

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	<u>1,719,111</u>	<u>1,579,765</u>
		<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	Ref.	2011	2010
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><u>\$ 75,594</u></u>	<u><u>70,399</u></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><u>8,064</u></u>	<u><u>8,064</u></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	—	1,556
	<u>2,803,179</u>	<u>2,739,090</u>
Total revenues and other income		
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	—	508
	<u>2,633,132</u>	<u>2,881,508</u>
Total expenditures		
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>\$ 459,554</u>	<u>381,466</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

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Cancelled
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			\$ 4,030		
			<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)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
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	<u>13,173,000</u>	<u>9,761,000</u>	<u>14,780,490</u>
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	<u>21,192,811</u>	<u>17,019,811</u>	<u>6,454,811</u>
Bonds and notes issued and authorized but not issued	<u>\$ 34,365,811</u>	<u>26,780,811</u>	<u>21,235,301</u>

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%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
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	—
	<u>\$ 48,155,811</u>	<u>37,121,300</u>	<u>11,034,511</u>

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 <u>Dec. 31, 2010</u>	Additions	Dispositions	Balance <u>Dec. 31, 2011</u>
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	15,613
	<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	20,401
	<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	
			7,550	
			<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	—	1,049	—	1,049	—
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	\$ <u>260</u>
Balance, December 31, 2011	<u>260</u>

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>
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Balance, December 31, 2011	\$ <u>700</u>
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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 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
						\$ 3,542,000	3,517,000	3,542,000	3,517,000
							Issued \$ 610,000	—	
							Paid \$ —	635,000	
							Renewed 2,907,000	2,907,000	
						\$ 3,517,000	3,542,000		

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

	Balance, Dec. 31, 2010	Encum- brances	Balance after transfers	Paid or charged	Unexpended balance lapsed
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	2,135	—	2,135	—	2,135
	<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 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	Pequanock 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> </u>	<u> </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>277,765</u>
Balance, December 31, 2011	\$ <u>277,765</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Assessments Receivable -
Assessment Fund

Sewer 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

	<u>Water Capital Fund</u>	<u>Recreation Operating</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	—	2,730	—	1/1/2011	12/31/2011
2011			—	—	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 2011 Total Department of Transportation	20.601	1160-100-057	—	1,715	—	—	—	—	—	1/1/2011	12/31/2011
				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
				129,630	—	966,529	966,529	—	1,096,159		
Total Department of Homeland Security				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

	<u>Year</u>	<u>Balance, Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
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.