TOWNSHIP OF PEQUANNOCK

Financial Statements
with Additional Financial Information

December 31, 2010

(With Independent Auditor's Report Thereon)

TOWNSHIP OF PEQUANNOCK

Table of Contents

Part I		**Page**
	Independent Auditor's Report	1
	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 Auditng Standards	3
Exhibit		
	Financial Statements	
	Current Fund	
A	Balance Sheet	5
A-1	Statements of Operations and Changes in Fund Balance	7
A-2	Statement of Revenues	8
A-3	Statement of Expenditures	10
	Trust Funds	
B	Balance Sheet	16
	General Capital Fund	
C	Balance Sheet	18
C-1	Statements of Fund Balance	19
	Water Utility Fund	
D	Balance Sheet	20
D-1	Statements of Operations and Changes in Fund Balance – Operating Fund	22
D-2	Statement of Revenues – Operating Fund	23
D-3	Statement of Expenditures – Operating Fund	24
D-4	Statement of Fund Balance – Capital Fund	25
	Sewer Utility Fund	
E	Balance Sheet	26
E-1	Statements of Operations and Changes in Fund Balance	28
E-2	Statement of Revenues	29
E-3	Statement of Expenditures	30
E-4	Statement of Fund Balance – Capital Fund	31

TOWNSHIP OF PEQUANNOCK

Table of Contents

Part I		**Page**
	Solid Waste Utility Fund	
F	Balance Sheet	32
F-1	Statements of Operations and Changes in Fund Balance	33
F-2	Statement of Revenues	34
F-3	Statement of Expenditures	35
	Recreation Utility Fund	
G	Balance Sheet	36
G-1	Statements of Operations and Changes in Fund Balance	37
G-2	Statement of Revenues	38
G-3	Statement of Expenditures	39
	General Fixed Assets Account Group	
H	Statement of General Fixed Assets	40
	Notes to Financial Statements	41
	Additional Financial Information	
Exhibit		
	Current Fund	
A-4	Schedule of Cash – Treasurer	60
A-5	Schedule of Cash – Collector	61
A-6	Schedule of Taxes Receivable and Analysis of 2008 Property Tax Levy	62
A-7	Schedule of Deferred Charges	63
A-8	Schedule of Amount Due from State of New Jersey for Veterans' and Senior Citizens' Deductions	64
A-9	Schedule of Revenue Accounts Receivable	65
A-10	Schedule of Appropriation Reserves	66
A-11	Schedule of Local District School Taxes Payable	68
A-12	Schedule of Property Acquired for Taxes (at Assessed Valuation)	69
A-13	Schedule of Due to State of New Jersey Uniform Construction Code	70
A-14	Schedule of Open Space Tax	71
A-15	Schedule of Accounts Payable	72
A-16	Schedule of Tax Overpayments	73
A-17	Schedule of Various Reserves	74
A-18	Schedule of State and Federal Grants Receivable – State and Federal Grant Fund	75

TOWNSHIP OF PEQUANNOCK

Table of Contents

Part I		**Page**
A-19	Schedule of Encumbrances – State and Federal Grant Fund	76
A-20	Schedule of Interfunds	77
A-21	Schedule of Appropriated Reserves for State and Federal Grants – State and Federal Grant Fund	79
A-22	Schedule of Unappropriated Reserves for State and Federal Grants – State and Federal Grant Fund	81
A-23	Schedule of Change Fund	82
A-24	Schedule of Special Emergency Authorizations	83
A-25	Schedule of Due from Lakeland Regional Solid Waste Authority	84
A-26	Schedule of County Taxes Payable	85
A-27	Schedule of Prepaid Taxes	86
A-28	Schedule of Due from General Capital Fund – State and Federal Grant Fund	87
A-29	Schedule of Tax Title Liens	88
	Trust Funds	
B-1	Schedule of Trust Cash – Treasurer	89
B-2	Schedule of Reserve for Expenditures – Dog License Trust Fund	90
B-3	Schedule of Due from Current Fund– Dog License Trust Fund	91
B-4	Schedule of Reserve for Donations – Dog License Trust Fund	92
B-5	Schedule of Prepaid Licenses – Dog License Trust Fund	93
B-6	Schedule of Due from State – Dog License Trust Fund	94
B-7	Schedule of Reserve for Employee Group Insurance Claims – Other Trust Fund	95
B-8	Schedule of Various Reserves – Other Trust Fund	96
B-9	Schedule of Special Deposits – Other Trust Fund	97
B-10	Schedule of Due from Sewer Operating Fund – Assessment Trust Fund	98
B-11	Schedule of Due from (to) Current Fund	99
B-12	Schedule of Benefits Payable – Payroll	100
B-13	Schedule of Assessment Trust Fund – Receivable	101
B-14	Schedule of Assessment Trust – Fund Balance – Trust	102
B-15	Schedule of Reserve for Open Space	103
B-16	Schedule of Reserve for Accumulated Leave	104
B-17	Schedule of Due From State and Federal Grant Fund – Open Space Trust Fund	105
	General Capital Fund	
C-2	Schedule of Cash – Treasurer	106
C-3	Schedule of General Capital Cash	107
C-4	Schedule of Deferred Charges to Future Taxation – Unfunded	108
C-5	Schedule of Improvement Authorizations	109
C-6	Schedule of Capital Improvement Fund	110
C-7	Schedule of Reserve for Improvements	111
C-8	Schedule of Serial Bonds Payable	112
C-9	Schedule of Due to Water Operating Fund	113

