,169 |
| Other debits | <u>—</u> | <u>508</u> |
| Total expenditures | <u>2,633,132</u> | <u>2,881,508</u> |
| Excess in revenue (deficit) | 170,047 | (142,419) |
| Adjustments to income before Fund Balance-Expenditures included above which are by statute deferred charges to budget of succeeding year-Deficit | <u>—</u> | <u>142,419</u> |
| Fund balance, January 1 | <u>108,756</u> | <u>189,756</u> |
| | 278,803 | 189,756 |
| Decreased by utilized as anticipated revenue | <u>—</u> | <u>81,000</u> |
| Fund balance, December 31 | <u>\$ 278,803</u> | <u>108,756</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Sewer Utility Fund

Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (deficit)</u> |
|------------------------------------|---------------------|------------------|-----------------------------|
| Fund balance | \$ — | — | — |
| Sewer rents | 2,475,132 | 2,581,681 | 106,549 |
| Miscellaneous | 35,000 | 33,439 | (1,561) |
| Assessment Fund Surplus | <u>123,000</u> | <u>123,000</u> | <u>—</u> |
| | <u>\$ 2,633,132</u> | <u>2,738,120</u> | <u>104,988</u> |
| Miscellaneous: | | | |
| Connections fees | | \$ 9,284 | |
| Customer interest | | 10,078 | |
| Interest on Assessments | | 8,455 | |
| Other | | <u>5,622</u> | |
| | | <u>\$ 33,439</u> | |
| | | | |
| Interest deposited in Current Fund | | \$ 8,455 | |
| Cash | | <u>24,984</u> | |
| | | <u>\$ 33,439</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Sewer Utility Fund

Year ended December 31, 2011

| | Appropriations | | Expended | | |
|---|---------------------|----------------------------------|---------------------|---------------|---------------|
| | Budget | Budget after modifications | Paid or charged | Reserved | Cancelled |
| Operating: | | | | | |
| Salaries and wages | \$ 259,180 | 259,180 | 241,568 | 17,612 | — |
| Other expenses | 221,480 | 221,480 | 177,538 | 43,942 | — |
| Payment to Two Bridges Sewer Authority | 1,599,322 | 1,599,322 | 1,599,322 | — | — |
| Debt service: | | | | | |
| Payment of bond principal | 62,000 | 62,000 | 62,000 | — | — |
| Interest on bonds | 299,722 | 299,722 | 299,722 | — | — |
| Interest on notes | 10,988 | 10,988 | 10,988 | — | — |
| Deferred Charges: | | | | | |
| Prior year deficit | 153,414 | 153,414 | 142,419 | — | 10,995 |
| Statutory expenditures - contribution to: | | | | | |
| Public Employees' Retirement System | 5,360 | 5,360 | 5,360 | — | — |
| Social Security System (O.A.S.I.) | 19,900 | 19,900 | 19,502 | 398 | — |
| Unemployment Compensation Insurance | 1,766 | 1,766 | 1,766 | — | — |
| | \$ <u>2,633,132</u> | <u>2,633,132</u> | <u>2,560,185</u> | <u>61,952</u> | <u>10,995</u> |
| Cash | | | \$ 2,096,997 | | |
| Accrued interest on bonds | | | 299,722 | | |
| Accrued interest on notes | | | 10,988 | | |
| Prior year deficit | | | 142,419 | | |
| Encumbrances payable | | | <u>10,059</u> | | |
| | | | \$ <u>2,560,185</u> | | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Fund Balance - Capital Fund

Sewer Utility Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---------------------------------------|-----------------------|-----------------------|
| Balance, January 1, | \$ 123,883 | 121,521 |
| Increased by: | | |
| Increased by premium on sale of notes | <u>216</u> | <u>2,362</u> |
| Balance, December 31, | <u><u>124,099</u></u> | <u><u>123,883</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Solid Waste Utility Fund

December 31, 2011 and 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------------|----------------|
| Assets | | | |
| Cash | F-4 | \$ 341,381 | 370,625 |
| Receivables with full reserves: | | | |
| Consumers' accounts receivable | F-5 | <u>131,089</u> | <u>173,514</u> |
| | | 131,089 | 173,514 |
| | | 472,470 | 544,139 |
| Due from Current Fund | F-6 | — | 3,161 |
| Due from Sewer Utility Operating Fund | F-8 | <u>250,220</u> | <u>307,320</u> |
| | | <u>250,220</u> | <u>310,481</u> |
| | | <u>\$ 722,690</u> | <u>854,620</u> |
| Liabilities, Reserves and Fund Balance | | | |
| Appropriation reserves | F-3, F-7 | \$ 54,576 | 228,759 |
| Reserve for encumbrances | F-3, F-7 | 1,469 | 28,827 |
| Accounts Payable | F-10 | 47,439 | 13,442 |
| Reserve for recycling tonage grant | F-9 | 28,563 | 28,612 |
| | | <u>132,047</u> | <u>299,640</u> |
| Reserve for receivables | | 131,089 | 173,514 |
| Fund balance | F-1 | <u>459,554</u> | <u>381,466</u> |
| | | <u>590,643</u> | <u>554,980</u> |
| | | <u>\$ 722,690</u> | <u>854,620</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Solid Waste Utility Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|--------------------------|-----------------------|
| Revenue and other income realized: | | |
| Fund balance utilized | \$ 110,000 | 85,000 |
| Utility billings | 1,411,500 | 1,930,064 |
| Miscellaneous | 19,820 | 14,274 |
| Other credits to income: | | |
| Unexpended balance of appropriation reserves | <u>125,839</u> | <u>80,772</u> |
| Total income | <u>1,695,770</u> | <u>2,110,110</u> |
| Expenditures: | | |
| Operations: | | |
| Salaries and wages | 177,155 | 165,725 |
| Other expenses | 1,293,320 | 1,850,590 |
| Capital improvements | — | 31,500 |
| Statutory expenditures | 32,409 | 30,185 |
| Judgements | 4,116 | — |
| Insufficient fund checks | <u>682</u> | <u>—</u> |
| Total expenditures | <u>1,507,682</u> | <u>2,078,000</u> |
| Excess in revenue | 188,088 | 32,110 |
| Fund balance, January 1 | <u>381,466</u> | <u>434,356</u> |
| | 569,554 | 466,466 |
| Decreased by utilized as anticipated revenue | <u>110,000</u> | <u>85,000</u> |
| Fund balance, December 31 | <u><u>\$ 459,554</u></u> | <u><u>381,466</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Solid Waste Utility Fund

Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>Excess (Deficit)</u> |
|--------------------------|---------------------|---------------------|-------------------------|
| Fund balance | \$ 110,000 | 110,000 | — |
| User fees | 1,360,000 | 1,411,500 | 51,500 |
| Miscellaneous | 8,389 | 19,820 | 11,431 |
| Recycling Tonnage Grant | <u>28,611</u> | <u>28,611</u> | <u>—</u> |
| | <u>\$ 1,507,000</u> | <u>1,569,931</u> | <u>62,931</u> |
| Cash | | \$ 1,431,320 | |
| Reserve anticipated | | 28,611 | |
| Fund balance anticipated | | <u>110,000</u> | |
| | | <u>\$ 1,569,931</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Solid Waste Utility Fund

Year ended December 31, 2011

| | <u>Appropriations</u> | | <u>Expended</u> | |
|---|-----------------------|----------------------------|----------------------------|-----------------|
| | <u>Budget</u> | <u>Modified Budget</u> | <u>Paid or charged</u> | <u>Reserved</u> |
| Operating: | | | | |
| Salaries and wages | \$ 177,155 | 177,155 | 163,199 | 13,956 |
| Other expenses | 1,293,320 | 1,293,320 | 1,252,965 | 40,355 |
| Statutory expenditures - contribution to: | | | | |
| Public Employees' Retirement System | 16,896 | 16,896 | 16,896 | — |
| Social Security System (O.A.S.I.) | 13,245 | 13,245 | 12,980 | 265 |
| Unemployment Compensation Insurance | 2,268 | 2,268 | 2,268 | — |
| Reserve for accumulated absences | 4,116 | 4,116 | 4,116 | — |
| | <u>\$ 1,507,000</u> | <u>1,507,000</u> | <u>1,452,424</u> | <u>54,576</u> |
| | | | | |
| Cash | | | \$ 1,447,794 | |
| Paid by Current Fund | | | 3,161 | |
| Encumbrances payable | | | <u>1,469</u> | |
| | | | <u>\$ 1,452,424</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Recreation Utility Fund

December 31, 2011 and 2010

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------------|----------------|
| Assets | | | |
| Operating Fund: | | | |
| Cash | G-4 | \$ 96,309 | 112,776 |
| Due from General Capital | G-6 | — | 6,000 |
| | | <u>96,309</u> | <u>118,776</u> |
| Capital Fund: | | | |
| Cash | G-4 | 5,313 | 5,315 |
| Fixed capital | G-7 | 134,682 | 134,682 |
| Fixed capital authorized and uncompleted | G-12 | 2,318 | 2,318 |
| Due from recreation Operating Fund | G-6 | 2,005 | 3 |
| | | <u>144,318</u> | <u>142,318</u> |
| | | <u>\$ 240,627</u> | <u>261,094</u> |
| Liabilities, Reserves and Fund Balance | | | |
| Operating Fund: | | | |
| Appropriation reserves | G-3. G-8 | \$ 23,097 | 8,446 |
| Encumbrances payable | G-9 | 4,030 | 7,924 |
| Due to Current Fund | G-6 | 4,706 | — |
| Due to Recreation Capital Fund | G-6 | 2,005 | 3 |
| | | <u>33,838</u> | <u>16,373</u> |
| Fund balance | G-1 | 62,471 | 102,403 |
| | | <u>96,309</u> | <u>118,776</u> |
| Capital Fund: | | | |
| Reserve for amortization | G-13 | 29,000 | 27,000 |
| Improvement authorizations - unfunded | G-11 | 2,318 | 2,318 |
| Due to Water Capital fund | G-15 | 110,000 | 110,000 |
| Capital improvement fund | G-14 | 3,000 | 3,000 |
| | | <u>144,318</u> | <u>142,318</u> |
| | | <u>\$ 240,627</u> | <u>261,094</u> |

There were bonds and notes authorized but not issued at December 31, 2010 and 2011 of \$110,000 and \$108,000. (Exhibit G-10)

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Recreation Utility Fund

Years ended December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|-------------------------|-----------------------|
| Revenue and other income realized: | | |
| Fund balance utilized | \$ 41,000 | 18,000 |
| Program fees | 373,884 | 430,257 |
| Miscellaneous | 6,365 | 7,204 |
| Other credits to income | | |
| Unexpended budget appropriations cancelled | 50,000 | — |
| Clearing | 8 | 1,915 |
| Void check | — | — |
| Unexpended balance of appropriation reserve | <u>5,811</u> | <u>43,983</u> |
| Total revenues and other income | <u>477,068</u> | <u>501,359</u> |
| Expenditures: | | |
| Operations | | |
| Salaries and wages | 243,150 | 225,385 |
| Other expenses | 226,400 | 224,550 |
| Deferred charges and statutory expenditures: | | |
| Deferred charges: | | |
| Emergency appropriation | 2,000 | — |
| Statutory expenditures - contributions to: | | |
| Public Employee's Retirement System | 2,000 | 1,535 |
| Social Security System (O.A.S.I.) | 2,000 | 1,400 |
| Unemployment Compensation Insurance | <u>450</u> | <u>130</u> |
| Total expenditures | <u>476,000</u> | <u>453,000</u> |
| Excess (deficit) revenue over expenditures | 1,068 | 48,359 |
| Fund balance, January 1 | <u>102,403</u> | <u>72,044</u> |
| | 103,471 | 120,403 |
| Decreased by utilized as anticipated revenue | <u>41,000</u> | <u>18,000</u> |
| Fund balance, December 31 | <u><u>\$ 62,471</u></u> | <u><u>102,403</u></u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Recreation Utility Fund

Year ended December 31, 2011

| | <u>Budget</u> | <u>Realized</u> | <u>(Deficit)</u> |
|-------------------------------|-------------------|-------------------|------------------|
| Operating surplus anticipated | \$ 41,000 | 41,000 | — |
| Facilities/membership fees | 123,000 | 125,862 | 2,862 |
| Activity fees | 305,000 | 248,022 | (56,978) |
| Miscellaneous | <u>7,000</u> | <u>6,365</u> | <u>(635)</u> |
| | <u>\$ 476,000</u> | <u>421,249</u> | <u>(54,751)</u> |
| Cash | | \$ 380,249 | |
| Fund balance anticipated | | <u>41,000</u> | |
| | | <u>\$ 421,249</u> | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Recreation Utility Fund

Year ended December 31, 2011

| | <u>Appropriations</u> | | <u>Expended</u> | | |
|--|-----------------------|--|----------------------------|-----------------|------------------|
| | <u>Budget</u> | <u>Budget after modification</u> | <u>Paid or charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
| Operating: | | | | | |
| Salaries and wages | \$ 243,150 | 243,150 | 225,775 | 17,375 | — |
| Other expenses | 226,400 | 226,400 | 170,718 | 5,682 | 50,000 |
| Deferred charges and statutory expenditures: | | | | | |
| Deferred charges: | | | | | |
| Deferred Charges Unfunded Ord. 2003 | 2,000 | 2,000 | 2,000 | — | — |
| Statutory expenditures: | | | | | |
| Public Employee's Retirement System | 2,000 | 2,000 | 2,000 | — | — |
| Social Security System (O.A.S.I.) | 2,000 | 2,000 | 1,960 | 40 | — |
| Unemployment Compensation Insurance | 450 | 450 | 450 | — | — |
| | <u>\$ 476,000</u> | <u>476,000</u> | <u>402,903</u> | <u>23,097</u> | <u>50,000</u> |
| | | | | | |
| Cash disbursed | | | \$ 392,167 | | |
| Deferred charge | | | 2,000 | | |
| Due to Current Fund | | | 4,706 | | |
| Encumbrances payable | | | <u>\$ 4,030</u> | | |
| | | | <u>\$ 402,903</u> | | |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of General Fixed Assets

General Fixed Assets Account Group

December 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|------------------------------------|----------------------|-------------------|
| Land and buildings | \$ 21,095,743 | 19,144,682 |
| Machinery and equipment | 1,793,262 | 1,750,806 |
| Furniture and fixtures | 1,915,548 | 1,817,893 |
| Vehicles | <u>4,970,335</u> | <u>4,830,929</u> |
| | <u>\$ 29,774,888</u> | <u>27,544,310</u> |
| Investment in General Fixed Assets | <u>\$ 29,774,888</u> | <u>27,544,310</u> |

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies

The accounting policies of the Township of Pequannock, County of Morris, New Jersey (the Township) conform to the accounting principles applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The following is a summary of the significant policies.

Reporting Entity

Except as noted below, the financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the Volunteer Fire Department, First Aid Squad, Pequannock Board of Education, or the Dial-A-Ride Program.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Township, the accounts of the Township are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures, as appropriate.

Fund Types

Current Fund: is used to account for all revenues and expenditures applicable to the general operations of Township departments and agencies. Federal and state grants are included in the Current Fund.

Trust Funds: are used to account for assets held by the Township in a trustee capacity or as an agent for individuals or other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Funds.

General Capital Fund: is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Utility Operating Funds: are used to account for all revenues and expenditures applicable to the operations of the water, sewer, solid waste and recreation utilities.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

Utility Capital Funds: are used to account for financial resources to be used for the acquisition of utility capital facilities. The major resources are derived from the sale of general serial bonds and bond anticipation notes.

Water Utility Fund is used to account for the activity of the Township's water system. The Township bills for water consumed from its wells and a purchase contract with the City of Newark.

Sewer Utility is used to account for the activity of the Township's sewer collection system. The sewage treatment is provided by a long term agreement with the TBSA.

Solid Waste Utility Fund: is used to account for garbage collection and recycling operations of the Township.

Recreation Utility Fund: is used to account for collection of fees and operation of recreational services of the Township. The Capital Fund is used to account for financial resources to be used for the acquisition of utility capital facilities. The major resources are derived from the sale of general serial bonds and bond anticipation notes.

General Fixed Assets Account Group: is used to account for all fixed assets purchased by the Current and General Capital Funds.

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 Township of Pequannock and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow. During 2011 the amendments for additional revenue were not major.

Revenues

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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

Expenditures

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 the encumbrance accounting. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year.

Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Disbursements for Current Fund, Utility Operating Funds and General Capital Fund inventory-type items are considered expenditures at the time of purchase. Prepaid expenses are not recorded. The Township's share of contributions for fringe benefits, such as retirement plans, accrued vacation leave, litigation settlements and certain professional fees, are accounted for on the cash basis.

Had the Township's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenues susceptible to accrual would have been reflected without offsetting reserves; fixed assets in Utility Funds would be depreciated; State grants and assistance would be recognized as soon as all eligibility requirements imposed by the provider have been met, not when awarded; and inventories would not be reflected as expenditures at the time of purchase; the fixed assets of the Water, Sewer and Solid Waste Funds would have been depreciated and there would be no exhibit references on the financial statements.

Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

Inventories

Current fund inventory type items and inventories held by the sewer utility fund are expensed as incurred. GAAP requires the amount of inventory on hand to be recorded as an asset at year-end.

Improvement authorizations

Represents the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the Current Fund. GAAP does not recognize these amounts as liabilities.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

Investments

Investments are carried at cost. Purchases of investments are limited by N.J.S. 40A:5-15.1 to bonds or obligations of or guaranteed by the Federal government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase. GAAP requires that investments be recorded at fair value.

Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Township 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 non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Fixed Assets

Current Fund and General Capital Fund

Property and equipment purchased by the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are then capitalized in the general fixed assets account group.

Utility Funds

Property and equipment purchased by the Utility Funds are also recorded as expenditures at the time of purchase but are capitalized at cost in the Utility Capital Funds as fixed capital.

Use of Estimates

The preparation of financial statements requires management to make estimates that affect the recorded amount 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 expenditures during the reporting period. Actual results could differ from those estimates.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(2) Retirement Plans

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems (retirement systems) which have been established by State statute: the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the State of New Jersey.

Police and Firemen's Retirement System

Police and Firemen's Retirement Systems (PFRS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System

Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, 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 a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT), which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF), which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to State statutes, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

supplementary information of each of the above systems, funds, and trusts. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the 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.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rates increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual 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. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans 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. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform: established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available

Funding Policy

Contribution Requirements

The contribution policy for PFRS and PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PFRS contribute at a uniform rate of 8.5% of base salary, as defined. Members of PERS contribute at a uniform rate of 5.5% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS. In the PERS the employer contribution includes funding for post-retirement medical premiums.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

Township Contributions

The Township's year ended December 31, 2011, 2010, 2009 and 2008 contribution to PERS was \$316,397, \$339,403, \$328,524 and \$247,315 and PFRS was \$770,039, \$636,533, \$595,787 and \$516,298 respectively.