TOWNSHIP OF PEQUANNOCK

Table of Contents

Part I		**Page**
C-10	Schedule of Bonds and Notes Authorized but not Issued	114
C-11	Schedule of Due to (from) Current Fund	115
C-12	Schedule of Deferred Charges – Funded	116
C-13	Schedule of Reserve for Bond and Notes Payment	117
C-14	Schedule of Bond Anticipation Notes	118
C-15	Schedule of Due to (from) Sewer Capital Fund	119
C-16	Schedule of Due to Water Capital Fund	120
C-17	Schedule of Due to Sewer Operating Fund	121
C-18	Schedule of Due to Grant Fund	122
C-19	Schedule of Due to Recreation Fund	123
	Water Utility Fund	
D-5	Schedule of Cash – Treasurer	124
D-6	Schedule of Analysis of Cash – Capital Fund	125
D-7	Schedule of Consumer Accounts Receivable – Operating Fund	126
D-8	Schedule of Assessment Liens and Assessment Lien Interest and Costs – Assessment Fund	127
D-9	Schedule of Fixed Capital – Capital Fund	128
D-10	Schedule of Appropriation Reserves – Operating Fund	129
D-11	Schedule of Fixed Capital Authorized and Uncompleted – Capital Fund	130
D-12	Schedule of Capital Improvement Fund – Capital Fund	131
D-13	Schedule of Reserve for Amortization – Capital Fund	132
D-14	Schedule of Improvement Authorizations – Capital Fund	133
D-15	Schedule of Due from Sewer Capital Fund – Capital Fund	134
D-16	Schedule of Bonds and Notes Authorized but not Issued – Capital Fund	135
D-17	Schedule of Due from Sewer Operating Fund – Operating Fund	136
D-18	Schedule of Due to from Water Capital Fund – Operating Fund	137
D-19	Schedule of Accounts Payable – Operating Fund	138
D-20	Schedule of Deferred Reserve for Amortization – Capital Fund	139
D-21	Schedule of Due to (from) Current Fund	140
D-22	Schedule of Due from (to) General Capital Fund – Capital Fund	141
D-23	Schedule of Due from Sewer Operating Fund – Capital Fund	142
D-24	Schedule of Due to Solid Waste Fund – Operating Fund	143
D-25	Schedule of Due from General Capital Fund – Operating Fund	144
D-26	Schedule of Bond Anticipation Notes – Capital Fund	145
D-26	Schedule of Accrued Interest on Water Bonds – Operating Fund	146
	Sewer Utility Fund	
E-5	Schedule of Cash – Treasurer	147
E-6	Schedule of Analysis of Cash – Capital Fund	148
E-7	Schedule of Consumer Accounts Receivable – Operating Fund	149
E-8	Schedule of Encumbrances Payable – Operating Fund	150
E-9	Schedule of Fixed Capital – Capital Fund	151

TOWNSHIP OF PEQUANNOCK

Table of Contents

Part I		**Page**
E-10	Schedule of Due from General Capital Fund – Operating Fund	152
E-11	Schedule of Appropriation Reserves – Operating Fund	153
E-12	Schedule of Accrued Interest on Sewer Bonds – Operating Fund	154
E-13	Schedule of Accrued Interest on Sewer Notes – Operating Fund	155
E-14	Schedule of Reserve for Amortization – Capital Fund	156
E-15	Schedule of Capital Improvement Fund – Capital Fund	157
E-16	Schedule of Due to Sewer Utility Operating Fund – Capital Fund	158
E-17	Schedule of Serial Bonds Payable – Capital Fund	159
E-18	Schedule of Improvement Authorizations – Capital Fund	160
E-19	Schedule of Bond and Notes Authorized but not Issued	161
E-20	Schedule of Deferred Reserve for Amortization – Capital Fund	162
E-21	Schedule of Due to (from) Current Fund – Operating Fund	163
E-22	Schedule of Fixed Capital – Authorized and Uncompleted – Capital Fund	164
E-23	Schedule of Due to Sewer Assessment Fund – Operating Fund	165
E-24	Schedule of Accounts Payable – Operating Fund	166
E-25	Schedule of Due to (from) Solid Waste Utility Fund – Operating Fund	167
E-26	Schedule of Due to Water Utility Operating Fund – Operating Fund	168
E-27	Schedule of Assessment fund Balance - Assessment Fund	169
E-28	Schedule of Due to Assessment Trust Fund– Operating Fund	170
E-29	Schedule of Assessments Receivable – Assessment Fund	171
E-30	Schedule of Due from Current Fund – Assessment Fund	172
E-31	Schedule of Due from General Capital fund – Capital Fund	173
E-32	Schedule of Reserve for Maintenance Bond – Operating Fund	174
E-33	Schedule of Bond Anticipation Notes – Capital Fund	175
E-34	Schedule of Due to Water Capital Fund – Operating Fund	176
E-35	Schedule of Sewer Liens – Operating Fund	177
E-36	Schedule of Due to Water Utility Capital Fund – Capital Fund	178
	Solid Waste Utility Fund	
F-4	Schedule of Cash – Treasurer	179
F-5	Schedule of Consumer Accounts Receivable	180
F-6	Schedule of Due to Current Fund – Operating Fund	181
F-7	Schedule of Appropriation Reserves	182
F-8	Schedule of Solid Waste Interfunds – Operating Fund	183
F-9	Schedule of Reserve for Recycling Tonnage Grant	184
F-10	Schedule of Accounts Payable	185
	Recreation Utility Fund	
G-4	Schedule of Cash – Treasurer	186
G-5	Schedule of Analysis of Cash – Capital Fund	187
G-6	Schedule of Recreation Interfunds – Operating Fund	188
G-7	Schedule of Fixed Capital – Capital Fund	189
G-8	Schedule of Appropriation Reserves	190

TOWNSHIP OF PEQUANNOCK

Table of Contents

Part I		**Page**
G-9	Schedule of Encumbrances Payable	191
G-10	Schedule of Bonds and Notes Authorized but not Issued – Capital Fund	192
G-11	Schedule of Improvement Authorizations – Capital fund	193
G-12	Schedule of Fixed Capital Authorized and Uncompleted – Capital Fund	194
G-13	Schedule of Reserve for Amortization – Capital Fund	195
G-14	Schedule of Capital Improvement fund – Capital Fund	196
G-15	Schedule of Recreation Interfunds – Capital Fund	197
	General Fixed Asset Account Group	
H-1	Schedule of Changes in General Fixed Assets	198
	Supplementary Data:	
	Comparative Schedule of Tax Rate Information	199
	Comparison of Tax Levies and Collections Currently	199
	Delinquent Taxes and Tax Title Liens	199
	Property Acquired by Tax Title Lien Liquidation	200
	Comparison of Water Utility Levies	200
	Comparison of Sewer Utility Levies	200
	Comparison of Solid Waste Utility Levies	200
	Comparative Schedule of Fund Balances	201
	Officials in Office and Surety Bonds	202
Part II		
	General Comments and Recommendations	203
	Status of Prior Findings	204
	Comments and Recommendations	204

LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624
Pompton Plains, N.J. 07444

Phone: 973-492-2524
Fax: 973-492-9515

Independent Auditor's Report

Mayor and Council
Township of Pequannock:

We have audited the accompanying balance sheets of the various funds and account groups as of December 31, 2010 and 2009 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 statements of revenues and statements of expenditures of the various funds for the year ended December 31, 2010, 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 audits 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, 2010 and 2009 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, 2010 and 2009 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, 2010 on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2011 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 audits were conducted for the purpose of forming opinions on the financial statements referred to above taken as a whole. The additional financial information included in the accompanying table of

contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.

The information included in the supplementary data as listed in the table of contents is presented for additional analysis and is 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 express no opinion on such information.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

November 9, 2011

LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624 Phone: 973-492-2524
Pompton Plains, N.J. 07444 Fax: 973-492-9515

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

Mayor and Council
Township of Pequannock:

We have audited the financial statements of Township of Pequannock, New Jersey, as of and for the year ended December 31, 2010 and 2009, and have issued our report thereon dated November 9, 2011, 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 audits, 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 above. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the Township 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 or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we have described in the accompanying General Comments and Recommendations section of this report.

This report is intended solely for the information and use of the management, Council, others within the entity, 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

November 9, 2011 No.CR00217

FINANCIAL STATEMENTS

Exhibit A

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Current Fund

December 31, 2010 and 2009

Assets	**Ref.**	**2010**	**2009**
Regular Fund:			
Cash	A-4	$ 3,963,709	4,039,175
Change fund	A-23	260	260
Due from State of New Jersey for veterans' and senior citizens' deductions	A-8	27,561	27,560
		3,991,530	4,066,995
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-6	449,658	358,770
Tax title liens	A-29	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
Solid Waste Fund	A-20	—	49,811
Other Trust Fund	A-20	55,241	4,098
Open Space Trust Fund	A-20	30,000	97,668
General Capital Fund	A-20	428	9,710
Public Library	A-20	159,067	—
State and Federal Grant Fund	A-20	211,006	529,584
Other accounts receivable		—	421
Revenue accounts receivable	A-9	30,835	30,539
		1,836,160	1,976,951
Deferred charges:			
Overexpenditure of appropriation reserves	A-7	119	119
Overexpenditure of Appropriation	A-7	760	760
Emergency Authorizations	A-24	30,000	52,000
		5,858,569	6,096,825
State and Federal Grant Fund:			
Grants receivable	A-18	476,537	598,749
Due from General Capital Fund	A-28	289,342	289,342
Due from Builders' Escrow	A-18	8	—
		765,887	888,091
		$ 6,624,456	6,984,916

Exhibit A

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Current Fund

December 31, 2010 and 2009

Liabilities, Reserves and Fund Balance	Ref.		2010	2009
Regular Fund - liabilities:				
Appropriation reserves	A-3,A-10	$	597,695	697,448
Reserve for encumbrances	A-3, A-10		68,714	251,489
Accounts payable	A-15		104,921	114,507
Due to County for added taxes	A-26		20,713	47,932
Prepaid taxes	A-27		155,114	140,928
Due to:				
Dog License Fund	A-20		6,841	3,377
Water Operating Fund	A-20		2,185	706
Sewer Utility Operating Fund	A-20		26,821	14,818
Sewer Assessment Fund	A-20		85,203	220,752
Solid Waste Fund	A-20		3,161	—
Recreation Utility Operating Fund	A-20		—	12,782
Assessment Trust	A-20		—	182
Public Library	A-20		—	16,108
State of New Jersey Uniform Construction Code	A-13		2,542	3,702
Tax overpayments	A-16		39,380	56,720
Reserve for various purposes	A-17		1,329,353	1,105,739
			2,442,643	2,687,190
Reserve for receivables			1,836,160	1,976,951
Fund balance	A-1		1,579,765	1,432,684
			5,858,569	6,096,825
State and Federal Grant Fund:				
Due to Regular Fund	A-20		211,006	529,584
Accounts payable	A-21		2,244	2,244
Encumbrances	A-19		—	59,615
Due to Open Space Trust Fund	A-21		1,973	1,350
Appropriated reserves	A-21		428,189	250,698
Unappropriated reserves	A-22		122,475	44,600
			765,887	888,091
		$	6,624,456	6,984,916

See accompanying notes to financial statements.

Exhibit A-1

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Current Fund

Years ended December 31, 2010 and 2009

	2010	2009
Revenues and other income realized:		
Fund balance utilized	$ 1,350,000	1,450,000
Miscellaneous revenue anticipated	3,440,137	3,889,721
Receipts from delinquent taxes	358,830	425,340
Receipts from current taxes	48,575,976	47,184,529
Non-budget revenues	148,648	76,092
Other credits to income:		
Unexpended balances of appropriation reserves	531,279	363,584
Interfunds returned	415,956	53,083
Prior year receivable collected	—	46,300
Various reserves cancelled	334,209	403,084
Cancelled/ voided checks	—	37,367
Net grants cancelled	—	2,111
Unexpended budget appropriations cancelled	2,370	2
Total revenue and other income	55,157,405	53,931,213
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	6,107,990	6,000,136
Other expenses	5,533,477	5,949,106
Capital improvements	1,075,000	805,000
Debt service	1,215,720	1,347,429
Deferred charges and statutory expenditures	1,455,613	1,487,947
County taxes	6,539,369	6,556,380
Local district school taxes	31,446,143	30,425,459
Municipal open space tax	290,191	290,879
Interfund advances	26,821	8,945
Refund of prior year's revenue	—	8,825
Refund donation	—	5,000
Miscellaneous fees receivable	—	421
Sr. Citizen and Veterans' deductions disallowed for prior year	—	4,562
Tax refunds	—	42,721
Total expenditures	53,690,324	52,932,810
Excess in revenue over expenditures	1,467,081	998,403
Adjustments to income before Fund Balance-Expenditures included above which are by statute deferred charges to budget of succeeding year	30,000	51
	1,497,081	998,454
Fund balance, January 1	1,432,684	1,884,230
	2,929,765	2,882,684
Decreased by utilized as anticipated revenue	1,350,000	1,450,000
Fund balance, December 31	$ 1,579,765	1,432,684

See accompanying notes to financial statements.