(3) Long-term Debt

**Summary of Municipal Debt
(Excluding Type II School Debt)**

| | 2011 | 2010 | 2009 |
|--|---------------|------------|------------|
| Issued: | | | |
| General bonds, notes and loans | \$ 3,517,000 | 3,742,000 | 4,869,490 |
| Water Utility bonds and notes | 1,170,000 | 1,300,000 | — |
| Sewer Utility bonds and notes | 8,486,000 | 8,461,000 | 9,911,000 |
| Total Issued | 13,173,000 | 9,761,000 | 14,780,490 |
| Authorized but not issued: | | | |
| General bonds and notes | 7,462,500 | 2,687,500 | 2,237,500 |
| Water Utility bonds and notes | 1,747,311 | 1,847,311 | 3,147,311 |
| Recreation Utility bonds and notes | 108,000 | 110,000 | 110,000 |
| Sewer Utility bonds and notes | 11,875,000 | 12,375,000 | 960,000 |
| Total authorized but not issued | 21,192,811 | 17,019,811 | 6,454,811 |
| Bonds and notes issued and authorized but not issued | \$ 34,365,811 | 26,780,811 | 21,235,301 |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition at December 31, 2011 which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.40%

| | Gross Debt | Deductions | Net Debt |
|-------------------------|---------------|------------|------------|
| School district debt | \$ 13,290,000 | 13,790,000 | — |
| Sewer Utility debt | 20,361,000 | 20,361,000 | — |
| Recreation Utility debt | 108,000 | 52,989 | 55,011 |
| General debt | 10,979,500 | — | 10,979,500 |
| Water Utility debt | 2,917,311 | 2,917,311 | — |
| | \$ 48,155,811 | 37,121,300 | 11,034,511 |

Net debt of \$11,034,511 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,779,297,640 equals 0.40%

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

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

| | |
|---|---------------|
| 3-1/2% of equalized valuation basis (municipal) | \$ 97,275,417 |
| Net debt | 11,034,511 |
| Remaining borrowing power | \$ 86,240,906 |

The Township's long-term debt consisted of the following at December 31, 2011:

| | |
|---|--------------|
| Sewer Utility Serial Bonds— | |
| Sewer utility bond issued Oct. 15, 2007; through Oct 15, 2023 | \$ 7,233,000 |

The Township's long-term debt consisted of the following at December 31, 2010:

| | |
|---|--------------|
| General serial bonds— | |
| Refunding bonds issued June 26, 2003, due June 1, 2011 | \$ 200,000 |
| Sewer Utility Serial Bonds— | |
| Sewer utility bond issued Oct. 15, 2007; through Oct 15, 2023 | \$ 7,708,000 |

Bond debt service requirements at December 31, 2011 were as follows:

| Year | Sewer Utility Capital Fund | | |
|-----------|----------------------------|-----------|-----------|
| | Total | Principal | Interest |
| 2012 | 780,603 | 500,000 | 280,603 |
| 2013 | 785,395 | 525,000 | 260,395 |
| 2014 | 789,187 | 550,000 | 239,187 |
| 2015 | 791,978 | 575,000 | 216,978 |
| 2016 | 793,770 | 600,000 | 193,770 |
| 2017-2021 | 3,825,373 | 3,225,000 | 600,373 |
| 2022-2023 | 1,322,157 | 1,258,000 | 64,157 |
| \$ | 9,088,463 | 7,233,000 | 1,855,463 |

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

At December 31, 2010 and 2011, the Township had authorized but not issued General Capital Fund debt of \$2,687,500 and \$7,462,500 Sewer Capital Fund debt of \$12,375,000 and \$11,875,000, Water Capital Fund debt of \$1,847,311 and \$1,747,311 and Recreation Capital Fund debt of \$110,000 and \$108,000.

(4) Bond Anticipation Notes

The Township 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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of 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. Additional legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

At December 31, 2010 and 2011, the Township had \$3,542,000 and \$3,517,000 outstanding bond anticipation notes in the General Capital Fund, \$1,300,000 and \$1,170,000 in the Water Utility Fund and \$753,000 and \$1,253,000 in the Sewer Utility Fund.

(5) Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheets of the various funds:

| | Balance, December 31, 2011 | 2012 Budget Appropriation |
|---|---|--|
| Current Fund: | | |
| Special emergencies | \$ 775,000 | 156,000 |
| Over expenditure of appropriation | 760 | — |
| Over expenditure of appropriation reserve | 119 | — |
| Emergency | 250,000 | 250,000 |
| Water Utility Fund | | |
| Emergency | 35,000 | 35,000 |

(6) Fund Balance Appropriated

Fund balance appropriated and included as anticipated revenue in the 2012 budgets are:

| | |
|--------------------------|--------------|
| Current Fund | \$ 1,230,000 |
| Water Utility Fund | 450,000 |
| Sewer Utility Fund | 75,000 |
| Recreation Utility Fund | 31,000 |
| Solid Waste Utility Fund | 117,000 |

(7) Accrued Sick and Vacation Benefits

The Township permits employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. The estimated current cost of such unpaid compensation at December 31, 2010 and 2011 is approximately \$1,709,382 and \$1,882,114, respectively. In compliance with State Regulations such amounts are not reflected in the financial statements.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

As of December 31, 2010 and 2011, the Township has a reserve of \$298,304 and \$365,566 for future accumulated absence claims.

(8) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2011. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. Funding of any liability would be provided for in succeeding years' budgets or through a refunding bond ordinance which would allow the Township to fund these liabilities over a number of years. The Township had reserves of \$1,028,661 and \$678,334 at December 31, 2010 and 2011 for pending tax appeals.

The Township is also involved in suits in the normal course of business. These cases, if decided against the Township, would be paid by its insurance carrier. The Township expects such amounts, if any, to be immaterial.

The Township participates in numerous Federal and State of New Jersey grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivables at December 31, 2011 may be impaired. In the opinion of the Township, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

(9) Risk Management

The Township purchases liability coverage and worker's compensation through an insurance pool that has purchased coverage from commercial insurance companies.

Auto damage is self insured by the insurance pool. The Township self insures medical claims to a maximum of \$45,000 per individual with an aggregate annual maximum of \$2,132,138.

The total contribution by employees towards the cost of health benefits was \$62,310 in 2011.

(10) Cash

Cash and cash equivalents includes amounts on deposit, and short term investments with original maturities of three months or less from the date of acquisition.

Deposits

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of December 31, 2010 and 2011 the Township's bank deposits, of \$10,173,670 and \$11,031,725, are insured or covered by the State's Government Unit Deposit Protection Act.

(11) Fixed Assets

The Township records assets with a useful life in excess of one year and with a value over \$2,000 as a fixed asset. The accounts are adjusted for dispositions and abandonment's. Depreciation is not recorded.

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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

The Township's fixed assets are summarized as follows:

| | Balance Dec. 31, 2009 | Additions | Dispositions | Balance Dec. 31, 2010 |
|-----------------------------|--------------------------|------------------|----------------|--------------------------|
| General Fixed Assets | | | | |
| Land and buildings | \$ 17,983,182 | 1,161,500 | — | 19,144,682 |
| Machinery and equipment | 1,688,118 | 70,989 | 8,301 | 1,750,806 |
| Furniture and fixtures | 1,771,182 | 46,711 | — | 1,817,893 |
| Vehicles | 4,735,371 | 287,444 | 191,886 | 4,830,929 |
| | <u>\$ 26,177,853</u> | <u>1,566,644</u> | <u>200,187</u> | <u>27,544,310</u> |
| Water Utility: | | | | |
| Res for amortization | \$ 57,442 | — | — | 57,442 |
| Fist Mains and accessories | 767,842 | 13,889 | — | 781,731 |
| House services | 280,116 | 2,986 | — | 283,102 |
| Meters | 794,057 | 12,364 | — | 806,421 |
| Hydrants | 80,889 | — | — | 80,889 |
| General equip and trucks | 721,687 | — | — | 721,687 |
| Office furniture and equip | 80,889 | — | — | 80,889 |
| Structures and improvement | 167,315 | — | — | 167,315 |
| Wells and pumping stations | 3,358,670 | 5,761 | — | 3,364,431 |
| Well #2 chlorinator | 9,936 | — | — | 9,936 |
| New water tank construction | 1,500 | — | — | 1,500 |
| | <u>\$ 6,302,700</u> | <u>35,000</u> | <u>—</u> | <u>6,337,700</u> |
| Sewer Utility: | | | | |
| Capacity | \$ 3,163,500 | — | — | 3,163,500 |
| Treatment plant | 298,300 | — | — | 298,300 |
| Trunk lines | 241,971 | — | — | 241,971 |
| Transportation equipment | 3,300 | — | — | 3,300 |
| Equipment | 103,566 | — | — | 103,566 |
| | <u>\$ 3,810,637</u> | <u>—</u> | <u>—</u> | <u>3,810,637</u> |
| Recreation Utility: | | | | |
| Building improvements | \$ 134,682 | — | — | 134,682 |

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(11) Fixed Assets (continued)

| | Balance Dec. 31, 2010 | Additions | Dispositions | Balance Dec. 31, 2011 |
|-----------------------------|--------------------------|------------------|----------------|--------------------------|
| General Fixed Assets | | | | |
| Land and buildings | \$ 19,144,682 | 1,951,061 | — | 21,095,743 |
| Machinery and equipment | 1,750,806 | 73,861 | 31,405 | 1,793,263 |
| Furniture and fixtures | 1,817,893 | 97,655 | — | 1,915,548 |
| Vehicles | 4,830,929 | 234,204 | 94,798 | 4,970,335 |
| | <u>\$ 27,544,310</u> | <u>2,356,781</u> | <u>126,203</u> | <u>29,774,888</u> |
| Water Utility: | | | | |
| Res for amortization | \$ 57,442 | — | — | 57,442 |
| Fist Mains and accessories | 781,731 | 1,307,789 | — | 2,089,520 |
| House services | 283,102 | — | — | 283,102 |
| Meters | 806,421 | 26,214 | — | 832,635 |
| Hydrants | 80,889 | — | — | 80,889 |
| General equip and trucks | 721,687 | 64,914 | — | 786,601 |
| Office furniture and equip | 80,889 | — | — | 80,889 |
| Structures and improvement | 167,315 | — | — | 167,315 |
| Wells and pumping stations | 3,364,431 | — | — | 3,364,431 |
| Well #2 chlorinator | 9,936 | — | — | 9,936 |
| New water tank construction | 1,500 | — | — | 1,500 |
| | <u>\$ 6,337,700</u> | <u>1,398,917</u> | <u>—</u> | <u>7,736,617</u> |
| Sewer Utility: | | | | |
| Capacity | \$ 3,163,500 | — | — | 3,163,500 |
| Treatment plant | 298,300 | — | — | 298,300 |
| Trunk lines | 241,971 | — | — | 241,971 |
| Transportation equipment | 3,300 | — | — | 3,300 |
| Equipment | 103,566 | — | — | 103,566 |
| | <u>\$ 3,810,637</u> | <u>—</u> | <u>—</u> | <u>3,810,637</u> |
| Recreation Utility: | | | | |
| Building improvements | \$ 134,682 | — | — | 134,682 |

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(12) Interfunds

The following is a schedule of interfunds at December 31, 2010:

| | From | To |
|------------------------------|------------|---------|
| Current Fund | | |
| State and Federal Grant Fund | \$ 211,006 | |
| Dog License Trust Fund | | |
| Other Trust Fund | 55,241 | |
| Animal Control | | 6,841 |
| Open Space | 30,000 | |
| Sewer Utility Fund | | |
| Operating Fund | | 26,821 |
| Assessment Fund | | 85,203 |
| Water Operating Fund | | 2,185 |
| Water Capital Fund | | |
| Solid Waste Operating Fund | | 3,161 |
| General Capital Fund | 428 | |
| State and Federal Grant Fund | | |
| Open Space | | 1,973 |
| Current | | 211,006 |
| General Capital | 289,342 | |
| Trust Fund: | | |
| Open Space Trust Fund: | | |
| Current Fund | | 30,000 |
| State and Federal Grant Fund | 1,973 | |
| Animal Control Fund | | |
| Current Fund | 6,841 | |
| Cash Other Trust | | |
| Current Fund | | 55,241 |
| Sewer Operating Fund | 342 | |
| General Capital Fund: | | |
| State and Federal Grants | | 289,342 |
| Water Operating Fund | | 6,185 |
| Water Capital Fund | | 156,779 |
| Recreation Operating Fund | | 6,000 |
| Current Fund | | 428 |
| Sewer Capital Fund | | 2,362 |
| Sewer Operating Fnd | 12,859 | |

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(12) Interfunds (continued)

The following is a schedule of interfunds at December 31, 2010:

| | From | To |
|------------------------------|---------|---------|
| Water Operating Fund | | |
| Current Fund | 2,185 | |
| General Capital Fund | 6,185 | |
| Water Capital Fund | 1,167 | |
| Sewer Utility Operating Fund | 67,438 | |
| Water Capital Fund | | |
| Recreation Capital Fund | 110,000 | |
| Sewer Utility Operating Fund | 300,000 | |
| General Capital Fund | 156,779 | |
| Sewer Capital Fund | 277,765 | |
| Water Operating Fund | | 1,167 |
| Sewer Operating Fund | | |
| Sewer Assessment Fund | | 38,517 |
| Sewer Capital Fund | 19,837 | |
| Solid Waste Fund | | 307,320 |
| Water Operating Fund | | 67,438 |
| Water Capital Fund | | 300,000 |
| General Capital Fund | | 12,859 |
| Current Fund | 26,821 | |
| Sewer Assessment Fund | | |
| Current Fund | 85,203 | |
| Sewer Operating Fund | 38,517 | |
| Sewer Capital Fund | | |
| Sewer Operating Fund | | 19,837 |
| Water Capital Fund | | 277,765 |
| General Capital Fund | 2,362 | |
| Solid Waste Fund | | |
| Sewer Utility Operating Fund | 307,320 | |
| Current Fund | 3,161 | |
| Recreation Operating Fund | | |
| General Capital Fund | 6,000 | |
| Recreation Capital Fund | | 3 |
| Recreation Capital Fund | | |
| Recreation Operating Fund | 3 | |
| Water Capital Fund | | 110,000 |

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(12) Interfunds (continued)

The following is a schedule of interfunds at December 31, 2011:

| | From | To |
|------------------------------|---------|---------|
| Current Fund | | |
| State and Federal Grant Fund | \$ | 116,118 |
| Other Trust Fund | 26,487 | |
| Animal Control | | 9,160 |
| Open Space | | 88,700 |
| Sewer Utility Fund | | |
| Operating Fund | | 35,276 |
| Sewer Assessment Fund | | 215,650 |
| Recreation Utility | | |
| Operating Fund | 4,706 | |
| General Capital Fund | 319 | |
| State and Federal Grant Fund | | |
| Open Space | | 1,973 |
| Current | 116,118 | |
| Trust Fund: | | |
| Open Space Trust Fund: | | |
| Current Fund | 88,700 | |
| State and Federal Grant Fund | 1,973 | |
| General Capital Fund | | 30,000 |
| Animal Control Fund | | |
| Current Fund | 9,160 | |
| Cash Other Trust | | |
| Current Fund | | 26,487 |
| General Capital Fund: | | |
| Open Space Trust Fund | 30,000 | |
| Current Fund | | 319 |
| Water Operating Fund | | |
| Water Capital Fund | 1,105 | |
| Sewer Utility Operating Fund | 85,379 | |
| Water Capital Fund | | |
| Recreation Capital Fund | 110,000 | |
| Sewer Utility Operating Fund | 300,000 | |
| Sewer Capital Fund | 277,765 | |
| Water Operating Fund | | 1,105 |

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

(12) Interfunds (continued)

The following is a schedule of interfunds at December 31, 2011:

| | From | To |
|------------------------------|---------|---------|
| Sewer Operating Fund | | |
| Sewer Assessment Fund | 497,483 | |
| Sewer Capital Fund | 271,101 | |
| Solid Waste Fund | | 250,220 |
| Water Operating Fund | | 85,379 |
| Water Capital Fund | | 300,000 |
| Current Fund | 35,276 | |
| Sewer Assessment Fund | | |
| Current Fund | 215,650 | |
| Sewer Operating Fund | | 497,483 |
| Sewer Capital Fund | | |
| Sewer Operating Fund | | 271,101 |
| Water Capital Fund | | 277,765 |
| Solid Waste Fund | | |
| Sewer Utility Operating Fund | 250,220 | |
| Recreation Operating Fund | | |
| Current Fund | | 4,706 |
| Recreation Capital Fund | | 2,005 |
| Recreation Capital Fund | | |
| Recreation Operating Fund | 2,005 | |
| Water Capital Fund | | 110,000 |

The interfunds generally resulted from monies received and not yet transmitted to the other fund and the payment of expenditures on behalf of another fund. The utility operating funds also retain the cash for their respective capital funds resulting in those interfunds.

(13) Post Employment Healthcare Plan

Plan description

Township of Pequannock Health Benefits Plan (PHBP) is a single employer defined benefit healthcare plan administered by the Township of Pequannock. PHBP provides medical and dental insurance benefits to eligible retirees and their spouses and dependents. The authority to establish and amend benefit provisions rests with the governing body. GASB requires that the actuary update the plan every two years.

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2011

Funding Policy

The contributions requirements of the Township and plan members are established and may be amended by the governing body. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011 the Township expended approximately \$171,900 for retired employees

Annual Required Contribution

The Annual Required Contribution (ARC) is the measure of annual cost on an accrual basis. It is comprised of the "Normal Cost" which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the "Unfunded Accrued Liability". As of December 31, 2010 the plan had no assets to offset any portion of the Actuarial Accrued Liability. Audit requirements prescribed by the Division of local Government Services, Department of Community Affairs, State of New Jersey prohibit the Township from accumulating assets for that purpose. The ARC as of December 31, 2010 is \$1,033,548.

The present Value of Future Benefits at December 31, 2010 is \$19,566,546 and the Actuarial Accrued Liability is \$10,840,579 both are based upon a 4.0 % discount rate.

Health care assumptions are based upon those used by the NJ SHBP and demographic assumptions are based on those used by the NJ Division of Pensions. At age 65 retirees are no longer eligible for benefits. Their spouses may purchase benefits by paying a premium. The current census includes 11 retirees and 86 active employees.

ADDITIONAL FINANCIAL INFORMATION

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2011

| | |
|---|----------------------------|
| Balance, December 31, 2010 | \$ <u>3,963,709</u> |
| Receipts: | |
| Tax Collector | 49,388,523 |
| Revenue accounts receivable | 3,043,449 |
| Miscellaneous revenue not anticipated | 78,638 |
| Senior Citizens' and Veterans' deductions | 178,878 |
| Tax overpayments | 33,340 |
| Various reserves | 170,127 |
| Emergency notes | 600,000 |
| Tax title liens | 2,104 |
| Cancelled/ Voided checks | 29 |
| Due to Dog License Fund | 54,881 |
| Due from payroll account | 7,820 |
| Due to Open Space | 30,000 |
| Due from General Capital Fund | 684,816 |
| Due to Sewer Utility Operating Fund | 8,455 |
| Due from Builders Escrow Trust Fund | 40,990 |
| Due from Library | 652,299 |
| Due from State and Federal Grant Fund | 534,222 |
| Due to Sewer Assessment Fund | 130,447 |
| Due to New Jersey Uniform Construction Code | <u>15,613</u> |
| | <u>55,654,631</u> |
| | <u>59,618,340</u> |
| Disbursements: | |
| Budget appropriations | 15,338,214 |
| Appropriation reserves | 167,772 |
| Local district school tax | 31,778,146 |
| Tax overpayments | 39,380 |
| County taxes | 6,507,439 |
| Open Space Trust Fund | 200,000 |
| Due from General Capital Fund | 684,707 |
| Due from Recreation Operating | 4,706 |
| Due from Library | 546,781 |
| Due to Dog License Fund | 52,562 |
| Due from State and Federal Grant Fund | 203,679 |
| Trust Other | 270 |
| Due from Water Operating Fund | 2,185 |
| Due to New Jersey Uniform Construction Code | 14,764 |
| Accounts payable | 26,072 |
| Various reserves | 183,261 |
| Sale of gasoline | 18,645 |
| Prior budget payables | <u>20,401</u> |
| | <u>55,788,984</u> |
| Balance, December 31, 2011 | \$ <u><u>3,829,356</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Collector

Current Fund

Year ended December 31, 2011

| | |
|----------------------------------|------------------------------|
| Balance, December 31, 2010 | \$ <u> —</u> |
| Increased by receipts: | |
| Taxes receivable | 49,181,628 |
| Prepaid taxes | <u>206,895</u> |
| | <u>49,388,523</u> |
| | 49,388,523 |
| Decreased by disbursements: | |
| Paid treasurer by direct deposit | <u>49,388,523</u> |
| Balance, December 31, 2011 | \$ <u><u> —</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Taxes Receivable and Analysis of
Property Tax Levy

Current Fund

Year ended December 31, 2011

| Year | Balance, Dec. 31, 2010 | 2011 Levy | Added Taxes | Collections | | Remitted, abated, cancelled | Transferred to tax title liens | Balance, Dec. 31, 2011 |
|---|------------------------------|--------------|----------------|-------------|---------------|-----------------------------------|--------------------------------------|------------------------------|
| | | | | 2010 | 2011 | | | |
| 2008 | \$ 1,306 | — | — | — | — | — | 1,306 | — |
| 2009 | 1,477 | — | — | — | — | — | 1,477 | — |
| 2010 | 446,875 | — | 12,747 | — | 452,395 | — | 1,966 | 5,261 |
| | 449,658 | — | 12,747 | — | 452,395 | — | 4,749 | 5,261 |
| 2011 | — | 49,858,511 | 63,636 | 155,114 | 48,909,834 | 371,328 | 4,412 | 481,459 |
| | \$ 449,658 | 49,858,511 | 76,383 | 155,114 | 49,362,229 | 371,328 | 9,161 | 486,720 |
| Cash | | | | | \$ 49,181,628 | | | |
| Senior Citizens' and Veterans' deductions | | | | | 180,601 | | | |
| | | | | | \$ 49,362,229 | | | |
| Prepaid taxes applied to taxes | | | | | \$ 155,114 | | | |
| 2011 collections | | | | | 48,909,834 | | | |
| Collections reserved for tax appeals | | | | | (437,706) | | | |
| Revenue from current tax collections | | | | | \$ 48,627,242 | | | |

Analysis of Property Tax Levy

| | | |
|--|--|---------------|
| Tax yield: | | |
| General purpose tax | | \$ 49,858,511 |
| Added taxes (54:4-63.1 et seq.) | | 63,636 |
| | | \$ 49,922,147 |
| Tax levy: | | |
| Local district school tax | | \$ 31,778,145 |
| Municipal open space tax | | 288,700 |
| County taxes | | 6,003,907 |
| County open space | | 482,819 |
| Due county for added and omitted taxes | | 8,319 |
| | | 38,561,890 |
| Local tax for municipal purposes | | 11,291,456 |
| Add additional tax levied | | 68,801 |
| | | \$ 49,922,147 |

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2011

| | |
|----------------------------|---------------|
| Balance, December 31, 2010 | \$ <u>879</u> |
| Balance, December 31, 2011 | \$ <u>879</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Amount Due from State of New Jersey
for Veterans' and Senior Citizens' Deductions

Current Fund

Year ended December 31, 2011

| | |
|---|-------------------------|
| Balance, December 31, 2010 | \$ <u>27,561</u> |
| Increased by: | |
| Senior Citizens' deductions per tax billings | 35,750 |
| Veterans' deductions per tax billings | 144,250 |
| Veterans' deductions allowed current year | 2,500 |
| Senior Citizens' deductions allowed by Tax Collector | <u>1,750</u> |
| | <u>184,250</u> |
| | <u>211,811</u> |
| Decreased by: | |
| Senior Citizens' deductions disallowed by tax collector | |
| Prior year | 4,000 |
| Current year | 1,149 |
| Received in cash from state | <u>178,878</u> |
| | <u>184,027</u> |
| Balance, December 31, 2011 | \$ <u><u>27,784</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2011

| <u>Description</u> | <u>Balance, Dec. 31, 2010</u> | <u>Accrued</u> | <u>Collected</u> | <u>Balance, Dec. 31, 2011</u> |
|---|---------------------------------------|------------------|---------------------|---------------------------------------|
| Municipal Clerk - licenses: | | | | |
| Alcoholic beverages | \$ — | 20,200 | 20,200 | — |
| Other | — | 23,845 | 23,845 | — |
| Fees and permits: | | | | |
| Other | — | 129,276 | 129,276 | — |
| Cable Television Franchise Fee | — | 55,309 | 55,309 | — |
| Payments in lieu of taxes - Senior Citizen House | — | 83,032 | 83,032 | — |
| Fines and costs - Municipal Court | 23,523 | 253,331 | 258,314 | 18,540 |
| Interest and costs on taxes | — | 105,740 | 105,740 | — |
| Interest on investments and deposits | — | 34,454 | 34,454 | — |
| Consolidated municipal property tax relief | — | 112,714 | 112,714 | — |
| Energy Receipts Tax (P.L. 1999, Chapters 162 & 167) | — | 1,101,659 | 1,101,659 | — |
| Uniform Construction Code Fees | — | 264,153 | 264,153 | — |
| Contracts for Dial-A-Ride: | | | | |
| Borough of Butler | — | 63,293 | 63,293 | — |
| Borough of Kinnelon | 2,953 | 78,186 | 61,592 | 19,547 |
| Borough of Lincoln Park | 3,515 | 92,958 | 96,473 | — |
| Borough of Riverdale | 844 | 21,495 | 22,339 | — |
| Health Services Contract: | | | | |
| Borough of Bloomingdale | — | 75,392 | 75,392 | — |
| Borough of Little Falls | — | 55,000 | 55,000 | — |
| Borough of Kinnelon | — | 96,814 | 96,814 | — |
| Borough of Riverdale | — | 28,907 | 28,907 | — |
| Borough of Florham Park | — | 124,881 | 124,881 | — |
| Field Maintenance Contract | — | 56,000 | 56,000 | — |
| Uniform Fire Safety Act | — | 19,994 | 19,994 | — |
| Uniform Fire Code fees | — | 18,824 | 18,824 | — |
| Hotel Occupancy Tax | — | 30,202 | 30,202 | — |
| Reserve for Public Defender Fees | — | 7,550 | 7,550 | — |
| Sale of gasoline to BOE | — | 22,783 | — | 22,783 |
| Prior Year FEMA Assistance | — | 105,042 | 105,042 | — |
| | <u>\$ 30,835</u> | <u>3,081,034</u> | <u>3,050,999</u> | <u>60,870</u> |
| | | | \$ 3,043,449 | |
| | | | <u>7,550</u> | |
| | | | <u>\$ 3,050,999</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2011

| | Balance | | Transfers | Balance after transfers | Paid or charged | Balance lapsed |
|---|----------|--------------|-----------|-------------------------|-----------------|----------------|
| | Reserved | Encumbrances | | | | |
| Salaries and wages: | | | | | | |
| Township Clerk | \$ 7,494 | — | — | 7,494 | — | 7,494 |
| Managers office | 14,157 | — | — | 14,157 | — | 14,157 |
| Municipal Prosecutor | 338 | — | — | 338 | — | 338 |
| Financial administration | 496 | — | — | 496 | — | 496 |
| Revenue Administration | 7,631 | — | — | 7,631 | — | 7,631 |
| Tax Assessment | 3,697 | — | — | 3,697 | — | 3,697 |
| Planning and Building Department | 598 | — | — | 598 | — | 598 |
| Board of Adjustment | 300 | — | — | 300 | — | 300 |
| Public buildings and grounds | 9,318 | — | — | 9,318 | — | 9,318 |
| Parks and playgrounds | 23,863 | — | — | 23,863 | — | 23,863 |
| Office of Fire Safety | 12,857 | — | — | 12,857 | — | 12,857 |
| Police | 11,827 | — | — | 11,827 | — | 11,827 |
| Emergency Management Services | 567 | — | — | 567 | — | 567 |
| Road repairs and maintenance | 52,249 | — | — | 52,249 | — | 52,249 |
| Director of Public Works/Township Engineer | 4,103 | — | — | 4,103 | — | 4,103 |
| Vehicle Maintenance | 44 | — | — | 44 | — | 44 |
| Municipal Court | 3,254 | — | — | 3,254 | — | 3,254 |
| Public defender | 97 | — | — | 97 | — | 97 |
| Department of Health | 28,876 | — | — | 28,876 | — | 28,876 |
| Fair Housing Committee | 180 | — | — | 180 | — | 180 |
| Interlocal Agreements: | | | | | | |
| Dial a Ride | 5,192 | — | — | 5,192 | 5,192 | — |
| Police Dispatch/911 | 4,081 | — | — | 4,081 | — | 4,081 |
| Other expenses: | | | | | | |
| Township Clerk | 20,367 | 738 | (4,000) | 17,105 | 2,638 | 14,467 |
| Township Council | 3,386 | 333 | — | 3,719 | 333 | 3,386 |
| Manager's office | 92 | — | — | 92 | — | 92 |
| Legal services and costs | 21,918 | — | — | 21,918 | 20,534 | 1,384 |
| Audit Services | 17,190 | — | — | 17,190 | 17,190 | — |
| Workmen's Compensation Insurance | 13,556 | — | — | 13,556 | — | 13,556 |
| Insurance - General Liability | 20,675 | 354 | — | 21,029 | (10,335) | 31,364 |
| Group Insurance for employees | 570 | — | — | 570 | — | 570 |
| Financial administration | 2,682 | 381 | — | 3,063 | 381 | 2,682 |
| Data processing | 3,327 | 7,698 | — | 11,025 | 7,698 | 3,327 |
| Tax Assessment | 4,804 | — | — | 4,804 | 714 | 4,090 |
| Planning and Building Department | 33,970 | 2,322 | (6,000) | 30,292 | 18,621 | 11,671 |
| Board of Adjustment | 301 | 330 | 350 | 981 | 953 | 28 |
| Revenue Administration | 2,396 | 80 | — | 2,476 | 79 | 2,397 |
| Public buildings and grounds | 8,665 | 7,310 | — | 15,975 | 7,429 | 8,546 |
| Parks and playgrounds | 18,746 | 420 | — | 19,166 | 8,505 | 10,661 |
| Celebration of public events, holidays or anniversaries | 3,196 | — | — | 3,196 | 1,178 | 2,018 |
| Recreation | 178 | 575 | — | 753 | 429 | 324 |
| Fire - clothing allowance | 65 | — | — | 65 | — | 65 |
| Fire - miscellaneous other expenses | 8,338 | 13,165 | 3,000 | 24,503 | 24,503 | — |
| Office of Fire Safety | 2,803 | — | — | 2,803 | — | 2,803 |
| Department of Police | 1,009 | 19,729 | 5,000 | 25,738 | 22,229 | 3,509 |
| Municipal Court | 6,086 | 280 | — | 6,366 | 982 | 5,384 |
| Emergency Management Services | 12,784 | — | — | 12,784 | 8,856 | 3,928 |

(Continued)

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2011

| | Balance | | Transfers | Balance after transfers | Paid or charged | Balance lapsed |
|--|-------------------|-------------------|-----------|-------------------------------|--------------------|-------------------|
| | Reserved | Encum- brances | | | | |
| Road repairs and maintenance | 58 | 1,786 | 1,650 | 3,494 | 2,571 | 923 |
| Director of Public Works/Township Engineer | \$ 11,782 | — | — | 11,782 | 11,014 | 768 |
| Street lighting | 23,986 | — | — | 23,986 | — | 23,986 |
| Community Services Act | 20,000 | — | — | 20,000 | 20,000 | — |
| Vehicle Maintenance | 4,053 | 3,830 | — | 7,883 | 7,387 | 496 |
| Department of Health | 1,127 | 4,288 | — | 5,415 | 4,196 | 1,219 |
| Environmental Protection Commission | 89 | — | — | 89 | 89 | — |
| Senior Citizens' Advisory Committee | 293 | 209 | — | 502 | 209 | 293 |
| Historic District Commission | 313 | — | — | 313 | — | 313 |
| PV Mental Health Center Contribution | 100 | — | — | 100 | — | 100 |
| Shade Tree Commission | 5,773 | — | — | 5,773 | 4,265 | 1,508 |
| Uniform Construction Code | 5,439 | 4,242 | — | 9,681 | 4,242 | 5,439 |
| Gasoline | 11,683 | — | — | 11,683 | 9,140 | 2,543 |
| Electricity | 316 | — | — | 316 | — | 316 |
| Water | 586 | — | — | 586 | 436 | 150 |
| Natural Gas | 23,905 | — | — | 23,905 | — | 23,905 |
| Social Security System (O.A.S.I.) | 29,632 | — | — | 29,632 | (3,750) | 33,382 |
| Fair Housing Committee | 917 | — | — | 917 | 6 | 911 |
| Dial-A-Ride | 14,527 | — | — | 14,527 | 14,527 | — |
| Dail-a-Ride | 44,793 | 642 | — | 45,435 | 45,435 | — |
| | <u>\$ 597,695</u> | <u>68,712</u> | <u>—</u> | <u>666,407</u> | <u>257,876</u> | <u>408,531</u> |
| Accounts payable | | | | \$ 79,280 | | |
| Reserve for Dial-A-Ride | | | | 10,824 | | |
| Cash | | | | <u>167,772</u> | | |
| | | | | <u>\$ 257,876</u> | | |

TOWNSHIP OF PEQUANNOCK

Schedule of Local District School
Taxes Payable

Current Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-------------------|
| Balance, December 31, 2010 | \$ | — |
| Increased by 2011 levy | | <u>31,778,146</u> |
| | | 31,778,146 |
| Decreased by payments | | <u>31,778,146</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Property Acquired for Taxes
(at Assessed Valuation)

Current Fund

Year ended December 31, 2011

| | |
|----------------------------|-------------------|
| Balance, December 31, 2010 | \$ <u>884,650</u> |
| Balance, December 31, 2011 | \$ <u>884,650</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to State of New Jersey Uniform Construction Code

Current Fund

Year ended December 31, 2011

| | |
|----------------------------|------------------------|
| Balance, December 31, 2010 | \$ 2,542 |
| Increased by cash receipts | <u>15,613</u> |
| | <u>18,155</u> |
| Decreased by: | |
| Cash disbursements | 14,764 |
| Cancellation | <u>150</u> |
| | <u>14,914</u> |
| Balance, December 31, 2011 | \$ <u><u>3,241</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Open Space Tax

Current Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | — |
| Increased by levy | | <u>288,700</u> |
| | | <u>288,700</u> |
| Decreased by: | | |
| Disbursements | | <u>200,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>88,700</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2011

| | |
|--------------------------------------|--------------------------|
| Balance, December 31, 2010 | \$ <u>104,921</u> |
| Increased by: | |
| Transfer from appropriation reserves | 79,280 |
| Dial a Ride refund | <u>10,824</u> |
| | <u>90,104</u> |
| | <u>195,025</u> |
| Decreased: | |
| Disbursed | <u>26,072</u> |
| Balance, December 31, 2011 | \$ <u><u>168,953</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | 39,380 |
| Increased by over payments | | <u>33,340</u> |
| | | 72,720 |
| Decreased by: | | |
| Refunds | | <u>39,380</u> |
| Balance, December 31, 2011 | \$ | <u><u>33,340</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Various Reserves

Current Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Transfer from collections and budget | Charge Operations | Cancelled | Cash disbursed | Balance, Dec. 31, 2011 |
|---------------------------|---------------------------------------|---|------------------------------|------------------|---------------------------|---------------------------------------|
| Dial a Ride refunds | \$ 34,072 | — | — | — | — | 34,072 |
| REAP Aid | 551 | — | — | — | — | 551 |
| Health contract refunds | 143,417 | 36,308 | — | — | 505 | 179,220 |
| Revaluation | 67,215 | — | — | — | — | 67,215 |
| Tax Title Lien redemption | 20,442 | 133,819 | — | — | 154,261 | — |
| Tax map | 34,995 | — | — | — | — | 34,995 |
| Pending tax appeals | 1,028,661 | 437,706 | — | 759,538 | 28,495 | 678,334 |
| | <u>\$ 1,329,353</u> | <u>607,833</u> | <u>—</u> | <u>759,538</u> | <u>183,261</u> | <u>994,387</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of State and Federal Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2011

| Purpose | Balance, Dec. 31, 2010 | 2011 Budget Revenue | Cancelled | Received | Balance, Dec. 31, 2011 |
|--|------------------------------|---------------------------|--------------|-------------------|------------------------------|
| Municipal Drug Alliance - 2010 | \$ 14,682 | — | — | 8,254 | 6,428 |
| Municipal Drug Alliance - 2009 | 576 | — | — | — | 576 |
| Municipal Drug Alliance - 2011 | — | 14,683 | — | — | 14,683 |
| New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2011 | — | 108,509 | — | 108,509 | — |
| New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2010 | 54,253 | — | — | — | 54,253 |
| Public Health Priority Funding - 2007 | 776 | — | — | — | 776 |
| Public Health Priority Funding - 2010 | 7,498 | — | — | — | 7,498 |
| NJDOH Comprehensive Cancer Control Grant | 3,943 | — | — | — | 3,943 |
| NJDOH Comprehensive Cancer Control Grant 2010 | 130,000 | — | — | 64,067 | 65,933 |
| NJDOH Comprehensive Cancer Control Grant 2009 | 22,328 | — | — | — | 22,328 |
| Alcohol Education and Rehabilitation Drunk Driving Enforcement Fund 2009 | — | 201 | — | 201 | — |
| Morris County Historic Preservation Trust | 45,355 | — | — | — | 45,355 |
| NJDEP Forestry Management | 3,000 | — | — | — | 3,000 |
| Green Communities Grant | 2,000 | — | — | — | 2,000 |
| NJDOH - H1N1 Flu Grant - Corrective Action Grant | — | 10,000 | — | 10,000 | — |
| CDC Health Communications Grant | 36 | — | — | — | 36 |
| NJDEP Recreational Trails Program | 633 | — | — | — | 633 |
| NJ Div. of Highway Safety - Child Safety Seat Initiative | 610 | — | — | — | 610 |
| NJ Div. of Highway Safety - Over the Limit Under Arrest | 342 | — | — | — | 342 |
| NJ Department of Justice Body Armor Replacement Grant Bulletproof Vest Partnership Grant - 1999 | 501 | — | — | — | 501 |
| Federal Body Armor Fund | 4,050 | 2,730 | — | — | 6,780 |
| Clean Communities Grant 2010 | — | 23,139 | — | 23,139 | — |
| NJ DEP River Desnagging | — | 353,244 | — | — | 353,244 |
| NJ Highlands Grant Initial Assessment | 15,000 | — | — | — | 15,000 |
| NJ Highlands Grant Plan Conformance | 5,296 | — | — | — | 5,296 |
| NJLEM Education Foundation | — | 1,000 | — | 1,000 | — |
| Healthcare Quality Institute | — | 1,000 | — | 1,000 | — |
| NJDOT Streetscape | — | 10,000 | — | 10,000 | — |
| NJ DOT - Transportation Trust Fund (Sunset Road 2010) | 160,000 | — | — | — | 160,000 |
| NJ DOT - Transportation Trust Fund (Sunset Road 2008) | 5,658 | — | 5,658 | — | — |
| | <u>\$ 476,537</u> | <u>525,555</u> | <u>5,658</u> | <u>227,219</u> | <u>769,215</u> |
| Unappropriated reserves | | | | \$ 36,389 | |
| Due from Current Fund | | | | <u>190,830</u> | |
| | | | | <u>\$ 227,219</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances

State and Federal Grant Fund

Year ended December 31, 2011

| | | |
|--|----|---------------------|
| Balance, December 31, 2010 | \$ | — |
| Increased by Appropriated Reserves for Grants | | <u>6,600</u> |
| Balance, December 31, 2011 | \$ | <u><u>6,600</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Interfunds