Exhibit A-2

TOWNSHIP OF PEQUANNOCK
Statement of Revenues
Current Fund
Year ended December 31, 2010

	Budget	Realized	Excess (deficit)
Fund balance anticipated	$ 1,350,000	1,350,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	20,200	20,200	—
Other	25,000	32,484	7,484
Fees and permits:			
Other	79,000	87,396	8,396
Cable Television Franchise Fee	42,500	52,145	9,645
Payments in lieu of taxes - Senior Citizen House	82,000	85,668	3,668
Fines and costs - Municipal Court	319,000	268,883	(50,117)
Interest and costs on taxes	92,500	86,384	(6,116)
Interest on investments and deposits	89,000	78,503	(10,497)
Consolidated municipal property tax relief	136,376	136,376	—
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,077,997	1,077,997	—
Uniform Construction Code Fees	210,000	287,173	77,173
Contracts for Dial-A-Ride:			
Borough of Butler	62,150	62,150	—
Borough of Kinnelon	76,774	76,774	—
Borough of Lincoln Park	91,398	91,398	—
Borough of Riverdale	21,936	21,936	—
Health Services Contract:			
Borough of Bloomingdale	73,314	73,314	—
Borough of Little Falls	116,075	110,000	(6,075)
Borough of Kinnelon	97,349	97,349	—
Borough of Riverdale	29,339	29,379	40
Borough of Florham Park	126,802	123,802	(3,000)
Public Health Priority Funding	7,498	7,498	—
NJ Transportation Trust Fund Authority	160,000	160,000	—
Municipal Alliance on Alcoholism and Drug Abuse	12,182	12,182	—
Municipal Alliance on Alcoholism and Drug Abuse - supplemental	2,500	2,500	—
NJ Body Armor Replacement Fund 2009	1,257	1,257	—
NJ Body Armor Replacement Fund 2010	2,944	2,944	—
US Dept. Of Justice - Bulletproof Vest partnership	4,050	4,050	—
N.J. Senior Citizens Disabled Residents Transportation Assistance Act	108,509	108,509	—
NJ Dept. Of Health - Comprehensive Cancer Control Plan (Ch 159)	130,000	130,000	—
Uniform Fire Safety Act	15,500	18,249	2,749
Uniform Fire Code fees	16,000	19,063	3,063
Hotel Occupancy Tax	25,000	31,787	6,787

(Continued)

Exhibit A-2

TOWNSHIP OF PEQUANNOCK
Statement of Revenues
Current Fund
Year ended December 31, 2010

	Budget	Realized	Excess (deficit)
Reserve for Public Defender Fees	$ 7,550	7,550	—
Assessment Trust Fund Balance	20,000	20,000	—
Reserve for Flood Expenses	15,237	15,237	—
Total miscellaneous revenues	3,396,937	3,440,137	43,200
Receipts from delinquent taxes	$ 355,000	358,830	3,830
Amount to be raised by taxes for support of municipal budget - local tax for municipal purposes	11,339,660	11,384,070	44,410
Budget totals	$ 16,441,597	16,533,037	91,440
Non-budget revenues		148,648	
		$ 16,681,685	

Analysis of Realized Revenues

Allocation of current tax collections:	
Revenue from collections	$ 48,575,976
Allocated to school, county and open space taxes	38,275,703
Balance for support of municipal budget appropriations	10,300,273
Add reserve for uncollected taxes	1,083,797
Amount for support of municipal budget appropriations	$ 11,384,070
Receipts from delinquent taxes:	
Delinquent tax collections	$ 358,830

Analysis of Non-budget Revenue

Refunds and prior year reimbursements	$ 1,744
Township Clerk	163
Police Department	4,829
Tax Collector	5,109
Litigation insurance refund	79,060
Sale of surplus equipment	51,825
Finance	160
Miscellaneous	2,019
Tax Assessor	351
DMV inspection fees	3,388
	$ 148,648

See accompanying notes to financial statements.

Exhibit A-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriations: Budget	Appropriations: Emergency appropriations	Appropriations: Budget after modifi-cations	Expended: Paid or charged	Expended: Reserved	Canceled
Operations-within "CAPS":						
General Government:						
Township Clerk:						
Salaries and wages	$ 69,202	—	69,202	61,708	7,494	—
Other expenses	75,100	—	75,100	54,733	20,367	—
Township Council:						
Salaries and wages	25,200	—	25,200	25,200	—	—
Other expenses	8,100	—	8,100	4,714	3,386	—
Managers Office:						
Salaries and wages	150,994	—	150,994	136,837	14,157	—
Other expenses	3,000	—	3,000	2,908	92	—
Legal services and costs:						
Other expenses	134,000	—	134,000	112,082	21,918	—
Municipal Prosecutor Salaries and wages	22,520	—	22,520	22,182	338	—
Municipal Court:						
Salaries and wages	153,840	—	153,840	150,586	3,254	—
Other expenses	12,060	—	12,060	5,974	6,086	—
Public Defender (P.L. 1997, C.256):						
Salaries and wages	6,490	—	6,490	6,393	97	
Audit Services	17,250	—	24,450	7,260	17,190	—
Workmen's Compensation Insurance	150,000	—	150,000	136,444	13,556	—
Insurance - General Liability	190,500	—	183,300	162,625	20,675	—
Group Insurance for employees	1,617,100	—	1,617,100	1,616,530	570	—
Department of Finance:						
Financial Administration:						
Salaries and wages	113,766	—	113,766	113,270	496	—
Other expenses	8,400	—	8,400	5,718	2,682	—
Data Processing:						
Salaries and wages	—	—	—	—	—	—
Other expenses	98,000	—	98,000	94,673	3,327	—
Revenue Administration- salaries and wages	93,665	—	93,665	86,034	7,631	—
Revenue Administration- other expenses	7,350	—	7,350	4,954	2,396	—
Tax Assessment:						
Salaries and wages	61,015	—	61,015	57,318	3,697	—
Other expenses	10,200	—	10,200	5,396	4,804	—