Current Fund

Year ended December 31, 2011

| | <u>Water Operating</u> | <u>Water Capital</u> | <u>Sewer Operating</u> | <u>Sewer Assessment</u> | <u>General Capital</u> | <u>Open Space</u> | <u>Library</u> |
|--|----------------------------|--------------------------|----------------------------|-----------------------------|----------------------------|-----------------------|------------------|
| Balance due (to)/from, December 31, 2010 | \$ (2,185) | — | (26,821) | (85,203) | 428 | 30,000 | 159,067 |
| Increased/decreased by: | | | | | | | |
| Cash receipts | — | — | (8,455) | (130,447) | (684,816) | (30,000) | (652,299) |
| Cash disbursements | 2,185 | — | — | — | — | — | 546,781 |
| Interest and other revenue earned | — | — | — | — | — | — | — |
| Appropriation transfers | — | — | — | — | — | — | — |
| Budgeted revenue | — | — | — | — | — | — | — |
| Grant receipts deposited in Current Fund | — | — | — | — | — | — | — |
| Unappropriated grant receipts deposited in Current Fund | — | — | — | — | — | — | — |
| Grant receivables cancelled | — | — | — | — | — | — | — |
| Grant appropriated reserves cancelled | — | — | — | — | — | — | — |
| Grant encumbrances paid | — | — | — | — | — | — | — |
| Grant encumbrances cancelled | — | — | — | — | — | — | — |
| Expenditures made for other funds by Current Fund | — | — | — | — | 684,707 | — | — |
| | <u>2,185</u> | <u>—</u> | <u>(8,455)</u> | <u>(130,447)</u> | <u>(109)</u> | <u>(30,000)</u> | <u>(105,518)</u> |
| Balance due (to)/from, December 31, 2011 | \$ <u>—</u> | <u>—</u> | <u>(35,276)</u> | <u>(215,650)</u> | <u>319</u> | <u>—</u> | <u>53,549</u> |

(Continued)

TOWNSHIP OF PEQUANNOCK

Schedule of Interfunds

Current Fund

Year ended December 31, 2011

| | <u>Trust</u> | <u>Other Trust</u> | <u>Recreation Operating</u> | <u>Dog Trust</u> | <u>State & Federal Grant Fund</u> | <u>Solid Waste</u> | <u>Total</u> |
|---|--------------|--------------------|-----------------------------|------------------|---------------------------------------|--------------------|--------------|
| Balance due (to)/from, December 31, 2010 | \$ — | 55,241 | — | (6,841) | 211,006 | (3,161) | 331,531 |
| Increased/decreased by: | | | | | | | |
| Cash receipts | (7,820) | (40,990) | — | (54,881) | (289,342) | — | (1,899,050) |
| Cash disbursements | 270 | — | 4,706 | 52,562 | 207,974 | — | 814,478 |
| Interest earned | — | — | — | — | — | — | — |
| Appropriation transfers | — | — | — | — | (529,850) | — | (529,850) |
| Budgeted revenue | 7,550 | — | — | — | 525,555 | — | 533,105 |
| Grant receipts deposited in Current Fund | — | — | — | — | (190,830) | — | (190,830) |
| Unappropriated grant receipts deposited in Current Fund | — | — | — | — | (54,050) | — | (54,050) |
| Grant receivables cancelled | — | — | — | — | (5,658) | — | (5,658) |
| Grant Appropriated reserves cancelled | — | — | — | — | 9,077 | — | 9,077 |
| Grant encumbrances paid | — | — | — | — | — | — | — |
| Grant encumbrances cancelled | — | — | — | — | — | — | — |
| Excess bank balance analysis | — | 12,236 | — | — | — | — | 12,236 |
| Expenditures made for other funds by Current Fund | — | — | — | — | — | 3,161 | 687,868 |
| | — | (28,754) | 4,706 | (2,319) | (327,124) | 3,161 | (622,674) |
| Balance due (to)/from, December 31, 2011 | \$ — | 26,487 | 4,706 | (9,160) | (116,118) | — | (291,143) |

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Transferred from 2011 budget appropriation | Cancelled | Expended | Encumbered | Balance, Dec. 31, 2011 |
|--|------------------------------|---|-----------|----------|------------|------------------------------|
| Clean Communities Grant - 2005 | \$ 1,957 | — | — | 1,957 | — | — |
| Clean Communities Grant - 2011 | — | 23,139 | — | — | 3,400 | 19,739 |
| Clean Communities Grant - 2007 | 5,800 | — | — | 5,800 | — | — |
| Clean Communities Grant - 2008 | 7,573 | — | — | 7,573 | — | — |
| Clean Communities Grant - 2009 | 17,323 | — | — | 4,958 | — | 12,365 |
| Clean Communities Grant - 2010 | 19,149 | — | — | 1,200 | 200 | 17,749 |
| Smart Growth Program - 2008 Local | 750 | — | — | — | — | 750 |
| Municipal Drug Alliance - 2002 | 633 | — | 633 | — | — | — |
| Municipal Drug Alliance - 2003 | 1,232 | — | 1,232 | — | — | — |
| Municipal Drug Alliance - 2004 | 1,297 | — | 1,297 | — | — | — |
| Municipal Drug Alliance - 2001 | 2,719 | — | 2,719 | — | — | — |
| Municipal Drug Alliance - 2011 | — | 14,682 | — | 3,870 | — | 10,812 |
| Municipal Drug Alliance - 2006 | 2,285 | — | — | — | — | 2,285 |
| Municipal Drug Alliance - 2006 supplemental | 1,384 | — | — | — | — | 1,384 |
| Municipal Drug Alliance - 2010 | 5,418 | — | — | 3,367 | — | 2,051 |
| Municipal Drug Alliance - 2008 supplement | 295 | — | — | — | — | 295 |
| Municipal Drug Alliance - 2010 supplement | 274 | — | — | — | — | 274 |
| Municipal Drug Alliance - 2009 supplement | 2,090 | — | — | — | — | 2,090 |
| Municipal Alliance - local - 2004 | 680 | — | 680 | — | — | — |
| Municipal Alliance - local - 2002 | 1,698 | — | 1,698 | — | — | — |
| Municipal Alliance - local - 2001 | 818 | — | 818 | — | — | — |
| Municipal Alliance - local - 2010 | 1,121 | — | — | 842 | — | 279 |
| Municipal Alliance - local - 2011 | — | 4,296 | — | 2,285 | — | 2,011 |
| Municipal Alliance - local - 2006 | 3,747 | — | — | — | — | 3,747 |
| Municipal Alliance - local - 2008 | 2,799 | — | — | — | — | 2,799 |
| Municipal Alliance - local - 2009 | 101 | — | — | — | — | 101 |
| NJDOH County Bioterrorism Grant | 2,000 | — | — | — | — | 2,000 |
| NJ DOH - Public Health Planning Grant | 1 | — | — | — | — | 1 |
| NJDOT - Streetscape | — | 10,000 | — | 10,000 | — | — |
| NJDOT Trans Trust (Sunset Rd. 2010) | 160,000 | — | — | — | — | 160,000 |
| NJDOT Trans Trust (Sunset Road)) | 11,269 | — | — | — | — | 11,269 |
| NJDOT Trans Trust (Sunset Rd. 2008) | 5,658 | — | — | — | — | 5,658 |
| Public Health Priority Funding - 2007 | 593 | — | — | — | — | 593 |
| Public Health Priority Funding - 2004 | 3,362 | — | — | — | — | 3,362 |
| Public Health Priority Funding - 2005 | 932 | — | — | — | — | 932 |
| Public Health Priority Funding - 2006 | 1,021 | — | — | — | — | 1,021 |
| Mayor's Wellness Campaign | — | 1,000 | — | — | — | 1,000 |
| NJ Dept of Health H1N1 Corrective Action Grant | — | 10,000 | — | 10,000 | — | — |
| NJ Dept of Health Cancer Control Grant 2009 | 41,504 | — | — | 35 | — | 41,469 |
| NJ Dept of Health Cancer Control Grant 2008 | 823 | — | — | — | — | 823 |
| NJ Dept of Health Cancer Control Grant 2010 | 48,328 | — | — | 39,368 | — | 8,960 |
| NJDOH Disease Control Swine Flu Grant | 1,521 | — | — | — | — | 1,521 |
| CDC Health Communications Grant | 36 | — | — | — | — | 36 |
| Recycling Tonnage Grant - 1994 | 909 | — | — | — | — | 909 |
| Recycling Tonnage Grant - 2005 | 57 | — | — | — | — | 57 |
| Recycling Tonnage 2008 | 4,610 | — | — | — | — | 4,610 |
| Recreational Trails Grant | 9,297 | — | — | 1,532 | — | 7,765 |
| NJ State Police Emergency Management Aid | 411 | — | — | — | — | 411 |
| NJ Body Armor Funds 2009 | 4,355 | — | — | 3,991 | — | 364 |
| DOJ Body Armor Funds 2010 | 4,050 | 2,730 | — | 1,950 | — | 4,830 |
| Morris County Historic Preservation Grant 2008 | (1,733) | — | — | — | — | (1,733) |
| NJ Sr. Cit Trans Asst Act - 2011 | — | 108,509 | — | 108,509 | — | — |
| Stormwater Management Grant 2009 | 5,694 | — | — | — | — | 5,694 |
| TASE - Tobacco Enforcement | 844 | — | — | 109 | — | 735 |
| TASE - Tobacco Enforcement | 2,611 | — | — | 628 | — | 1,983 |
| TASE - Tobacco Enforcement 2009 | 3,060 | — | — | — | — | 3,060 |
| TASE - Tobacco Enforcement | 2,820 | — | — | — | — | 2,820 |
| Drunk Driving Enforcement - 2008 | 5,697 | — | — | — | — | 5,697 |
| Drunk Driving Enforcement - 2010 | — | 1,049 | — | — | — | 1,049 |

(Continued)

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Transferred from 2011 budget appropriation | Cancelled | Expended | Encumbered | Balance, Dec. 31, 2011 |
|--|---------------------------------------|---|-------------------------|-------------------|-------------------|---------------------------------------|
| Drunk Driving Enforcement - 2009 | 5,364 | — | — | — | — | 5,364 |
| DHTS - Over the Limit Under Arrest | 342 | — | — | — | — | 342 |
| NJLM Education Foundation | — | 1,000 | — | — | — | 1,000 |
| DHTS - Click it or Ticket | 226 | — | — | — | — | 226 |
| Alcohol Education & Rehabilitation Funds - 2009 | 588 | — | — | — | — | 588 |
| Alcohol Education & Rehabilitation Funds - 2005 | 22 | — | — | — | — | 22 |
| Alcohol Education & Rehabilitation Funds - 2008 | 338 | — | — | — | — | 338 |
| Alcohol Education & Rehabilitation Funds - 2010 | — | 201 | — | — | — | 201 |
| NJ Highlands Council Initial Assessment Grant 2009 | 17,436 | — | — | — | — | 17,436 |
| NJDEP River Desnagging Grant | — | 353,244 | — | — | — | 353,244 |
| NJDEP Forestry Management Grant | 3,000 | — | — | — | 3,000 | — |
| | <u>\$ 428,189</u> | <u>529,850</u> | <u>9,077</u> | <u>207,974</u> | <u>6,600</u> | <u>734,388</u> |
| | | \$ 525,554 | Transferred from budget | | | |
| | | <u>4,296</u> | Local share | | | |
| | | <u>\$ 529,850</u> | | | | |
| | | | Accounts payable | \$ — | | |
| | | | Due to Open Space Trust | — | | |
| | | | Paid by Current Fund | <u>207,974</u> | | |
| | | | | <u>\$ 207,974</u> | | |

TOWNSHIP OF PEQUANNOCK

Schedule of Unappropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Transfer to 2011 Budget | Received | Balance, Dec. 31, 2011 |
|---|---------------------------------------|--|-----------------|---------------------------------------|
| Alcohol Education and Rehabilitation Fund | \$ 201 | 201 | 54 | 54 |
| Drunk Driving Enforcement Program | 1,049 | 1,049 | — | — |
| New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act | 986 | — | 281 | 1,267 |
| Recycling Tonnage Grant | — | — | 25,686 | 25,686 |
| NJLM Educational Foundation | — | 1,000 | 1,000 | — |
| Public Health Priority Funds | 426 | — | — | 426 |
| NJDOH Comprehensive Cancer Control Grant 2008 | 81,450 | — | — | 81,450 |
| Clean communities | 23,139 | 23,139 | 26,029 | 26,029 |
| NJTEP - Streetscape | 10,000 | 10,000 | — | — |
| Mayor's Wellness Campaign | — | 1,000 | 1,000 | — |
| NJ Highway Safety - Police | 3,224 | — | — | 3,224 |
| NJ Division of Forestry - Forestry Management Plan | 2,000 | — | — | 2,000 |
| | <u>\$ 122,475</u> | <u>36,389</u> | <u>54,050</u> | <u>140,136</u> |
| Miscellaneous revenue | | 2,000 | | |
| Budget appropriation | | <u>34,389</u> | | |
| | | <u>\$ 36,389</u> | | |

TOWNSHIP OF PEQUANNOCK

Schedule of Change Fund

Current Fund

Year ended December 31, 2011

Balance, December 31, 2010 \$ 260

Balance, December 31, 2011 260

TOWNSHIP OF PEQUANNOCK

Schedule of Emergency Authorizations

Current Fund

Year ended December 31, 2011

| <u>Date</u> | <u>Description</u> | <u>Balance, Dec. 31, 2010</u> | <u>2011 Authorization</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2011</u> |
|---------------------------|--------------------|---------------------------------------|-------------------------------|------------------|---------------------------------------|
| <u>Special emergency:</u> | | | | | |
| | Flood Emergency | \$ — | 600,000 | — | 600,000 |
| | Reassessment | — | 175,000 | — | 175,000 |
| <u>Regular emergency</u> | | | | | |
| | Flood Emergency | 30,000 | 250,000 | 30,000 | 250,000 |
| | Total | \$ 30,000 | 1,025,000 | 30,000 | 1,025,000 |

TOWNSHIP OF PEQUANNOCK

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2011

| | |
|--------------------------------|------------------------|
| Balance, December 31, 2010 | \$ <u>20,713</u> |
| Increased by: | |
| Levy | 6,003,907 |
| County open space preservation | 482,819 |
| Added county tax levy | <u>8,318</u> |
| | <u>6,495,044</u> |
| | 6,515,757 |
| Decreased by: | |
| Payments | <u>6,507,439</u> |
| Balance, December 31, 2011 | \$ <u><u>8,318</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2011

| | | |
|--------------------------------|----|-----------------------|
| Balance, December 31, 2010 | \$ | 155,114 |
| Increased by prepayments | | <u>206,895</u> |
| | | 362,009 |
| Decreased by transfer to taxes | | <u>155,114</u> |
| Balance, December 31, 2011 | \$ | <u><u>206,895</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from General Capital Fund

State and Federal Grant Fund

Year ended December 31, 2011

| | | |
|---|----|-----------------|
| Balance, December 31, 2010 | \$ | 289,342 |
| Decreased by transfer from General Capital Fund | | <u>289,342</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2011

| | |
|--------------------------------|-------------------------|
| Balance, December 31, 2010 | \$ <u>3,575</u> |
| Increased by: | |
| Interest and costs | 1,993 |
| Transfer from taxes receivable | <u>8,993</u> |
| | <u>10,986</u> |
| | 14,561 |
| Decreased by cash receipt | <u>2,104</u> |
| Balance, December 31, 2011 | \$ <u><u>12,457</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2011

| | <u>Dog License</u> | <u>Other</u> | <u>Open Space</u> |
|---|------------------------|------------------|-----------------------|
| Balance, December 31, 2010 | \$ 42,188 | 2,429,554 | 92,929 |
| Increased by receipts: | | | |
| Benefits payable | — | 10,536 | — |
| Budget appropriation | 25,200 | — | — |
| Due from Current Fund | 43,364 | 66,531 | 813,694 |
| Accumulated leave | — | 63,470 | — |
| Interest earned | 214 | — | 906 |
| Void checks | 951 | — | — |
| Various reserves | — | 232,022 | — |
| Deposits received | — | 144,602 | — |
| Reserve for employee group insurance claims | — | 2,516,206 | — |
| | <u>69,729</u> | <u>3,033,367</u> | <u>814,600</u> |
| | <u>111,917</u> | <u>5,462,921</u> | <u>907,529</u> |
| Decreased by disbursements: | | | |
| Dog administration expenses | 66,269 | — | — |
| Due from State | 2,072 | — | — |
| Due from Current Fund | 198 | 95,285 | 30,000 |
| Benefits payable | — | 8,950 | — |
| Open Space | — | — | 719,258 |
| Deposits returned | — | 136,808 | — |
| Various reserves | — | 242,583 | — |
| Reserve for employee group insurance claims | — | 2,396,849 | — |
| | <u>68,539</u> | <u>2,880,475</u> | <u>749,258</u> |
| Balance, December 31, 2011 | <u>\$ 43,378</u> | <u>2,582,446</u> | <u>158,271</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Expenditures -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|--|-------------------------|
| Balance, December 31, 2010 | \$ <u>42,217</u> |
| Increased by: | |
| Dog license fees | 17,720 |
| Void checks | 951 |
| Transfer of prior year pre-paid licenses | 5,710 |
| Adoption reimbursement | 10,858 |
| Cat Licenses | 4,787 |
| Late fees and other charges | 2,452 |
| Budget appropriation | <u>25,200</u> |
| | <u>67,678</u> |
| | <u>109,895</u> |
| Decreased by cash disbursed | |
| Cash disbursed | <u>66,269</u> |
| | <u>66,269</u> |
| Balance, December 31, 2011 | \$ <u><u>43,626</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) Current Fund -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|----------------------------|------------------------|
| Balance, December 31, 2010 | \$ <u>6,841</u> |
| Increased by: | |
| Municipal fees | 37,499 |
| Prepaid licenses | 8,200 |
| Cash disbursement | <u>198</u> |
| | <u>45,897</u> |
| | <u>52,738</u> |
| Decreased by: | |
| Cash receipts | 43,364 |
| Interest earned | <u>214</u> |
| | <u>43,578</u> |
| Balance, December 31, 2011 | \$ <u><u>9,160</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Donations
Dog License Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|----------------------------|---------------|
| Balance, December 31, 2010 | \$ <u>700</u> |
|----------------------------|---------------|

| | |
|----------------------------|---------------|
| Balance, December 31, 2011 | \$ <u>700</u> |
|----------------------------|---------------|

TOWNSHIP OF PEQUANNOCK

Schedule of Prepaid Licenses -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|------------------------------------|------------------------|
| Balance, December 31, 2010 | \$ 6,101 |
| Increased by due from Current Fund | <u>8,200</u> |
| | <u>14,301</u> |
| Decreased by: | |
| Transfer to reserve | 5,710 |
| Transfer to due to State | <u>391</u> |
| | <u>6,101</u> |
| Balance, December 31, 2011 | <u><u>\$ 8,200</u></u> |

Analysis of Balance

| | |
|------------------------------|------------------------|
| Reserve for Dog expenditures | \$ 7,738 |
| Due to State | <u>462</u> |
| | <u><u>\$ 8,200</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) State -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|-------------------------------------|----------------------|
| Balance, December 31, 2010 (Due To) | \$ (1) |
| Increased by cash disbursements | <u>2,072</u> |
| | <u>2,071</u> |
| Decreased by cash receipts | |
| Cash receipts | 1,682 |
| Prepaid licenses | <u>391</u> |
| | <u>2,073</u> |
| Balance, December 31, 2011 (Due To) | \$ <u><u>(2)</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Employee
Group Insurance Claims - Other Trust Fund