(Continued)

Exhibit A-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriations: Budget	Appropriations: Emergency appropriations	Appropriations: Budget after modifi-cations	Expended: Paid or charged	Expended: Reserved	Canceled
Department of Planning and Building:						
Planning and Building Department:						
Salaries and wages	87,265	—	87,265	86,667	598	—
Other expenses	79,600	—	79,600	45,630	33,970	—
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	9,999	301	—
Department of Parks and Recreation:						
Public buildings and grounds:						
Salaries and wages	65,707	—	65,707	56,389	9,318	—
Other expenses	118,900	—	118,900	110,235	8,665	—
Parks and playgrounds:						
Salaries and wages	334,300	—	324,300	300,437	23,863	—
Other expenses	85,000	—	85,000	66,254	18,746	—
Celebration of public events, holidays or anniversary:						
Other expenses	18,350	—	18,350	15,154	3,196	—
Dial-a-ride program:						
Salaries and wages	53,128	—	53,128	53,128	—	—
Other expenses	63,462	—	63,462	48,935	14,527	—
Recreation:						
Salaries and wages	110,328	—	110,328	110,328	—	—
Other expenses	26,400	—	26,400	26,222	178	—
Department of Fire:						
Other expenses:						
Clothing allowance	50,000	—	50,000	49,935	65	—
Miscellaneous other expenses	46,500	—	46,500	38,162	8,338	—
Office of Fire Safety:						
Salaries and wages	42,000	—	42,000	29,143	12,857	—
Other expenses	6,900	—	6,900	4,097	2,803	—
Department of Police:						
Salaries and wages	3,430,295	—	3,430,295	3,418,468	11,827	—
Other expenses	190,250	—	190,250	189,241	1,009	—
First Aid Squad - other expenses	24,000	—	24,000	24,000	—	—

(Continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriations: Budget	Appropriations: Emergency appropriations	Appropriations: Budget after modifi-cations	Expended: Paid or charged	Expended: Reserved	Canceled
Emergency Management Services:						
Salaries and wages	$ 8,740	—	8,740	8,173	567	—
Other expenses	6,000	30,000	62,500	49,716	12,784	—
Flood Response and Clean Up	15,237	—	15,237	15,237	—	—
Aid to Volunteer Fire Companies	87,000	—	87,000	87,000	—	—
Department of Public Works:						
Road repairs and maintenance:						
Salaries and wages	176,640	—	176,640	124,391	52,249	—
Other expenses	110,000	—	110,000	109,942	58	—
Director of Public Works/Township Engineer:						
Salaries and wages	43,680	—	43,680	39,577	4,103	—
Other expenses	26,400	—	26,400	14,618	11,782	—
Street lighting and traffic control:						
Other expenses	172,000	—	172,000	148,014	23,986	—
Community Services Act	20,000	—	20,000	—	20,000	—
Vehicle Maintenance:						
Salaries and wages	68,040	—	68,040	67,996	44	—
Other expenses	66,000	—	66,000	61,947	4,053	—
Department of Health:						
Salaries and wages	85,410	—	76,910	48,034	28,876	—
Other expenses	44,600	—	44,600	43,473	1,127	—
Dog regulation - other expenses	32,700	—	32,700	32,700	—	—
Boards and Commissions:						
Environmental Protection Commission (N.J.S.A. 40:56A-1 et seq.)	1,000	—	1,000	911	89	—
Senior Citizens Advisory Committee:						
Other expenses	1,800	—	1,800	1,507	293	—
Historic District Commission:						
Other expenses	850	—	850	537	313	—
PV Mental Health Center Contribution	100	—	100	—	100	—
Shade Tree Commission	19,250	—	19,250	13,477	5,773	—
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):						
Uniform Construction Code Official (N.J.S.A. 52:27D-120 et seq.):						
Salaries and wages	158,999	—	158,999	158,999	—	—
Other expenses	13,000	—	13,000	7,561	5,439	—

(Continued)

Exhibit A-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriations: Budget	Appropriations: Emergency appropriations	Appropriations: Budget after modifi-cations	Expended: Paid or charged	Expended: Reserved	Canceled
Unclassified:						
Gasoline	$ 125,000	—	125,000	113,317	11,683	—
Electricity	115,000	—	115,000	114,684	316	—
Telephone	65,000	—	65,000	65,000	—	—
Water	2,000	—	2,000	1,414	586	—
Natural Gas	49,000	—	49,000	25,095	23,905	—
Accumulated Leave	75,000	—	75,000	75,000	—	—
Total Operations within "CAPS"	9,460,283	30,000	9,498,283	8,985,383	512,900	—
Detail:						
Salaries and wages	5,362,624	—	5,344,124	5,162,358	181,766	—
Other expenses	4,097,659	30,000	4,154,159	3,823,025	331,134	—
	9,460,283	30,000	9,498,283	8,985,383	512,900	—
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	325,000	—	317,000	287,368	29,632	—
Public Employees Retirement System	275,080		275,080	275,080	—	
Police and Firemen's Retirement System of NJ	636,533	—	636,533	636,533	—	—
Unemployment Insurance	15,000	—	15,000	15,000	—	—
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	1,251,613	—	1,243,613	1,213,981	29,632	—
Total General Appropriations for Municipal Purposes within "CAPS":	10,711,896	30,000	10,741,896	10,199,364	542,532	—
Operations - Excluded from "CAPS":						
Maintenance of Free Public Library	950,434	—	950,434	950,434	—	—
Fair Share Housing Act (Ch. 22 P.L. 1985):						
Fair Housing Committee:						
Salaries and wages	12,275	—	12,275	12,095	180	—
Other expenses	2,100	—	2,100	1,183	917	—
Police Dispatch/911 -salaries and wages	210,002	—	210,002	205,921	4,081	—
Total Other Operations - Excluded from "CAPS"	1,174,811	—	1,174,811	1,169,633	5,178	—