Trust Funds

Year ended December 31, 2011

| | | |
|---------------------------------|----|-------------------------|
| Balance, December 31, 2010 | \$ | 1,200,767 |
| Increased by cash receipts | | <u>2,516,206</u> |
| | | 3,716,973 |
| Decreased by cash disbursements | | <u>2,396,849</u> |
| Balance, December 31, 2011 | \$ | <u><u>1,320,124</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Various Reserves - Other Trust Fund

Trust Funds

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Increased | Decreased | Balance, Dec. 31, 2011 |
|----------------------------|---------------------------------------|------------------|------------------|---------------------------------------|
| Affordable housing | \$ 100 | — | — | 100 |
| Tax sale premium | 119,300 | 48,810 | 50,500 | 117,610 |
| Unemployment trust | 18,871 | 76,019 | 93,793 | 1,097 |
| Youth development | 21,609 | — | — | 21,609 |
| Greenview Park | 227 | — | — | 227 |
| Permits | 23,986 | 7,696 | 8,948 | 22,734 |
| Celebrations | 215 | — | — | 215 |
| POAA | 718 | 98 | — | 816 |
| Sewer line | 8,590 | 9,649 | 261 | 17,978 |
| Crestwood Pk Maint | 6,056 | — | — | 6,056 |
| West Parkway Paving | 6,166 | — | — | 6,166 |
| Development Fees (COAH) | 73,750 | 4,747 | 15,000 | 63,497 |
| Public Defender | 33,018 | 8,962 | 7,550 | 34,430 |
| Fire Safety | 8,123 | 11,273 | — | 19,396 |
| Bressette Sewer Assessment | 12,000 | 9,161 | — | 21,161 |
| Payroll Agency Account | 56,179 | 55,163 | — | 111,342 |
| Master Unallocated | 66,087 | 444 | 66,531 | — |
| | <u>\$ 454,995</u> | <u>232,022</u> | <u>242,583</u> | <u>444,434</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Special Deposits - Other Trust Fund

Trust Funds

Year ended December 31, 2011

| | | |
|--------------------------------|----|-----------------------|
| Balance, December 31, 2010 | \$ | 415,093 |
| Increased by deposits received | | <u>144,602</u> |
| | | 559,695 |
| Decreased by deposits refunded | | <u>136,808</u> |
| Balance, December 31, 2011 | \$ | <u><u>422,887</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Open Space

Trust Funds

Year ended December 31, 2011

| | |
|--------------------------------------|--------------------------|
| Balance, December 31, 2010 | \$ <u>61,369</u> |
| Increased by: | |
| Open Space tax levied | 288,700 |
| County Open Space refund | 296,500 |
| Green Acres Grant | 280,811 |
| Attorney refund | 36,383 |
| Prior year encumbrance | 3,533 |
| Interest | <u>906</u> |
| | <u>906,833</u> |
| | <u>968,202</u> |
| Decreased by: | |
| Encumbrances | 3,000 |
| Expenditures paid by General Capital | 30,000 |
| Disbursements | <u>719,258</u> |
| | <u>752,258</u> |
| Balance, December 31, 2011 | \$ <u><u>215,944</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) Current Fund

Trust Funds

Year ended December 31, 2011

| | <u>Other Trust</u> | <u>Open Space</u> | <u>Total Trust</u> |
|--|------------------------|-----------------------|------------------------|
| Balance due from (to), December 31, 2010 | \$ (55,241) | (30,000) | (85,241) |
| Decreased by: | | | |
| Taxes levied | — | 288,700 | 288,700 |
| County Open Space refund | — | 296,500 | 296,500 |
| Green Acres Grant | — | 280,811 | 280,811 |
| Attorney refund | — | 36,383 | 36,383 |
| Disbursements | <u>95,285</u> | <u>30,000</u> | <u>125,285</u> |
| | 40,044 | 902,394 | 942,438 |
| Increased by: | | | |
| Receipts | <u>66,531</u> | <u>813,694</u> | <u>880,225</u> |
| | <u>66,531</u> | <u>813,694</u> | <u>880,225</u> |
| Balance due from (to), December 31, 2011 | <u>\$ (26,487)</u> | <u>88,700</u> | <u>62,213</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Benefits Payable - Payroll

Trust Funds

Year ended December 31, 2011

| | | |
|---------------------------------|----|---------------------|
| Balance, December 31, 2010 | \$ | 508 |
| Increased by receipts | | <u>10,536</u> |
| | | 11,044 |
| Decreased by cash disbursements | | <u>8,950</u> |
| Balance, December 31, 2011 | \$ | <u><u>2,094</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from State and Federal Grant Fund
Open Space Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|-------------------------------------|-----------------|
| Balance, December 31, 2010 and 2011 | \$ <u>1,973</u> |
|-------------------------------------|-----------------|

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Accumulated leave

Trust Funds

Year ended December 31, 2011

| | |
|----------------------------|--------------------------|
| Balance, December 31, 2010 | \$ <u>302,950</u> |
| Increased by: | |
| Budget appropriation | 62,616 |
| Interest earned | <u>854</u> |
| | <u>63,470</u> |
| Balance, December 31, 2011 | \$ <u><u>366,420</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to General Capital
Open Space Trust Fund

Trust Funds

Year ended December 31, 2011

| | |
|---|-----------------------------------|
| Balance, December 31, 2010 | \$ <u> —</u> |
| Increased by down payment for ordinance | <u> 30,000</u> |
| Balance, December 31, 2011 | \$ <u><u> 30,000</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2011

| | |
|-----------------------------------|----------------------------|
| Balance, December 31, 2010 | \$ <u>704,020</u> |
| Increased by receipts: | |
| Capital Improvement Fund | 410,000 |
| Reserve for improvements | 523,000 |
| Due to Current Fund | 684,707 |
| Deferred charges raised in budget | 185,000 |
| Due to Sewer Operating Fund | 12,859 |
| Note proceeds | 610,000 |
| Premium on note sale | <u>1,895</u> |
| | <u>2,427,461</u> |
| | <u>3,131,481</u> |
| Decreased by disbursements: | |
| Improvement authorizations | 788,368 |
| Due to Sewer Capital Fund | 2,362 |
| Due to Water Capital Fund | 156,779 |
| Due to Water Operating Fund | 6,185 |
| Due to Grant Fund | 289,342 |
| Due to Recreation Fund | 6,000 |
| Due to Current Fund | <u>684,816</u> |
| | <u>1,933,852</u> |
| Balance, December 31, 2011 | \$ <u><u>1,197,629</u></u> |

Exhibit C-3

TOWNSHIP OF PEQUANNOCK

Schedule of General Capital Cash

General Capital Fund

December 31, 2011

| | | |
|--------------------------------|----|----------|
| Reserve for improvements | \$ | 358,400 |
| Capital Improvement Fund | | 86,200 |
| Due from Open Space Trust Fund | | (30,000) |
| Due from Current Fund | | 319 |
| Reserve for encumbrances | | 532,097 |
| Fund balance | | 75,594 |
| Improvement authorizations: | | |

| Ordinance number | Improvement description | |
|-----------------------------|---|--------------|
| 99-10 | Various capital improvements/roadway improvements | 17,248 |
| 01-09 | Various capital projects | (107,164) |
| 02-08 | Drainage and road improvements | (453,809) |
| 03-12 | Refunding bond ordinance | (26,707) |
| 03-15 | 2003 minor capital projects | 164 |
| 03-16 | 2004 Capital equipment and vehicles | 81,986 |
| 04-28 | 2004 Various capital projects/Fire engine & streetscape | 15,172 |
| 05-04 | 2005 Various improvements/streetscape | 60,743 |
| 05-05 | Capital equipment and vehicles | 450 |
| 06-11 | 2006 Var. projects streetscapes and sidewalks | (549,519) |
| 07-08 | 2007 Var. projects streetscapes and walkways | 310,032 |
| 07-09 | 2007 minor capital projects | 7,577 |
| 08-22 | 2008 Road resurfacing | 7,605 |
| 08-25 | 2008 Greenview Park plan | (9,565) |
| 08-26 | 2008 Sidewalk improvements | (58,009) |
| 08-35 | Sanitary sewer extension | (500,886) |
| 09-12 | 2009 Various capital projects | 34,431 |
| 09-13 | 2009 Various capital projects | 95,801 |
| 09-28 | 2009 Park Improvements (Reappropriated 00-12) | 58,969 |
| 10-18 | 2010 Various capital projects | 252,126 |
| 10-19 | 2010 Equipment & vehicles | 42,657 |
| 10-20 | 2010 West Franklin/Washington Park | 434,530 |
| 11-18 | 2011 Various Capital Projects/CIF | 187,979 |
| 11-19 | 2011 Equipment & Vehicles | 243,208 |
| 11-26 | 2011 FEMA SRL Grant Flood Acquisition | 30,000 |
| | | \$ 1,197,629 |

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges to Future
Taxation - Unfunded

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Description | Balance, Dec. 31, 2010 | 2011 authori- zations | Decreases | Balance, Dec. 31, 2011 | Analysis of Balance | | Unexpended improvement authori- zations |
|------------------|---|------------------------------|-----------------------------|----------------|---------------------------------------|-------------------------------|---------------------|--|
| | | | | | | Bond anticipation notes | Expenditures | |
| 99-10 | Various capital projects/ roadway improvements | \$ 54,000 | — | 25,000 | 29,000 | 29,000 | — | — |
| 00-12 | Various Projects/Foothills Park | 90,000 | — | 30,000 | 60,000 | 60,000 | — | — |
| 01-09 | Various Improvements/Roadway Projects | 288,000 | — | 133,000 | 155,000 | — | 107,164 | 47,836 |
| 02-08 | Drainage and road improvements | 692,000 | — | 185,000 | 507,000 | — | 453,809 | 53,191 |
| 03-12 | Refunding Ordinance | 27,000 | — | — | 27,000 | — | 26,707 | 293 |
| 03-16 | Streetscape and road improvements | 270,000 | — | 90,000 | 180,000 | 180,000 | — | — |
| 04-28 | Various capital projects/Fire engine & streetscape | 514,000 | — | 130,000 | 384,000 | 381,000 | — | 3,000 |
| 05-04 | Various Improvements/streetscape | 524,000 | — | 105,000 | 419,000 | 419,000 | — | — |
| 06-11 | 2006 Var. projects streetscapes & sidewalks | 610,000 | — | — | 610,000 | — | 549,519 | 60,481 |
| 07-08 | 2007 Var. projects streetscapes and walkways | 580,000 | — | 70,000 | 510,000 | 510,000 | — | — |
| 08-26 | 2008 Sidewalk improvements | 76,000 | — | — | 76,000 | — | 58,009 | 17,991 |
| 08-25 | 2008 Greenview Park plan | 513,000 | — | 25,000 | 488,000 | 475,000 | 9,565 | 3,435 |
| 08-28 | 2008 fire truck purchase | 280,000 | — | 27,000 | 253,000 | 253,000 | — | — |
| 08-35 | Sanitary sewer extension | 501,500 | — | — | 501,500 | — | 500,886 | 614 |
| 09-12 | 2009 Various capital projects | 600,000 | — | — | 600,000 | 600,000 | — | — |
| 11-26 | 2011 FEMA SRL Grant Flood Acquisition | — | 5,570,000 | — | 5,570,000 | — | — | 5,570,000 |
| 10-20 | Various capital improvements | 610,000 | — | — | 610,000 | 610,000 | — | — |
| | | <u>\$ 6,229,500</u> | <u>5,570,000</u> | <u>820,000</u> | <u>10,979,500</u> | <u>3,517,000</u> | <u>1,705,659</u> | <u>5,756,841</u> |
| | Notes Paid | | \$ 635,000 | | Unexpended improvement authorizations | | \$ 6,769,952 | |
| | Deferred charges raised | | 185,000 | | Less unexpended note proceeds: | | | |
| | Reserve for Payment of notes | | — | | Ordinance: | | | |
| | Cancelled by resolution | | — | | 99-10 | | 17,248 | |
| | | | <u>\$ 820,000</u> | | 03-16 | | 81,986 | |
| | | | | | 05-04 | | 60,743 | |
| | | | | | 04-28 | | 15,172 | |
| | | | | | 07-08 | | 310,032 | |
| | | | | | 09-12 | | 34,431 | |
| | | | | | 10-20 | | 434,530 | |
| | | | | | 00-12 | | 58,969 | |
| | | | | | | | <u>\$ 5,756,841</u> | |

TOWNSHIP OF PEQUANNOCK
 Schedule of Improvement Authorizations
 General Capital Fund
 Year ended December 31, 2011

| Ordinance number | Improvement description | Date | Amount | Balance, December 31, 2010 | | 2011 authorizations | 2010 | | | | Balance, December 31, 2010 | |
|------------------|---|---------------|-----------|----------------------------|-----------|---------------------|------------|------------|----------|------------|----------------------------|-----------|
| | | | | Funded | Unfunded | | Encumbered | Encumbered | Expended | Canceled | Funded | Unfunded |
| 96-03 | Capital purchases | Mar. 26, 1996 | 44,500 | \$ 2,565 | — | — | 7,795 | — | 7,795 | 2,565 | — | — |
| | roadway improvements | May 25, 1999 | 1,854,000 | — | 18,369 | — | — | — | 1,121 | — | — | 17,248 |
| 01-09 | Various capital projects | Jun 17, 2001 | 858,000 | — | 47,836 | — | 2,468 | — | 2,468 | — | — | 47,836 |
| 02-08 | Drainage and road improvements | May 28, 2002 | 841,500 | — | 53,191 | — | — | — | — | — | — | 53,191 |
| 03-12 | Refunding bond ordinance | Apr 22, 2003 | 3,900,000 | — | 293 | — | — | — | — | — | — | 293 |
| 03-14 | 2003 capital equipment and vehicles | Apr 22, 2003 | 253,000 | 15,140 | — | — | — | — | — | 15,140 | — | — |
| 03-15 | 2003 minor capital projects | Apr 22, 2003 | 78,000 | 14,839 | — | — | 6,107 | — | 20,782 | — | 164 | — |
| 03-16 | 2003 various capital projects | Apr 22, 2003 | 862,000 | — | 81,986 | — | — | — | — | — | — | 81,986 |
| 04-15 | 2004 Minor capital projects/CIF | May 25, 2004 | 92,000 | — | — | — | 665 | — | 665 | — | — | — |
| 04-28 | 2004 Various capital projects/Fire engine & streetscape | May 25, 2004 | 885,000 | — | 18,172 | — | — | — | — | — | — | 18,172 |
| 05-04 | 2005 Various capital projects and streetscapes | Jun 28, 2005 | 647,500 | — | 60,743 | — | — | — | — | — | — | 60,743 |
| 05-05 | Capital equipment and vehicles | Jun 28, 2005 | 216,000 | 450 | — | — | — | — | — | — | 450 | — |
| 06-11 | 2006 Var. projects streetscapes and sidewalks | May 23, 2006 | 643,000 | — | 60,541 | — | — | — | — | 60 | — | 60,481 |
| 07-08 | 2007 Var. projects streetscapes and walkways | Apr 24, 2007 | 670,000 | — | 310,032 | — | — | — | — | — | — | 310,032 |
| 07-09 | 2007 Minor capital projects | Apr 24, 2007 | 186,000 | 36,515 | — | — | 3,003 | — | 31,941 | — | 7,577 | — |
| 08-12 | 2008 Various improvements and minor purchases | Jun 24, 2008 | 108,200 | 38,867 | — | — | — | — | 26 | 38,841 | — | — |
| 08-14 | 2008 Communications equipment purchase | Jun 24, 2008 | 30,960 | 5,403 | — | — | — | — | — | 5,403 | — | — |
| 08-15 | 2008 Var. minor capital equipment purchases | Jun 24, 2008 | 253,700 | 13,731 | — | — | 2,150 | — | 2,124 | 13,757 | — | — |
| 08-22 | 2008 Road resurfacing | Aug 12, 2008 | 200,000 | 7,605 | — | — | — | — | — | — | 7,605 | — |
| 08-25 | 2008 Greenview Park plan | Sep 23, 2008 | 540,000 | — | 1,449 | — | — | — | (1,986) | — | — | 3,435 |
| 08-26 | 2008 Sidewalk improvements | Sep 23, 2008 | 80,000 | — | 17,991 | — | — | — | — | — | — | 17,991 |
| 08-35 | Sanitary sewer extension | Dec 9, 2008 | 710,000 | — | 614 | — | — | — | — | — | — | 614 |
| 09-03 | 2009 Sidewalk construction | Mar 24, 2009 | 50,000 | 29,434 | — | — | — | — | — | 29,434 | — | — |
| 09-12 | 2009 Various capital projects | May 26, 2009 | 631,000 | — | 300,192 | — | — | 208,917 | 56,844 | — | — | 34,431 |
| 09-13 | 2009 Various capital projects | May 26, 2009 | 526,000 | 95,801 | — | — | — | — | — | — | 95,801 | — |
| 09-28 | 2009 Park Improvements (Reappropriated 00-12) | Dec 22, 2009 | 72,419 | 58,969 | — | — | — | — | — | — | — | 58,969 |
| 10-18 | 2010 Various capital projects | Aug. 24, 2010 | 620,000 | 545,147 | — | — | 34,843 | 176,456 | 151,408 | — | 252,126 | — |
| 10-19 | 2010 Equipment & vehicles | Aug. 24, 2010 | 197,000 | 44,690 | — | — | 55,189 | 3,987 | 53,235 | — | 42,657 | — |
| 10-20 | 2010 West Franklin/Washington Park | Aug. 24, 2010 | 72,419 | 30,399 | 610,000 | — | — | — | 205,869 | — | — | 434,530 |
| 11-18 | 2011 Various Capital Projects/CIF | Jul 26, 2011 | 423,000 | — | — | 423,000 | — | 111,053 | 123,968 | — | 187,979 | — |
| 11-19 | 2011 Equipment & Vehicles | Jul. 26, 2011 | 407,000 | — | — | 407,000 | — | 31,684 | 132,108 | — | 243,208 | — |
| 11-26 | 2011 FEMA SRL Grant Flood Acquisition | Dec. 13, 2011 | 5,600,000 | — | — | 5,600,000 | — | — | — | — | 30,000 | 5,570,000 |
| | | | | \$ 939,555 | 1,581,409 | 6,430,000 | 112,220 | 532,097 | 788,368 | 105,200 | 867,567 | 6,769,952 |
| | Deferred charges to future taxation - unfunded | | | | | \$ 5,570,000 | | | | | | |
| | Reserve for Improvements | | | | | 376,000 | | | | | | |
| | Capital Improvement Fund | | | | | 423,000 | | | | \$ 70,900 | | |
| | Due from Open Space Trust Fund | | | | | 30,000 | | | | — | | |
| | Fund balance | | | | | 31,000 | | | | 34,300 | | |
| | | | | | | \$ 6,430,000 | | | | \$ 105,200 | | |

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2011

| | |
|--|-------------------------|
| Balance, December 31, 2010 | \$ <u>28,300</u> |
| Increased by: | |
| 2010 budget appropriation | 410,000 |
| Improvement authorization canceled | <u>70,900</u> |
| | <u>480,900</u> |
| | 509,200 |
| Decreased by: | |
| Appropriated to finance improvement authorizations | <u>423,000</u> |
| Balance, December 31, 2011 | \$ <u><u>86,200</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Improvements

General Capital Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Increases | Decreases | Balance, Dec. 31, 2011 |
|--|---------------------------------------|-------------------|------------------|---------------------------------------|
| Vehicles | \$ 71,900 | 123,000 | 80,000 | 114,900 |
| Public works equipment | 64,500 | 80,000 | 72,000 | 72,500 |
| Road resurfacing | 5,000 | 200,000 | 200,000 | 5,000 |
| Fire apparatus | 34,000 | 75,000 | — | 109,000 |
| Data/Office Equip | 36,000 | 45,000 | 24,000 | 57,000 |
| | <u>\$ 211,400</u> | <u>523,000</u> | <u>376,000</u> | <u>358,400</u> |
| Reserve for improvements | | \$ 523,000 | — | |
| Appropriated to finance improvement authorizations | | <u>—</u> | <u>376,000</u> | |
| | | <u>\$ 523,000</u> | <u>376,000</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2011

| <u>Purpose</u> | <u>Date of issue</u> | <u>Amount of original issue</u> | <u>Maturities of bonds outstanding December 31, 2011</u> | | <u>Interest rate</u> | <u>Balance, Dec. 31, 2010</u> | <u>Paid</u> | <u>Balance, Dec. 31, 2011</u> |
|----------------------|----------------------|---------------------------------|--|---------------|----------------------|-------------------------------|-------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| General improvements | Jun. 1, 2003 | \$ 990,000 | 6/1/2011 | \$ 200,000 | 3.000% | \$ 200,000 | 200,000 | — |
| | | | | | | \$ 200,000 | 200,000 | — |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Operating Fund

General Capital Fund

Year ended December 31, 2011

| | | |
|-------------------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | (6,185) |
| Decreased by cash disbursement | | <u>6,185</u> |
| Balance, (Due to) December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Balance, Dec. 31, 2010 | 2011 authorizations | Decreases | Balance, Dec. 31, 2011 |
|-------------------------|---|-------------------------------|----------------------------|-------------------|-------------------------------|
| 01-09 | Various Projects/Road Improvements | \$ 155,000 | — | — | 155,000 |
| 02-08 | Drainage and road improvements | 692,000 | — | 185,000 | 507,000 |
| 03-12 | Refunding Ordinance | 27,000 | — | — | 27,000 |
| 04-28 | 2004 Various capital projects/Fire engine & streetscape | 3,000 | — | — | 3,000 |
| 06-11 | 2006 Var. projects streetscapes and sidewalks | 610,000 | — | — | 610,000 |
| 08-26 | 2008 Greenview Park plan | 76,000 | — | — | 76,000 |
| 08-25 | 2008 Sidewalk improvements | 513,000 | — | 500,000 | 13,000 |
| 08-35 | Sanitary sewer extension | 1,500 | — | (500,000) | 501,500 |
| 11-26 | 2011 FEMA SRL Grant Flood Acquisition | — | 5,570,000 | — | 5,570,000 |
| 10-20 | Various capital improvements | 610,000 | — | 610,000 | — |
| | | <u>\$ 2,687,500</u> | <u>5,570,000</u> | <u>795,000</u> | <u>7,462,500</u> |
| | | | | \$ 185,000 | |
| | | | | <u>610,000</u> | |
| | | | | <u>\$ 795,000</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund

General Capital Fund

Year ended December 31, 2011

| | | |
|-------------------------------|----|-------------------|
| Balance, December 31, 2010 | \$ | 428 |
| Increased by: | | |
| Expenses paid by Current Fund | | <u>684,707</u> |
| | | 685,135 |
| Decreased by: | | |
| Interfund returned | | <u>684,816</u> |
| Balance, December 31, 2011 | \$ | <u><u>319</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges - Funded

General Capital Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 200,000 |
| Decreased by: | | |
| Bonds paid | | <u>200,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Open Space

General Capital Fund

Year ended December 31, 2011

| | | |
|--------------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | — |
| Increased by ordinance funding | | <u>30,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>30,000</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Date of original note | Date of issue | Maturity | Interest rate | Balance, Dec. 31, 2010 | Increased | Decreased | Balance, Dec. 31, 2011 |
|------------------|---------------------------------------|-----------------------|---------------|---------------|---------------|------------------------|---------------------|------------------|------------------------|
| 01-09 | Various Improvements/Roadway Projects | Aug. 9, 2001 | July 29, 2011 | July 27, 2012 | 0.97% | \$ 70,000 | — | 70,000 | — |
| 00-12 | Various improvements/Foothills Park | Aug. 8, 2002 | July 29, 2011 | July 27, 2012 | 0.97% | 20,000 | 10,000 | 20,000 | 10,000 |
| 01-09 | Various Improvements/Roadway Projects | Aug. 8, 2002 | July 29, 2011 | July 27, 2012 | 0.97% | 60,000 | — | 60,000 | — |
| 99-10 | Various Improvements/Roadway Projects | Oct. 29, 2003 | Oct. 21, 2011 | Oct. 19, 2012 | 1.25% | 54,000 | 29,000 | 54,000 | 29,000 |
| 03-16 | Various Improvements/ streetscapes | Aug. 5, 2003 | July 29, 2011 | July 27, 2012 | 0.97% | 270,000 | 180,000 | 270,000 | 180,000 |
| 04-28 | Various Fire Engine/Streetscapes | Aug. 5, 2004 | Oct. 21, 2011 | Oct. 19, 2012 | 1.25% | 511,000 | 381,000 | 511,000 | 381,000 |
| 00-12 | Various improvements/Foothills Park | Aug. 4, 2005 | July 29, 2011 | July 27, 2012 | 0.97% | 70,000 | 50,000 | 70,000 | 50,000 |
| 01-09 | Various Improvements/Roadway Projects | Aug. 4, 2005 | July 29, 2011 | July 27, 2012 | 0.97% | 3,000 | — | 3,000 | — |
| 05-16 | Various Improvements/ streetscapes | Oct. 28, 2005 | Oct. 21, 2011 | Oct. 19, 2012 | 1.25% | 524,000 | 419,000 | 524,000 | 419,000 |
| 07-08 | Various Improvements/ streetscapes | Aug. 3, 2007 | July 29, 2011 | July 27, 2012 | 0.97% | 580,000 | 510,000 | 580,000 | 510,000 |
| 08-28 | Replacement Fire truck 1-2 | Oct. 22, 2009 | Oct. 21, 2011 | Oct. 19, 2012 | 1.25% | 280,000 | 253,000 | 280,000 | 253,000 |
| 08-35 | Sanitary sewer extension | Jul. 31, 2009 | July 29, 2011 | July 27, 2012 | 0.97% | 500,000 | 475,000 | 500,000 | 475,000 |
| 09-12 | Various Improvements/ Street Sweeper | Jul. 31, 2009 | July 29, 2011 | July 27, 2012 | 0.97% | 600,000 | 600,000 | 600,000 | 600,000 |
| 10-20 | Various Improvements/West Franklin | Jul. 28, 2011 | July 28, 2011 | July 27, 2012 | 0.97% | — | 610,000 | — | 610,000 |
| | | | | | | <u>\$ 3,542,000</u> | <u>3,517,000</u> | <u>3,542,000</u> | <u>3,517,000</u> |
| | | | | | Issued | | \$ 610,000 | — | |
| | | | | | Paid | | \$ — | 635,000 | |
| | | | | | Renewed | | <u>2,907,000</u> | <u>2,907,000</u> | |
| | | | | | | | <u>\$ 3,517,000</u> | <u>3,542,000</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Sewer Capital Fund

General Capital Fund

Year ended December 31, 2011

| | |
|---------------------------------|--------------------|
| Balance, December 31, 2010 | \$ <u>2,362</u> |
| Decreased by cash disbursements | <u>2,362</u> |
| Balance, December 31, 2011 | \$ <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund

General Capital Fund

Year ended December 31, 2011

| | |
|---------------------------------|--------------------|
| Balance, December 31, 2010 | \$ <u>156,779</u> |
| Decreased by cash disbursements | <u>156,779</u> |
| Balance, December 31, 2011 | \$ <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to(from) Sewer Operating Fund

General Capital Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | (12,859) |
| Increased by cash receipts | | <u>12,859</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Grant Fund

General Capital Fund

Year ended December 31, 2011

| | | |
|--------------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 289,342 |
| Decreased by cash disbursement | | <u>289,342</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Recreation Fund

General Capital Fund

Year ended December 31, 2011

| | | |
|--------------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 6,000 |
| Decreased by cash disbursement | | <u>6,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2011

| | <u>Operating</u> | <u>Capital</u> |
|-------------------------------|---------------------|----------------|
| Balance, December 31, 2010 | \$ 812,865 | 361,664 |
| Increased by receipts: | | |
| Water rents receivable | 2,337,980 | — |
| Due from Sewer Operating Fund | 2,319,787 | — |
| Due from Water Capital Fund | 125 | — |
| Interest earned | — | 63 |
| Due from Current Fund | 2,185 | — |
| Deferred charge transferred | — | 100,000 |
| Miscellaneous revenue | 30,432 | — |
| Due from General Capital | 6,185 | 156,779 |
| Capital Improvement Fund | — | 100,000 |
| | <u>4,696,694</u> | <u>356,842</u> |
| | <u>5,509,559</u> | <u>718,506</u> |
| Decreased by disbursements: | | |
| Budget appropriations | 1,994,642 | — |
| Refunds | 26,426 | — |
| Due to Water Operating Fund | — | 125 |
| Due from Sewer Operating Fund | 2,337,728 | — |
| Interest on notes | 19,500 | — |
| Improvement authorizations | — | 160,121 |
| Appropriation reserves | 38,182 | — |
| | <u>4,416,478</u> | <u>160,246</u> |
| Balance, December 31, 2011 | \$ <u>1,093,081</u> | <u>558,260</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Water Utility Fund

December 31, 2011

| | | |
|--|----|-----------|
| Capital Improvement Fund | \$ | 100,049 |
| Fund balance | | 8,064 |
| Due from Sewer Operating Fund | | (300,000) |
| Due from Sewer Capital | | (277,765) |
| Due to (from) Recreation Utility Capital | | (110,000) |
| Due to Water Operating Fund | | 1,105 |
| Improvement authorizations: | | |

| <u>Ordinance number</u> | <u>Improvement description</u> | |
|-----------------------------|--------------------------------|-------------------|
| 2000-14 | Development of 2 New Wells | 155 |
| 2001-10 | Well #2 Rehabilitation | 92,735 |
| 2003-18 | AMR Phase 3 | (300,000) |
| 2007-13 | New Water Tank Construction | 94,670 |
| 2007-14 | Water Blending Facility | <u>1,249,247</u> |
| | | <u>\$ 558,260</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable -
Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|--|----|-----------------------|
| Balance, December 31, 2010 | \$ | 486,596 |
| Increased by: | | |
| Water billings and miscellaneous charges | | <u>2,278,698</u> |
| | | <u>2,765,294</u> |
| Decreased by: | | |
| Water rents - collections | | 2,337,980 |
| Adjustments and other | | <u>34,891</u> |
| | | <u>2,372,871</u> |
| Balance, December 31, 2011 | \$ | <u><u>392,423</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Assessment Liens and Assessment Lien
Interest and Costs - Assessment Fund

Water Utility Fund

December 31, 2011

| <u>Certificate number</u> | <u>Block</u> | <u>Lot</u> | <u>Principal</u> | <u>Interest and costs</u> |
|-------------------------------|--------------|------------|------------------|-----------------------------------|
| 298 | 259 | 1 | \$ 870 | 98 |
| 299 | 260 | 1 | 202 | 31 |
| 301 | 260 | 2 | 194 | 30 |
| | | | <u>\$ 1,266</u> | <u>159</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| <u>Account</u> | <u>Balance, Dec. 31, 2010</u> | <u>Increased</u> | <u>Balance, Dec. 31, 2011</u> |
|------------------------------------|---------------------------------------|------------------|---------------------------------------|
| Reserve for Amortization | \$ 57,442 | — | 57,442 |
| Distribution mains and accessories | 781,731 | 1,307,789 | 2,089,520 |
| House service | 283,102 | — | 283,102 |
| Meters | 806,421 | 26,214 | 832,635 |
| Hydrants | 80,889 | — | 80,889 |
| General equipment - trucks | 721,687 | 64,914 | 786,601 |
| Office furniture and equipment | 63,246 | — | 63,246 |
| Structures and improvements | 167,315 | — | 167,315 |
| Wells and pumping station | 3,364,431 | — | 3,364,431 |
| Well #2 chlorinator | 9,936 | — | 9,936 |
| New water tank construction | 1,500 | — | 1,500 |
| | <u>\$ 6,337,700</u> | <u>1,398,917</u> | <u>7,736,617</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves - Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | <u>Balance, Dec. 31, 2010</u> | <u>Encum- brances</u> | <u>Balance after transfers</u> | <u>Paid or charged</u> | <u>Unexpended balance lapsed</u> |
|---|---------------------------------------|---------------------------|--|----------------------------|--|
| Salaries and wages | \$ 21,760 | — | 21,760 | — | 21,760 |
| Other expenses | 66,879 | 32,436 | 99,315 | 46,751 | 52,564 |
| Capital outlay | 13,022 | — | 13,022 | 8,281 | 4,741 |
| Statutory expenditures: Social Security System | <u>2,135</u> | <u>—</u> | <u>2,135</u> | <u>—</u> | <u>2,135</u> |
| | <u>\$ 103,796</u> | <u>32,436</u> | <u>136,232</u> | <u>55,032</u> | <u>81,200</u> |
| | | Accounts Payable | | \$ 16,850 | |
| | | Cash | | <u>38,182</u> | |
| | | | | <u>\$ 55,032</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital Authorized
and Uncompleted - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-------------------------|
| Balance, December 31, 2010 | \$ | 5,451,371 |
| Decreased by: | | |
| Transfer to fixed capital | | <u>1,300,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>4,151,371</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement
Fund - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------------|
| Balance, December 31, 2010 | \$ | 49 |
| Increased by: | | |
| Budget appropriation | | <u>100,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>100,049</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Amortization -
Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | |
|----------------------------------|----------------------------|
| Balance, December 31, 2010 | \$ <u>6,083,663</u> |
| Increased by improvements funded | |
| Budgeted capital improvements | 35,000 |
| Funded project completed | 98,917 |
| Improvements funded | <u>130,000</u> |
| | <u>263,917</u> |
| Balance, December 31, 2011 | \$ <u><u>6,347,580</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Amount</u> | <u>Balance, December 31, 2010</u> | | <u>Expended</u> | <u>Balance, December 31, 2011</u> | |
|-----------------------------|--------------------------------|---------------|---------------------------------------|------------------|-------------------------|---------------------------------------|------------------|
| | | | <u>Funded</u> | <u>Unfunded</u> | | <u>Funded</u> | <u>Unfunded</u> |
| 00-14 | Development of 2 New Wells | \$ 1,800,000 | 155 | — | — | 155 | — |
| 01-10 | Well #2 Rehabilitation | 180,000 | 110,660 | — | 17,925 | 92,735 | — |
| 07-13 | New water tank construction | 1,105,000 | 37,720 | 1,050,000 | (6,950) | 94,670 | 1,000,000 |
| 07-14 | Water blending facility | 2,030,000 | 1,298,933 | 497,311 | 99,686 | 1,249,247 | 447,311 |
| 09-15 | Village water mains | 1,300,000 | — | 30,285 | 30,285 | — | — |
| | | | <u>\$ 1,447,468</u> | <u>1,577,596</u> | <u>140,946</u> | <u>1,436,807</u> | <u>1,447,311</u> |
| | | | | | Disbursed | \$ 160,121 | |
| | | | | | Prior year encumbrances | <u>(19,175)</u> | |
| | | | | | | <u>\$ 140,946</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Capital Fund
Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | |
|----------------------------|-------------------|
| Balance, December 31, 2010 | \$ <u>277,765</u> |
| Balance, December 31, 2011 | \$ <u>277,765</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized
but not Issued - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Balance Dec. 31, 2010</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2011</u> |
|-----------------------------|--------------------------------|--------------------------------------|-------------------|--------------------------------------|
| 03-18 | AMR Phase 3 | \$ 300,000 | — | 300,000 |
| 07-13 | New water tank construction | 1,050,000 | 50,000 | 1,000,000 |
| 07-14 | Water blending facility | 497,311 | 50,000 | 447,311 |
| | | <u>\$ 1,847,311</u> | <u>100,000</u> | <u>1,747,311</u> |
| | Funded by budget appropriation | | <u>\$ 100,000</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Operating
Fund - Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|---------------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | 67,438 |
| Increased by cash disbursements | | <u>2,337,728</u> |
| | | 2,405,166 |
| Decreased by cash receipts | | <u>2,319,787</u> |
| Balance, December 31, 2011 | \$ | <u><u>85,379</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Water Capital Fund -
Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|---------------------|
| Balance, December 31, 2010 | \$ | 1,167 |
| Increased by: | | |
| Interest earned | | <u>63</u> |
| | | 1,230 |
| Decreased by collections | | <u>125</u> |
| Balance, December 31, 2011 | \$ | <u><u>1,105</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -
Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|---|----|----------------------|
| Balance, December 31, 2010 | \$ | 65,260 |
| Increased by transfer from appropriation reserves | | <u>16,850</u> |
| Balance, December 31, 2011 | \$ | <u><u>82,110</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Reserve for
Amortization - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | |
|--------------------------------|---------------------|
| Balance, December 31, 2010 | \$ 2,523,097 |
| Increased by: | |
| Funded by budget appropriation | <u>100,000</u> |
| Balance, December 31, 2011 | <u>\$ 2,623,097</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund

Water Utility Fund

Year ended December 31, 2011

| | <u>Water Operating</u> | <u>Water Capital</u> |
|----------------------------|----------------------------|--------------------------|
| Balance, December 31, 2010 | \$ (2,185) | — |
| Increased by cash receipt | <u>2,185</u> | <u>—</u> |
| Balance, December 31, 2011 | <u>\$ —</u> | <u>—</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) General Capital Fund
Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 156,779 |
| Decreased by collections | | <u>156,779</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Operating Fund - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| | |
|----------------------------|-------------------|
| Balance, December 31, 2010 | \$ <u>300,000</u> |
| Balance, December 31, 2011 | \$ <u>300,000</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Water Bonds -
Operating Fund

Water Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|------------------------|
| Balance, December 31, 2010 | \$ 8,179 |
| Increased by: | |
| Budget appropriation | <u>19,500</u> |
| | <u>19,500</u> |
| | 27,679 |
| Decreased by: | |
| Cancelled | 3,387 |
| Cash disbursed | <u>19,500</u> |
| | <u>22,887</u> |
| Balance, December 31, 2011 | <u><u>\$ 4,792</u></u> |

Analysis of Balance

| <u>Balance</u> | <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|----------------|-------------|---------------|---------------|---------------|------------------------|
| \$ 1,170,000 | Various | Jul. 28, 2011 | Dec. 31, 2011 | 5 months | \$ <u><u>4,792</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due From General Capital Fund -
Operating Fund

Water Utility Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 6,185 |
| Decreased by cash receipts | | <u>6,185</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes - Capital Fund

Water Utility Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Date of original note</u> | <u>Date of issue</u> | <u>Maturity</u> | <u>Interest rate</u> | <u>Balance, Dec. 31, 2010</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2011</u> |
|-------------------------|--------------------------------|------------------------------|----------------------|-----------------|----------------------|-------------------------------|---------------------|------------------|-------------------------------|
| 09-15 | Village Area Water Mains | Jul. 29, 2010 | Jul. 28, 2011 | Jul. 27, 2012 | 0.97% | \$ 1,300,000 | 1,170,000 | 1,300,000 | 1,170,000 |
| | | | | | | <u>\$ 1,300,000</u> | <u>1,170,000</u> | <u>1,300,000</u> | <u>1,170,000</u> |
| | | | | | Paid | | \$ — | 130,000 | |
| | | | | | Renewed | | <u>1,170,000</u> | <u>1,170,000</u> | |
| | | | | | | | <u>\$ 1,170,000</u> | <u>1,300,000</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Sewer Utility Fund