(Continued)

Exhibit A-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriations			Expended		
	Budget	Emergency appropriations	Budget after modifi-cations	Paid or charged	Reserved	Canceled
Interlocal Municipal Service Agreements:						
Data Processing (Network Administrator):						
Dial-a-ride program:						
Salaries and wages	98,710	—	98,710	93,518	5,192	—
Other expenses	153,548	—	153,548	108,755	44,793	—
Interlocal Health Services Agreement:						
Salaries and wages	442,879	—	442,879	442,879	—	—
Total Interlocal Municipal Service Agreements	695,137	—	695,137	645,152	49,985	—
Public and Private Programs Offset by Revenues:						
New Jersey Senior Citizen and Disabled						
Residents Transportation Assistance Act - Other expense	108,509	—	108,509	108,509	—	—
Public Health Priority Funding Board of Health:						
Other expenses	7,498	—	7,498	7,498	—	—
NJ Body Armor Replacement Funds	1,257	—	1,257	1,257	—	—
NJ Body Armor Replacement Funds	2,944	—	2,944	2,944		
US Dept. of Justice - Bulletproof Vest Partnership	4,050	—	4,050	4,050		
NJ Cancer Control Plan	130,000	—	130,000	130,000	—	—
Municipal Alliance Grant - other expenses	15,228	—	15,228	15,228	—	—
Municipal Alliance Supplement	3,750	—	3,750	3,750	—	—
Total Public and Private Programs Offset by Revenues	273,236	—	273,236	273,236	—	—
Total Operations-Excluded from "CAPS"	2,143,184	—	2,143,184	2,088,021	55,163	—
Detail:						
Salaries and wages	763,866	—	763,866	754,413	9,453	—
Other expenses	1,379,318	—	1,379,318	1,333,608	45,710	—
	2,143,184	—	2,143,184	2,088,021	55,163	—

(Continued)

Exhibit A-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Current Fund

Year ended December 31, 2010

General Appropriations	Appropriations: Budget	Appropriations: Emergency appropriations	Appropriations: Budget after modifi-cations	Expended: Paid or charged	Expended: Reserved	Canceled
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund	$ 656,000	—	656,000	656,000	—	—
Reserve for Purchase of Fire Apparatus	14,000	—	14,000	14,000	—	—
Reserve for Purchase of Vehicles	115,000	—	115,000	115,000	—	—
Reserve for Purchase of Public Works Equipment	80,000	—	80,000	80,000	—	—
Reserve for Data Processing and Office Equipment	50,000	—	50,000	50,000	—	—
New Jersey Transportation Trust Fund Authority Act:						
Sunset Road	160,000	—	160,000	160,000	—	—
Total Capital Improvements Excluded from "CAPS"	1,075,000	—	1,075,000	1,075,000	—	—
Municipal Debt Service-Excluded from "CAPS":						
Payment of bond principal	385,000	—	385,000	385,000	—	—
Payment of bond anticipation notes and capital notes	740,000	—	740,000	740,000	—	—
Interest on bonds	13,770	—	13,770	13,770	—	—
Interest on notes	76,950	—	76,950	74,580	—	2,370
Total Municipal Debt Service-Excluded from "CAPS"	1,215,720	—	1,215,720	1,213,350	—	2,370
Deferred Charges - Municipal - Excluded from "CAPS":						
Special Emergency Authorizations - 5 years	52,000	—	52,000	52,000	—	—
Deferred Charges to Future Taxes:						
Ord # 2002-06	160,000	—	160,000	160,000	—	—
Total Deferred Charges - Municipal - Excluded from "CAPS"	212,000	—	212,000	212,000	—	—
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,645,904	—	4,645,904	4,588,371	55,163	2,370
Total General Appropriations-Excluded from "CAPS"	4,645,904	—	4,645,904	4,588,371	55,163	2,370
Subtotal General Appropriations	15,357,800	30,000	15,387,800	14,787,735	597,695	2,370
Reserve for Uncollected Taxes	1,083,797	—	1,083,797	1,083,797	—	—
Total General Appropriations	$ 16,441,597	30,000	16,471,597	15,871,532	597,695	2,370

Reserve for encumbrances	$ 68,714
Reserve for uncollected taxes	1,083,797
Deferred Charges	52,000
Due to State and Federal Grant Fund	424,739
Cash	14,242,282
	$ 15,871,532

See accompanying notes to financial statements.

Exhibit B

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2010 and 2009

	Ref.	2010	2009
Assets			
Dog License Trust Fund:			
Cash	B-1	$ 42,188	31,097
Due from Current Fund	B-3	6,841	3,378
		49,029	34,475
Assessment Trust Fund:			
Assessments Receivable	B-13	—	9,000
Due from Sewer Operating Fund	B-10	—	20,342
		—	29,342
Open Space Trust Fund:			
Cash	B-1	92,929	418,667
Due from State and Federal Grant Fund	B-18	1,973	1,350
		94,902	420,017
Other Trust Fund:			
Cash	B-1	2,429,554	2,194,239
		2,429,554	2,194,239
		$ 2,573,485	2,678,073

Exhibit B

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2010 and 2009

Liabilities and Reserves	**Ref.**		**2010**	**2009**
Dog License Trust Fund:				
Reserve for expenditures	B-2	$	42,217	31,032
Reserve for Dodge Grant	B		10	10
Reserve for donations	B-4		700	450
Due to State of New Jersey	B-6		1	7
Prepaid licenses	B-5		6,101	2,976
			49,029	34,475
Assessment Trust Funds:				
Reserve for assessments	B-13		—	9,000
Fund Balance	B-14		—	20,342
			—	29,342
Open Space Trust Fund:				
Due to Current Fund	B-11		30,000	97,668
Encumbrances	B-15		3,533	27,455
Reserve for Expenditures	B-15		61,369	294,894
			94,902	420,017
Other Trust Fund:				
Benefits payable - payroll	B-12		508	5,448
Reserve for:				
Special deposits	B-9		415,093	442,263
Group insurance claims	B-7		1,200,767	817,225
Due to Current Fund	B-11		55,241	4,098
Accumulated leave	B-16		302,950	308,039
Various reserves	B-8		454,995	617,166
			2,429,554	2,194,239
		$	2,573,485	2,678,073

See accompanying notes to financial statements.