Year ended December 31, 2011

| | <u>Operating</u> | <u>Capital</u> |
|---------------------------------------|--------------------------|-----------------------|
| Balance, December 31, 2010 | \$ 810,093 | 467,932 |
| Increased by receipts: | | |
| Sewer rents receivable | 2,581,327 | — |
| Miscellaneous revenue | 24,984 | — |
| Due to Solid Waste Utility Fund | 1,424,480 | — |
| Due from Water Utility Operating Fund | 2,337,728 | — |
| Due to Sewer Operating Fund | — | 251,514 |
| Premium on sale of notes | — | 216 |
| Sewer liens | 745 | — |
| Sewer Capital Fund | 215 | — |
| Due from General Capital Fund | — | 2,362 |
| Notes Issued | — | 500,000 |
| | <u>6,369,479</u> | <u>754,092</u> |
| | <u>7,179,572</u> | <u>1,222,024</u> |
| Decreased by disbursements: | | |
| Budget appropriations | 2,096,997 | — |
| Appropriation reserves | 25,660 | — |
| Accrued interest on bonds | 303,681 | — |
| Accrued interest on notes | 10,260 | — |
| Due from Sewer Capital Fund | 251,400 | — |
| Due to Solid Waste Utility Fund | 1,481,580 | — |
| Due from Water Utility Operating Fund | 2,319,787 | — |
| Miscellaneous | 645 | — |
| Accounts payable | — | 35 |
| Bonds paid | 413,000 | — |
| Due to Sewer Operating Fund | — | 215 |
| Prior year encumbrances | — | 5,769 |
| Improvement authorizations | — | 349,948 |
| | <u>6,903,010</u> | <u>355,967</u> |
| Balance, December 31, 2011 | \$ <u><u>276,561</u></u> | <u><u>866,057</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| | |
|-----------------------------|------------|
| Due to Sewer Operating Fund | \$ 271,101 |
| Capital improvement fund | 3,685 |
| Due to Water Capital Fund | 277,765 |
| Fund balance | 124,099 |

Improvement authorizations:

| <u>Ordinance</u> <u>number</u> | <u>Improvement description</u> | |
|-----------------------------------|-----------------------------------|-------------------|
| 97-17 | Industrial Road sewers | 1 |
| 02-07 | Purchase of sewer jet | (79,444) |
| 04-35 | Munson Drive/ Farm Rd. sewers | 115,697 |
| 05-13 | Pequannock Area Sewers Phase 14-1 | 50,524 |
| 06-14 | Purchase of TBSA capacity | (855,509) |
| 07-12 | Purchase of TBSA capacity | 43,273 |
| 08-27 | Sewer Design | 311 |
| 08-38 | Sanitary Sewer extension project | 286,015 |
| 10-22 | Village area sewers | 628,539 |
| | | <u>866,057</u> |
| | | <u>\$ 866,057</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|--------------------------------|----|-----------------------|
| Balance, December 31, 2010 | \$ | 559,035 |
| Increased by sewer charges | | <u>2,618,488</u> |
| | | <u>3,177,523</u> |
| Decreased by: | | |
| Collections | | 2,581,327 |
| Interest and service collected | | 19,361 |
| Cancellations | | <u>6,243</u> |
| | | <u>2,606,931</u> |
| Balance, December 31, 2011 | \$ | <u><u>570,592</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances Payable - Operating Fund

Sewer Utility Fund

Year ended December 31, 2011

| | |
|--|-------------------------|
| Balance, December 31, 2010 | \$ 24,925 |
| Increased by transfer from current budget and others | <u>21,058</u> |
| | 45,983 |
| Decreased by transfer to appropriation reserve | <u>24,925</u> |
| Balance, December 31, 2011 | <u><u>\$ 21,058</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2011 | Balance, Dec. 31, 2010 |
|--------------------------|---------------------------------------|---------------------------------------|
| | <u>2011</u> | <u>2010</u> |
| Capacity | \$ 3,163,500 | 3,163,500 |
| Treatment plant | 298,300 | 298,300 |
| Trunk lines | 241,971 | 241,971 |
| Transportation equipment | 3,300 | 3,300 |
| Equipment | <u>103,566</u> | <u>103,566</u> |
| | <u>\$ 3,810,637</u> | <u>3,810,637</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from General Capital Fund -
Capital Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 2,362 |
| Decreased by cash receipts | | <u>2,362</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Balance after transfers | Paid or charged | Unexpended balance lapsed |
|--|---------------------------------------|--|----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Salaries and wages | \$ 16,602 | 16,602 | — | 16,602 |
| Other expenses | 73,771 | 73,771 | 39,360 | 34,411 |
| Payment to Two Bridges Sewer Authority | 401 | 401 | — | 401 |
| Statutory expenditures: | | | | |
| Social Security System | 965 | 965 | — | 965 |
| | <u>\$ 91,739</u> | <u>91,739</u> | <u>39,360</u> | <u>52,379</u> |
| Appropriation Reserve | | 66,814 | | |
| Encumbrances | | <u>24,925</u> | | |
| | | <u>91,739</u> | | |
| Cash | | | \$ 25,660 | |
| Accounts payable | | | <u>13,700</u> | |
| | | | <u>\$ 39,360</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Sewer Bonds -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|------------------|
| Balance, December 31, 2010 | \$ 63,286 |
| Increased by: | |
| Budget appropriation | <u>299,722</u> |
| | 363,008 |
| Decreased by: | |
| Cash disbursed | <u>303,681</u> |
| | <u>303,681</u> |
| Balance, December 31, 2011 | <u>\$ 59,327</u> |

Analysis of Balance

| <u>Balance</u> | <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|----------------|-------------|---------------|---------------|---------------|------------------|
| \$ 7,233,000 | Various | Oct. 15, 2011 | Dec. 31, 2011 | 2.5 months | \$ <u>59,327</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Sewer Notes -
Operating Fund

Sewer Utility Fund

Year ended December 31, 2011

| | |
|------------------------------|------------------------|
| Balance, December 31, 2010 | \$ 4,254 |
| Increased by: | |
| Budget appropriation | <u>10,988</u> |
| | 15,242 |
| Decreased by: | |
| Paid by General Capital Fund | <u>10,260</u> |
| Balance, December 31, 2011 | <u><u>\$ 4,982</u></u> |

Analysis of Balance

| | <u>Balance</u> | <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|----|----------------|-------------|---------------|---------------|---------------|------------------------|
| \$ | 250,000 | 0.97% | July 28, 2011 | Dec. 31, 2011 | 152 days | \$ 1,021 |
| | 380,000 | 0.97% | July 28, 2011 | Dec. 31, 2011 | 152 days | 1,553 |
| | 123,000 | 1.50% | Oct. 21, 2011 | Dec. 31, 2011 | 70 days | 364 |
| | 500,000 | 0.97% | July 28, 2011 | Dec. 31, 2011 | 152 days | <u>2,044</u> |
| | | | | | | <u><u>\$ 4,982</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Amortization - Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| | | |
|----------------------------|----|-------------------------|
| Balance, December 31, 2010 | \$ | 3,061,137 |
| Increased by: | | |
| Bonds paid | | <u>475,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>3,536,137</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement Fund - Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| | |
|----------------------------|-----------------|
| Balance, December 31, 2010 | \$ <u>3,685</u> |
| Balance, December 31, 2011 | \$ <u>3,685</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Sewer Utility Operating Fund -
Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| | |
|----------------------------|--------------------------|
| Balance, December 31, 2010 | \$ 19,802 |
| Increased by: | |
| Interest collected | 114 |
| Advances | <u>251,400</u> |
| | <u>251,514</u> |
| | 271,316 |
| Decreased by: | |
| Refunded | <u>215</u> |
| Balance, December 31, 2011 | <u><u>\$ 271,101</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Serial Bonds Payable - Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| Purpose | Date of original issue | Original amount of issue | Maturities of bonds outstanding December 31, 2011 | | Interest rate | Balance, Dec. 31, 2010 | Paid | Balance, Dec. 31, 2011 |
|---|------------------------|--------------------------|--|------------|---------------|------------------------|-----------|------------------------|
| | | | Date | Amount | | | | |
| Sewer Utility Bonds (Bonds maturing on or after Oct. 15, 2018 are subject to redemption) | Oct. 15, 2007 | \$ 8,983,000 | Oct. 15, 2012 | \$ 500,000 | 4.00% | | | |
| | | | Oct. 15, 2013 | 525,000 | 4.00% | | | |
| | | | Oct. 15, 2014 | 550,000 | 4.00% | | | |
| | | | Oct. 15, 2015 | 575,000 | 4.00% | | | |
| | | | Oct. 15, 2016 | 600,000 | 4.00% | | | |
| | | | Oct. 15, 2017 | 625,000 | 4.00% | | | |
| | | | Oct. 15, 2018 | 650,000 | 3.75% | | | |
| | | | Oct. 15, 2019 | 650,000 | 3.80% | | | |
| | | | Oct. 15, 2020 | 650,000 | 3.85% | | | |
| | | | Oct. 15, 2021 | 650,000 | 3.90% | | | |
| | | | Oct. 15, 2022 | 650,000 | 4.00% | | | |
| | | | Oct. 15, 2023 | 608,000 | 4.00% | | | |
| | | | | | | | | |
| | | | | | \$ 7,708,000 | 475,000 | 7,233,000 | |

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Sewer Utility Fund

Year ended December 31, 2011

| Ordinance number | Improvement description | Amount | Balance, December 31, 2010 | | 2011 authori- zations | Expended | Balance, December 31, 2011 | |
|---------------------|-----------------------------------|------------|-------------------------------|------------|-----------------------------|----------------------|-------------------------------|------------|
| | | | Funded | Unfunded | | | Funded | Unfunded |
| 97-17 | Industrial Road sewers | \$ 170,000 | \$ 1 | — | — | — | 1 | — |
| 02-07 | Purchase Sewer Jet | 130,000 | — | 556 | — | — | — | 556 |
| 04-35 | Munson Drive/ Farm Rd. sewers | 1,500,000 | 115,697 | — | — | — | 115,697 | — |
| 05-13 | Pequannock Area Sewers Phase 14-1 | 4,600,000 | 50,524 | — | — | — | 50,524 | — |
| 06-14 | Purchase of TBSA capacity | 915,000 | — | 14,491 | — | — | — | 14,491 |
| 07-12 | Purchase of TBSA capacity | 1,055,000 | 43,273 | — | — | — | 43,273 | — |
| 08-27 | Sewer Design | 400,000 | — | 311 | — | — | — | 311 |
| 08-38 | Sanitary Sewer extension project | 710,000 | — | 286,015 | — | — | — | 286,015 |
| 10-22 | Village area sewers | 12,000,000 | 478,487 | 11,425,000 | — | 349,948 | 128,539 | 11,425,000 |
| | | | \$ 687,982 | 11,726,373 | — | 349,948 | 338,034 | 11,726,373 |
| | | | | | | Cash | 349,948 | |
| | | | | | | Encumbrances payable | 0 | |
| | | | | | | | 349,948 | |

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized but not Issued

Sewer Utility Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Balance, Dec. 31, 2010</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2011</u> |
|-----------------------------|--------------------------------|---------------------------------------|-------------------|---------------------------------------|
| 02-07 | Purchase Sewer Jet | \$ 80,000 | — | 80,000 |
| 06-14 | Purchase of TBSA capacity | 870,000 | — | 870,000 |
| 10-22 | Village area sewers | <u>11,425,000</u> | <u>500,000</u> | <u>10,925,000</u> |
| | | <u>\$ 12,375,000</u> | <u>500,000</u> | <u>11,875,000</u> |
| | | Issued | \$ <u>500,000</u> | |
| | | | \$ <u>500,000</u> | |

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Reserve for
Amortization - Capital Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|---------------------|
| Balance, December 31, 2010 | \$ <u>2,776,194</u> |
| Balance, December 31, 2011 | \$ <u>2,776,194</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Current Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|------------------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | 26,821 |
| Increased by: | | |
| Interest collected in Current Fund | | <u>8,455</u> |
| Balance, December 31, 2011 | \$ | <u><u>35,276</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Authorized
and Uncompleted - Capital Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|----------------------|
| Balance, December 31, 2010 | \$ <u>22,862,694</u> |
| Balance, December 31, 2011 | \$ <u>22,862,694</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) Sewer Assessment Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|-------------------------------------|--------------------------|
| Balance, December 31, 2010 (Due to) | \$ <u>(38,517)</u> |
| Increased by: | |
| Anticipated fund balance | 123,000 |
| Payment of Assessment Bonds | <u>413,000</u> |
| | <u>536,000</u> |
| Balance, December 31, 2011 | \$ <u><u>497,483</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|--|----|----------------------|
| Balance, December 31, 2010 | \$ | — |
| Increased by transfer from appropriation reserve | | <u>13,700</u> |
| Balance, December 31, 2011 | \$ | <u><u>13,700</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Solid Waste Utility Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|---------------------------------|----|-----------------------|
| Balance, December 31, 2010 | \$ | 307,320 |
| Increased by cash receipts | | <u>1,424,480</u> |
| | | 1,731,800 |
| Decreased by cash disbursements | | <u>1,481,580</u> |
| Balance, December 31, 2011 | \$ | <u><u>250,220</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Utility Operating Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|-----------------------------------|-------------------------|
| Balance due to, December 31, 2010 | \$ <u>67,438</u> |
| Increased by: | |
| Collections | <u>2,337,728</u> |
| | <u>2,337,728</u> |
| | 2,405,166 |
| Decreased by cash disbursements | <u>2,319,787</u> |
| Balance due to, December 31, 2011 | \$ <u><u>85,379</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Assessment Fund Balance
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|--------------------------|
| Balance, December 31, 2010 | \$ 123,720 |
| Increased by: | |
| Assessments collected | <u>130,447</u> |
| | 254,167 |
| Decreased by: | |
| Anticipated revenue | <u>123,000</u> |
| Balance, December 31, 2011 | <u><u>\$ 131,167</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Utility Capital Fund
Capital Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|--------------------------|
| Balance, December 31, 2010 | \$ <u><u>277,765</u></u> |
| Balance, December 31, 2011 | \$ <u><u>277,765</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Assessments Receivable -
Assessment FundSewer Utility Fund
Year ended December 31, 2011

| <u>Description</u> | <u>Confirmation Date</u> | <u>Balance, Dec. 31, 2010</u> | <u>adjustment</u> | <u>Decreased</u> | <u>Balance, Dec. 31, 2011</u> |
|-----------------------------|------------------------------|---------------------------------------|-------------------|------------------|---------------------------------------|
| Mountain Avenue/ Mead Place | June 24, 2003 | \$ 42,983 | (720) | 19,711 | 22,552 |
| Lincoln Park Road | June 24, 2003 | 6,900 | — | 2,850 | 4,050 |
| Phase II Sewers | March 23, 2004 | <u>375,053</u> | <u>(32,583)</u> | <u>107,886</u> | <u>234,584</u> |
| | | \$ <u>424,936</u> | <u>(33,303)</u> | <u>130,447</u> | <u>261,186</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Current Fund
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------------|
| Balance, December 31, 2010 | \$ | 85,203 |
| Increased by: | | |
| Assessments collected | | <u>130,447</u> |
| Balance, December 31, 2011 | \$ | <u><u>215,650</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to General Capital Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|----------------------------|----|-----------------|
| Balance, December 31, 2010 | \$ | 12,860 |
| Decreased by disbursements | | <u>12,860</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Maintenance Bond
Operating Fund

Sewer Utility Fund

Year ended December 31, 2011

| | |
|----------------------------|-----------------|
| Balance, December 31, 2010 | \$ <u>5,000</u> |
| Balance, December 31, 2011 | \$ <u>5,000</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes

Sewer Capital Fund

Year ended December 31, 2011

| Ordinance number | Purpose | Original date of issue | Date of issue | Date of maturity | Interest rate | Balance, Dec. 31, 2010 | Increased | Decreased | Balance, Dec. 31, 2011 |
|-------------------------|--------------------------------------|-------------------------------|----------------------|-------------------------|----------------------|-------------------------------|------------------|------------------|-------------------------------|
| 2005-13 | Sanitary Sewer | 7/31/2009 | 7/28/2011 | 7/27/2012 | 0.97% | \$ 250,000 | 250,000 | 250,000 | 250,000 |
| 2008-27 | Sanitary Sewer Design - Village Area | 7/31/2009 | 7/28/2011 | 7/27/2012 | 0.97% | 380,000 | 380,000 | 380,000 | 380,000 |
| 2008-38 | Sanitary Sewer Extension | 10/23/2009 | 10/21/2011 | 10/20/2012 | 1.50% | 123,000 | 123,000 | 123,000 | 123,000 |
| 2010-22 | Village Area Sewers | 7/28/2011 | 7/28/2011 | 7/27/2012 | 0.97% | \$ — | 500,000 | — | 500,000 |
| | | | | | | <u>\$ 753,000</u> | <u>1,253,000</u> | <u>753,000</u> | <u>1,253,000</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | |
|----------------------------|-------------------|
| Balance, December 31, 2010 | \$ <u>300,000</u> |
| Balance, December 31, 2011 | \$ <u>300,000</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Sewer Liens
Operating Fund

Sewer Utility Fund
Year ended December 31, 2011

| | | |
|----------------------------|----|-------------------|
| Balance, December 31, 2010 | \$ | 1,047 |
| Decreased by collections | | <u>745</u> |
| Balance, December 31, 2011 | \$ | <u><u>302</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Solid Waste Utility Fund

Year ended December 31, 2011

| | |
|--|--------------------------|
| Balance, December 31, 2010 | \$ <u>370,625</u> |
| Increased by: | |
| Consumer accounts receivable collections | 1,411,500 |
| Miscellaneous revenue | 19,820 |
| Recycling tonnage grant | 28,562 |
| Due from Sewer Operating Fund | <u>57,100</u> |
| | <u>1,516,982</u> |
| | <u>1,887,607</u> |
| Decreased by: | |
| Budget appropriations | 1,447,794 |
| Appropriation reserves | 90,272 |
| Insufficient fund checks | 682 |
| Accounts payable disbursement | <u>7,478</u> |
| | <u>1,546,226</u> |
| Balance, December 31, 2011 | \$ <u><u>341,381</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable

Solid Waste Utility Fund

Year ended December 31, 2011

| | |
|--|--------------------------|
| Balance, December 31, 2010 | \$ 173,514 |
| Increased by garbage collection billings | <u>1,383,368</u> |
| | <u>1,556,882</u> |
| Decreased by | |
| Collections | 1,411,500 |
| Interest and miscellaneous | 13,663 |
| Cancellations | <u>630</u> |
| | <u>1,425,793</u> |
| Balance, December 31, 2011 | \$ <u><u>131,089</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2011

| | | |
|--|----|-----------------|
| Balance, December 31, 2010 | \$ | (3,161) |
| Increased by expenditures paid by Current Fund | | <u>3,161</u> |
| Balance, December 31, 2011 | \$ | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Solid Waste Utility Fund

Year ended December 31, 2011

| | Balance Dec. 31, 2010 | Encum- brances | Balance after transfers | Paid or charged | Unexpended balance lapsed |
|--|--------------------------------------|---------------------------|--|----------------------------|--|
| Operating: | | | | | |
| Salaries and wages | \$ 12,015 | — | 12,015 | — | 12,015 |
| Other expenses | 184,607 | 28,827 | 213,434 | 131,747 | 81,687 |
| Capital Improvements: | | | | | |
| Capital Outlay | 31,475 | — | 31,475 | — | 31,475 |
| Statutory expenditures - contributions to Social Security System (O.A.S.I.) | 662 | — | 662 | — | 662 |
| | <u>\$ 228,759</u> | <u>28,827</u> | <u>257,586</u> | <u>131,747</u> | <u>125,839</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Solid Waste Interfunds -
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2011

| | Sewer Operating Fund |
|-------------------------------------|-------------------------------------|
| Balance due from, December 31, 2010 | \$ 307,320 |
| Decreased by cash receipts | <u>57,100</u> |
| Balance due from, December 31, 2011 | \$ <u><u>250,220</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Recycling Tonnage Grant