Exhibit C

TOWNSHIP OF PEQUANNOCK

Balance Sheet

General Capital Fund

December 31, 2010 and 2009

	Ref.		2010	2009
Assets				
Cash	C-2,C-3	$	704,020	133,924
Due from Sewer Operating Fund	C-17		12,859	—
Deferred charges to future taxation:				
Funded	C-12		200,000	585,000
Unfunded	C-4		6,229,500	6,521,990
		$	7,146,379	7,240,914
Liabilities, Reserves and Fund Balance				
Serial bonds	C-8	$	200,000	585,000
Bond anticipation notes	C-14		3,542,000	4,284,490
Due to Water Utility Operating Fund	C-9		6,185	6,185
Due to Current Fund	C-11		428	9,710
Due to Water Capital Fund	C-16		156,779	156,779
Due to Recreation Utility Operating Fund	C-19		6,000	6,000
Due to Sewer Capital Fund	C-15		2,362	—
Due to Grant Fund	C-18		289,342	289,342
Reserve for encumbrances	C-5		112,220	119,360
Improvement authorizations:				
Funded	C-5		939,555	506,549
Unfunded	C-5		1,581,409	1,090,379
Reserve for improvements	C-7		211,400	126,400
Reserve for Bond and Note Payment	C-13		—	2,926
Capital Improvement Fund	C-6		28,300	9,300
Fund balance	C-1		70,399	48,494
		$	7,146,379	7,240,914

There were bonds and notes authorized but not issued at December 31, 2010 and 2009 of $2,687,500 and $2,237,500 respectively. (Exhibit C-10).

See accompanying notes to financial statements.

Exhibit C-1

TOWNSHIP OF PEQUANNOCK

Statement of Fund Balance

General Capital Fund

Years ended December 31, 2010 and 2009

		2010	2009
Balance, January 1	$	48,494	30,159
Increased by:			
Funded improvement authorizations canceled		33,581	42,835
Premium on sale of notes		11,324	—
		44,905	42,835
		93,399	72,994
Decreased by appropriated to finance improvement authorizations -		23,000	24,500
Balance, December 31	$	70,399	48,494

See accompanying notes to financial statements.

Exhibit D

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Water Utility Fund

December 31, 2010 and 2009

	Ref.	2010	2009
Assets			
Operating Fund:			
Cash	D-5	$ 812,865	653,074
Change Fund - Water Utility Collector		60	60
		812,925	653,134
Receivables with full reserves:			
Consumers' accounts receivable	D-7	486,596	335,831
		486,596	335,831
Due from Current Fund	D-21	2,185	706
Due from General Capital Fund	D-25	6,185	6,185
Due from Water Capital Fund	D-18	1,167	34,454
Due from Sewer Utility Operating Fund	D-17	67,438	107,012
		76,975	148,357
Total Operating Fund		1,376,496	1,137,322
Assessment Fund:			
Water assessment liens	D-8	1,266	1,266
Water assessment lien interest and costs	D-8	159	159
Total Assessment Fund		1,425	1,425
Capital Fund:			
Cash	D-5	361,664	621,142
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	156,779
Due from Sewer Capital	D-15	277,765	409,306
Fixed capital	D-9	6,337,700	6,302,700
Fixed capital authorized and uncompleted	D-11	5,451,371	5,451,371
Total Capital Fund		12,995,279	13,351,298
		$ 14,373,200	14,490,045

Exhibit D

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Water Utility Fund

December 31, 2010 and 2009

Liabilities, Reserves and Fund Balances	**Ref.**		**2010**	**2009**
Operating Fund:				
Liabilities:				
Appropriation reserves	D-3,D-10	$	103,796	126,214
Reserve for accrued interest on notes	D-27		8,179	—
Due to Solid Waste Fund	D-24		—	1,649
Reserve for encumbrances	D-3,D-10		42,098	74,782
Accounts payable	D-19		65,260	82,239
			219,333	284,884
Reserve for receivables			486,596	335,831
Fund balance	D-1		670,567	516,607
Total Operating Fund			1,376,496	1,137,322
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			1,425	1,425
Capital Fund:				
Reserve for amortization	D-13		6,118,663	6,083,663
Bond anticipation notes	D-26		1,300,000	—
Due to Water Operating Fund	D-18		1,167	34,454
Due to General Capital Fund				
Improvement authorizations:				
Funded	D-14		1,447,468	1,685,042
Unfunded	D-14		1,577,596	2,779,330
Deferred reserve for amortization	D-20		2,523,097	2,523,097
Reserve for encumbrances			19,175	16,621
Capital Improvement Fund	D-12		49	225,049
Fund balance	D-4		8,064	4,042
Total Capital Fund			12,995,279	13,351,298
		$	14,373,200	14,490,045

There were bonds and notes authorized but not issued at December 31, 2010 and 2009 of $1,847,311 and $3,147,311, respectively. (Exhibit D-16)

See accompanying notes to financial statements.

Exhibit D-1

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes
in Fund Balance - Operating Fund

Water Utility Fund

Years ended December 31, 2010 and 2009

	2010	2009
Revenues and other income realized:		
Fund balance utilized	$ 212,000	64,000
Rents	1,996,530	1,663,250
Miscellaneous	46,556	29,049
Other credits to income:		
Unexpended balance of appropriation reserves	97,053	30,097
Total revenues and other income	2,352,139	1,786,396
Expenditures:		
Operating:		
Salaries and wages	557,935	603,471
Other expenses	966,400	885,500
Capital improvements	356,000	100,000
Deferred charges and statutory expenditures	97,665	150,029
Additional accrued interest	8,179	—
Refund of account overpayments	—	3,271
Total expenditures	1,986,179	1,742,271
Excess in revenue	365,960	44,125
Fund balance, January 1	516,607	536,482
	882,567	580,607
Decreased by utilized as Water Utility Operating Fund budget revenue	212,000	64,000
Fund balance, December 31	$ 670,567	516,607

See accompanying notes to financial statements.