Solid Waste Utility Fund

Year ended December 31, 2011

| | | |
|-----------------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | 28,612 |
| Increased by grant award received | | <u>28,562</u> |
| | | 57,174 |
| Decreased by grant anticipated | | <u>28,611</u> |
| Balance, December 31, 2011 | \$ | <u><u>28,563</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -

Solid Waste Utility Fund

Year ended December 31, 2011

| | |
|---|-------------------------|
| Balance, December 31, 2010 | \$ 13,442 |
| Increased by charges to appropriation reserve | <u>41,475</u> |
| | 54,917 |
| Decreased by cash disbursed | <u>7,478</u> |
| Balance, December 31, 2011 | <u><u>\$ 47,439</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Recreation Utility Fund

Year ended December 31, 2011

| | Operating Fund | Capital Fund |
|----------------------------------|---------------------------|-------------------------|
| | <u> </u> | <u> </u> |
| Balance, December 31, 2010 | \$ 112,776 | 5,315 |
| Increased by: | | |
| Program fees | 373,884 | — |
| Miscellaneous | 6,365 | — |
| Due from Recreation Capital Fund | 2 | — |
| Clearing | 8 | — |
| General Capital | <u>6,000</u> | <u> </u> |
| | <u>386,259</u> | <u> </u> |
| | <u>499,035</u> | <u>5,315</u> |
| Decreased by: | | |
| Budget appropriation | 392,167 | — |
| Appropriation reserve | 10,559 | — |
| Due to Recreation Operating Fund | <u>—</u> | <u>2</u> |
| | <u>402,726</u> | <u>2</u> |
| Balance, December 31, 2011 | \$ <u><u>96,309</u></u> | <u><u>5,313</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Recreation Utility Fund

December 31, 2011

| | |
|-------------------------------------|----------|
| Capital Improvement Fund | \$ 3,000 |
| Due to (from) Water Utility Capital | 110,000 |
| Due to Recreation Operating Fund | (2,005) |

Improvement authorizations:

| <u>Ordinance number</u> | <u>Improvement description</u> | |
|-----------------------------|--------------------------------|------------------|
| 2003-19 | PV Park Pavilion | <u>(105,682)</u> |
| | | <u>\$ 5,313</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Recreation Interfunds - Operating Fund

Recreation Utility Fund

Year ended December 31, 2011

| | <u>Current Fund</u> | <u>Recreation Capital</u> | <u>General Capital</u> |
|--|--------------------------|-------------------------------|----------------------------|
| Balance due from (to), December 31, 2010 | \$ — | 3 | 6,000 |
| Increased by: | | | |
| Budgeted deferred charge | — | 2,000 | |
| Cash disbursed | — | 2 | — |
| | <u>—</u> | <u>2,002</u> | <u>—</u> |
| | — | 2,005 | 6,000 |
| Decreased by paid by Current Fund | | | |
| Paid by Current Fund | 4,706 | — | — |
| Cash receipts | — | — | 6,000 |
| | <u>4,706</u> | <u>—</u> | <u>6,000</u> |
| Balance due (to) from, December 31, 2011 | \$ <u><u>(4,706)</u></u> | <u><u>2,005</u></u> | <u><u>—</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital
Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010 and 2011

\$ 134,682

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Recreation Utility Fund

Year ended December 31, 2011

| | Balance, Dec. 31, 2010 | Encum- brances | Balance, After Transfers | Paid or Charged | Unexpended Balance Lapsed |
|--|---------------------------------------|---------------------------|---|----------------------------|--|
| Operating: | | | | | |
| Salaries and wages | \$ 227 | — | 227 | — | 227 |
| Other expenses | 8,149 | 7,924 | 16,073 | 10,559 | 5,514 |
| Deferred charges and statutory expenditures: | | | | | |
| Social Security System (O.A.S.I.) | 70 | — | 70 | — | 70 |
| | <u>\$ 8,446</u> | <u>7,924</u> | <u>16,370</u> | <u>10,559</u> | <u>5,811</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances Payable

Recreation Utility Fund

Year ended December 31, 2011

| | <u>Operating Fund</u> |
|-----------------------------------|----------------------------------|
| Balance, December 31, 2010 | \$ 7,924 |
| Increased by: | |
| Transfer from budget | <u>4,030</u> |
| | 11,954 |
| Decreased by: | |
| Transfer to appropriation reserve | <u>7,924</u> |
| Balance, December 31, 2011 | \$ <u><u>4,030</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized
but not Issued - Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Balance Dec. 31, 2010</u> | <u>Paid by Budget</u> | <u>Balance Dec. 31, 2011</u> |
|-----------------------------|--------------------------------|--------------------------------------|---------------------------|--------------------------------------|
| 03-19 | PV Park Pavilion | \$ 110,000 | 2,000 | 108,000 |
| | | <u>\$ 110,000</u> | <u>2,000</u> | <u>108,000</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

| <u>Ordinance number</u> | <u>Improvement description</u> | <u>Amount</u> | <u>Balance, December 31, 2010</u> | | <u>Balance, December 31, 2011</u> | |
|-----------------------------|--------------------------------|---------------|---------------------------------------|-----------------|---------------------------------------|-----------------|
| | | | <u>Funded</u> | <u>Unfunded</u> | <u>Funded</u> | <u>Unfunded</u> |
| 03-19 | PV Park Pavilion | \$ 137,000 | — | 2,318 | — | 2,318 |
| | | | \$ — | 2,318 | — | 2,318 |

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital Authorized
and Uncompleted - Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010 and 2011

\$ 2,318

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for
Amortization - Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

| | | |
|--------------------------------|----|----------------------|
| Balance, December 31, 2010 | \$ | 27,000 |
| Increased by: | | |
| Deferred charge paid by budget | | <u>2,000</u> |
| Balance, December 31, 2011 | \$ | <u><u>29,000</u></u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement
Fund - Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

Balance, December 31, 2011 and 2010

\$ 3,000

TOWNSHIP OF PEQUANNOCK

Schedule of Recreation Interfunds - Capital Fund

Recreation Utility Fund

Year ended December 31, 2011

| | Water Capital Fund | Recreation Operating |
|--|-----------------------------------|---------------------------------|
| | <u> </u> | <u> </u> |
| Balance due to December 31, 2010 | \$ <u>110,000</u> | <u>(3)</u> |
| Balance due to (from), December 31, 2011 | \$ <u>110,000</u> | <u>(3)</u> |

TOWNSHIP OF PEQUANNOCK

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2011

| Category | Balance Dec. 31, 2010 | Additions | Deletions | Balance Dec. 31, 2011 |
|-------------------------|--------------------------------------|------------------|------------------|--------------------------------------|
| Land and buildings | \$ 19,144,682 | 1,951,061 | — | 21,095,743 |
| Machinery and equipment | 1,750,806 | 73,861 | 31,405 | 1,793,262 |
| Furniture and fixtures | 1,817,893 | 97,655 | — | 1,915,548 |
| Vehicles | 4,830,929 | 234,204 | 94,798 | 4,970,335 |
| | <u>\$ 26,177,853</u> | <u>2,356,781</u> | <u>126,203</u> | <u>29,774,888</u> |

TOWNSHIP OF PEQUANNOCL

Schedule of Expenditures of Federal Awards

Year ended December 31, 2011

| Grantor/ Program Title | Federal CFDA Number | State Account Number/Program Code | Program or Award Amount | State Funds Received FYE 12/31/11 | Funds Available 12/31/10 | Grant Awarded | Net Disbursement Charges | Funds Available 12/31/11 | (Unaudited) Total Expenditures | Grant Period | |
|---|---------------------------|---|-------------------------------|---|--------------------------------|------------------|--------------------------------|--------------------------------|--------------------------------------|--------------|------------|
| | | | | | | | | | | From | To |
| Department of Justice | | | | | | | | | | | |
| Bulletproof Vest Partnership Program | 16.607 | | \$ 4,050 | — | 4,050 | — | 1,950 | 2,100 | 2,100 | 1/1/2010 | 12/31/2010 |
| 2010 | | | | — | — | 2,730 | — | 2,730 | — | 1/1/2011 | 12/31/2011 |
| 2011 | | | 2,730 | — | — | — | 1,950 | — | 2,100 | | |
| | | | | — | 4,050 | 2,730 | 1,950 | 4,830 | 2,100 | | |
| Department of Transportation | | | | | | | | | | | |
| (Passed through the State of New Jersey Department of Law and Public Safety | | | | | | | | | | | |
| Drunk Driving Enforcement | 20.601 | | | | | | | | | | |
| 2011 | | 1160-100-057 | — | 1,715 | — | — | — | — | — | 1/1/2011 | 12/31/2011 |
| Total Department of Transportation | | | | 1,715 | — | — | — | — | — | | |
| Department of Homeland Security | | | | | | | | | | | |
| (Passed through the NJ Office of Emergency Management) | | | | | | | | | | | |
| Severe Repetive Loss Grant | 97.110 | | 4,950,000 | — | — | 4,950,000 | — | 4,950,000 | — | 9/13/2011 | 9/12/2014 |
| (Passed through the N.J. Department of Law and Public Safety) | | | | | | | | | | | |
| Disaster Grants - Public Assistance | 97.036 | | | | | | | | | | |
| Severe Winter Storm 12/26/10 | | 1200-100-A63 | 27,703 | 27,703 | — | — | — | — | 27,703 | 12/26/2010 | 12/25/2011 |
| Storms Flood 3/12/10 | | 1200-100-A57 | 101,927 | 101,927 | — | — | — | — | 101,927 | 3/12/2010 | 3/11/2011 |
| Hurricane Irene (declaration 4021) | | 1200-100- | — | — | — | 966,529 | 966,529 | — | 966,529 | 1/1/2011 | 12/31/2012 |
| Total Department of Homeland Security | | | | 129,630 | — | 966,529 | 966,529 | — | 1,096,159 | | |
| | | | | 129,630 | — | 5,916,529 | 966,529 | 4,950,000 | 1,096,159 | | |
| Total Federal Awards | | | \$ 131,345 | 4,050 | 5,919,259 | 968,479 | 4,954,830 | 1,098,259 | | | |

See accompanying notes to schedule of expenditures of awards.

TOWNSHIP OF PEQUANNOCK

Notes to Schedules of Expenditures of State Awards

December 31, 2011

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal financial assistance programs of the Township of Pequannock. The Township of Pequannock is defined in Note A to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other state agencies is included on the Schedule of Expenditures of Federal Awards, as appropriate.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the basis of accounting followed by the Township, which is described in Note A, Summary of Significant Accounting Policies, to the Township's financial statements.

(3) Relationship to Federal and State of New Jersey Financial Reports

Amounts reported in the accompanying schedules are reconcilable with the amounts reported in the related and federal financial reports, as applicable. The federal expenditures have all been made in the Current or Grant Funds.

SUPPLEMENTARY DATA

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Comparative Schedule of Tax Rate Information

| | | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|----------------------------|------|--------------|---------------|--------------|
| Tax Rate (per hundred) | \$ | <u>1.727</u> | <u>1.713</u> | <u>1.665</u> |
| Apportionment of tax rate: | | | | |
| Municipal | | 0.401 | 0.401 | 0.386 |
| County | | 0.225 | 0.225 | 0.226 |
| Local school | | 1.101 | 1.087 | 1.053 |
| Assessed valuations: | | | | |
| | 2011 | \$ | 2,887,001,250 | |
| | 2010 | | 2,893,667,291 | |
| | 2009 | | 2,890,905,498 | |

Comparison of Tax Levies and Collection Currently

| <u>Year</u> | <u>Tax levy</u> | <u>Currently</u> | |
|-------------|-----------------|-------------------------|---------------------------------|
| | | <u>Cash collections</u> | <u>Percentage of collection</u> |
| 2011 | \$ 49,922,147 | 49,064,948 | 98.28 % |
| 2010 | 49,753,279 | 49,100,525 | 98.69 |
| 2009 | 48,477,948 | 47,909,235 | 98.83 |
| 2008 | 46,908,158 | 46,442,043 | 99.01 |
| 2007 | 45,602,403 | 45,248,593 | 99.22 |

Delinquent Taxes and Tax Title Liens

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

| <u>Dec.31,</u> | <u>Amount of tax title liens</u> | <u>Amount of delinquent taxes</u> | <u>Total delinquent</u> | <u>Percentage of tax levy</u> |
|----------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2011 | \$ 12,457 | 486,720 | 499,177 | 1.00 % |
| 2010 | 3,575 | 449,658 | 453,233 | 0.91 |
| 2009 | — | 358,770 | 358,770 | 0.74 |
| 2008 | — | 418,629 | 418,629 | 0.89 |
| 2007 | — | 337,352 | 337,352 | 0.74 |

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Property Acquired by Tax Title Lien Liquidation

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2011 | \$ 884,650 |
| 2010 | 884,650 |
| 2009 | 884,650 |
| 2008 | 884,650 |
| 2007 | 676,550 |

Comparison of Water Utility Levies

| <u>Year</u> | <u>Levy</u> | <u>Collections</u> |
|-------------|--------------|--------------------|
| 2011 | \$ 2,278,698 | 2,337,980 |
| 2010 | 2,083,367 | 1,997,530 |
| 2009 | 1,662,992 | 1,665,620 |
| 2008 | 1,837,546 | 1,761,024 |
| 2007 | 1,595,317 | 1,497,156 |

Comparison of Sewer Utility Levies

| <u>Year</u> | <u>Levy</u> | <u>Collections</u> |
|-------------|--------------|--------------------|
| 2011 | \$ 2,618,488 | 2,600,688 |
| 2010 | 2,557,634 | 2,432,116 |
| 2009 | 2,624,411 | 2,604,364 |
| 2008 | 2,239,555 | 2,170,572 |
| 2007 | 1,847,420 | 1,751,616 |

Comparison of Solid Waste Utility Levies

| <u>Year</u> | <u>Levy</u> | <u>Collections</u> |
|-------------|--------------|--------------------|
| 2011 | \$ 1,383,368 | 1,411,500 |
| 2010 | 1,941,416 | 1,930,064 |
| 2009 | 2,133,247 | 2,119,149 |
| 2008 | 2,040,417 | 2,014,556 |
| 2007 | 1,954,120 | 1,926,098 |

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Comparative Schedule of Fund Balances

| | Year | Balance, Dec. 31 | Utilized in budget of succeeding year |
|---|-------------|-----------------------------|--|
| Current: | | | |
| | 2011 | \$ 1,678,121 | 1,230,000 |
| | 2010 | 1,579,765 | 1,300,000 |
| | 2009 | 1,432,684 | 1,350,000 |
| | 2008 | 1,884,230 | 1,450,000 |
| | 2007 | 2,596,327 | 1,605,000 |
| Water Utility Operating: | | | |
| | 2011 | 988,203 | 450,000 |
| | 2010 | 670,567 | 200,000 |
| | 2009 | 516,607 | 75,000 |
| | 2008 | 536,482 | 64,000 |
| | 2007 | 390,945 | 180,000 |
| Sewer Utility Operating: | | | |
| | 2011 | 278,803 | 75,000 |
| | 2010 | 123,883 | — |
| | 2009 | 189,756 | 81,000 |
| | 2008 | 189,038 | 100,000 |
| | 2007 | 173,500 | 67,167 |
| Solid Waste Utility Operating: | | | |
| | 2011 | 459,554 | 117,000 |
| | 2010 | 381,466 | 110,000 |
| | 2009 | 434,356 | 85,000 |
| | 2008 | 245,944 | 85,000 |
| | 2007 | 152,982 | 66,418 |
| Recreation Utility Operating: | | | |
| | 2011 | 62,471 | 31,000 |
| | 2010 | 102,403 | 41,000 |
| | 2009 | 72,044 | 18,000 |
| | 2008 | 2,878 | — |
| | 2007 | 2,878 | — |

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office on December 31, 2011.

| <u>Name</u> | <u>Title</u> | <u>Amount of bond</u> |
|-----------------------|-----------------------------------|---------------------------|
| Richard Phelan | Mayor | |
| Melisa Florance-Lynch | Councilwoman | |
| Catherine Winterfield | Councilwoman | |
| Edward G. Engelbart | Councilman | |
| Joel D. Vanderhoff | Councilman | |
| David Hollberg | Township Manager | \$ 35,000 |
| David Hollberg | Chief Financial Officer/Treasurer | 100,000 |
| Joseph J. Delaney Jr. | Township Clerk | 1,000 |
| Lorraine Tarnogursky | Tax Collector | 203,000 |
| Hollis J. Gilbert | QPA/ Principal Accountant | 35,000 |
| Christine Bahney | Utility Collector | 208,000 |
| Evelyn Roosma | Tax and Utility Clerk | 35,000 |
| Linda Zacharenko | Planning Board Secretary | 35,000 |
| Michael E. Hubner | Township Attorney | |
| John A. Paparazzo | Municipal Magistrate | 14,000 |
| Shelly Gallagher | Court Administrator | 14,000 |
| Brian C. Spring | Police Chief | |
| Peter Correale | Health Officer/Registrar | |

There is a Faithful Performance Blanket Position Bond with Great American Insurance Company for \$100,000.

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

Year ended December 31, 2011

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

December 31, 2011

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:-11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

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

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements that exceeded the bid threshold, that may have been negotiated and awarded without public advertising for bids and bidding per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments by 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 violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory bid limit "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those for which bids had been previously sought by public advertisement or for which a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 11, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED AS FOLLOWS: (1) the charge for nonpayment of taxes, assessments and Municipal Charges, charged after the tenth calendar day following the date upon which the same shall be payable shall be 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment; and (2) there shall also be an additional penalty of 6% to be charged to any taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. (Source N.J.S.A. 54:4-67)"

It appears from the audit that interest was collected in accordance with the foregoing resolution.

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

December 31, 2011

Delinquent Taxes and Tax Title Liens

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 tax title liens</u> |
|-------------|--------------------------------------|
| 2011 | 4 |
| 2010 | 3 |
| 2009 | 0 |

The tax sale was held on September 14, 2011.

Status of Prior Year Recommendations

Prior year recommendations not resolved are repeated this year and marked with an asterisk (*).
All others have been cleared.

Comments and Recommendation

Other Comments

- (1) Several other trust related transactions are not recorded completely in the general ledger.
- (2) Many interfunds exist at year end.*
- (3) Cash account reconciliations have reconciling items and outstanding checks in excess of one year.*
- (4) Animal Control Fund and Other Trust Fund cash accounts do not reconcile to the general ledger.
- (5) Recreation seasonal employees' salaries are not in the approved salary ordinance.
- (6) Not all payroll time sheets are manually signed by the employee and/or Department Supervisor.
- (7) The 2008 and 2010 financial statements were not filed with the Municipal Securities Rule Making Board.

Recommendations

- (1) That all other trust related transactions be completely recorded in the general ledgers.
- (2) Efforts should be made to limit the number of interfund transactions.
- (3) Cash account reconciliations should be reviewed on a monthly basis and all reconciling items and old outstanding checks cleared.
- (4) Cash accounts should be reconciled back to the corresponding general ledger account.
- (5) All employees' salaries should be included in the salary ordinance.
- (6) All payroll time sheets should be manually signed by both employee and Department Supervisor.
- (7) Continuing disclosures required by the Municipal Securities Rule Making Board should be filed annually.