Exhibit D-2

TOWNSHIP OF PEQUANNOCK

Statement of Revenues - Operating Fund

Water Utility Fund

Year ended December 31, 2010

	Budget	Realized	Excess
Fund balance anticipated	$ 212,000	212,000	—
Rents	1,741,000	1,996,530	255,530
Miscellaneous	25,000	46,556	21,556
	$ 1,978,000	2,255,086	277,086

Miscellaneous:	
Interest on investments	$ 11,475
Customer Account Interest	5,916
Connection fees	11,289
Miscellaneous	17,876
Cash collected	46,556
Less Due from Water Capital Fund	125
	$ 46,431

See accompanying notes to financial statements.

Exhibit D-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures - Operating Fund

Water Utility Fund

Year ended December 31, 2010

			Expended		
	Budget	**Budget after modifications**	**Paid or charged**	**Reserved**	**Cancelled**
Operating:					
Salaries and wages	$ 557,935	557,935	536,175	21,760	—
Other expenses	966,400	966,400	899,521	66,879	—
Capital improvements:					
Capital improvement	280,000	280,000	280,000	—	—
Capital outlay	76,000	76,000	62,978	13,022	—
Deferred charges and statutory expenditures:					
Statutory expenditures:					
Public Employees Retirement System	52,639	52,639	52,639	—	—
Social Security System (O.A.S.I.)	42,700	42,700	40,565	2,135	—
Unemployment Compensation Insurance	2,326	2,326	2,326	—	—
	$ 1,978,000	1,978,000	1,874,204	103,796	—

Cash disbursed	$ 1,832,106
Encumbrances payable	42,098
	$ 1,874,204

See accompanying notes to financial statements.

Exhibit D-4

TOWNSHIP OF PEQUANNOCK

Statement of Fund Balance - Capital Fund

Water Utility Fund

Years ended December 31, 2010 and 2009

		2010	2009
Balance, January 1,	$	4,042	4,042
Premium on BAN Sale		4,022	—
Balance, December 31,	$	8,064	4,042

See accompanying notes to financial statements.

Exhibit E

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Sewer Utility Fund

December 31, 2010 and 2009

	Ref.		2010	2009
Assets				
Operating Fund:				
Cash	E-5	$	810,093	1,033,976
Due from Sewer Assessment Fund	E-23		—	86,273
Due from Sewer Utility Capital Fund	E-16		19,837	19,802
Due from Current fund	E-21		26,821	14,818
Deficit in Operations			142,419	—
			999,170	1,154,869
Receivables with full reserves:				
Sewer rents receivable	E-7		559,035	448,247
Sewer Liens	E-35		1,047	—
			560,082	448,247
Total Operating Fund			1,559,252	1,603,116
Assessment Fund:				
Due from Sewer Utility Operating Fund	E-23		38,517	—
Due from Current Fund	E-30		85,203	220,752
Assessments receivable	E-29		424,936	553,458
Prospective assessments funded			10,530,000	4,130,000
Total Assessment Fund			11,078,656	4,904,210
Capital Fund:				
Cash	E-5		467,932	296,779
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		22,862,694	10,862,694
Total Capital Fund			27,143,625	14,970,110
		$	39,781,533	21,477,436

Exhibit E

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Sewer Utility Fund

December 31, 2010 and 2009

Liabilities, Reserves and Fund Balances	**Ref.**	**2010**	**2009**
Operating Fund:			
Liabilities:			
Accounts payable	E-24	$ —	8,470
Encumbrances payable	E-8	24,925	38,206
Appropriation reserves	E-3,E-11	66,814	35,332
Accrued interest on sewer bonds	E-12	63,286	70,842
Accrued interest on notes	E-13	4,254	—
Due to Sewer Utility Assessment Fund	E-23	38,517	—
Due to Solid Waste Utility Fund	E-25	307,320	378,260
Due to Water Utility Operating Fund	E-26	67,438	107,012
Due to Water Utility Capital Fund	E-34	300,000	300,000
Due to Assessment Fund	E-28	—	21,991
Due to General Capital Fund	E-31	12,860	—
Reserve for maintenance bond	E-32	5,000	5,000
		890,414	965,113
Reserve for receivables		560,082	448,247
Fund balance	E-1	108,756	189,756
		668,838	638,003
Total Operating Fund		1,559,252	1,603,116
Assessment Fund:			
Reserve for assessment	-	424,936	553,458
Due to Sewer Operating Fund	E-23	—	86,273
Fund balance	E-27	123,720	134,479
Reserve for prospective assessments funded	-	10,530,000	4,130,000
Total Assessment Fund		11,078,656	4,904,210
Capital Fund:			
Bonds payable	E-17	7,708,000	8,158,000
Bond anticipation notes payable	E-33	753,000	753,000
Reserve for amortization	E-14	3,061,137	2,611,137
Encumbrances payable	E-18	5,769	33,178
Due to Sewer Utility Operating Fund	E-16	19,837	19,802
Due to Water Utility Capital Fund	E-32	277,765	409,306
Improvement authorizations:			
Funded	E-18	687,982	317,990
Unfunded	E-18	11,726,373	302,297
Deferred reserve for amortization	E-20	2,776,194	2,191,194
Capital Improvement Fund	E-15	3,685	52,685
Fund balance	E-4	123,883	121,521
Total Capital Fund		27,143,625	14,970,110
		$ 39,781,533	21,477,436

There were bonds and notes authorized but not issued of $12,375,000 and $960,000 at December 31, 2010 and 2009 respectively (Exhibit E-19).

See accompanying notes to financial statements.

Exhibit E-1

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Sewer Utility Fund

Years ended December 31, 2010 and 2009

		2010	2009
Revenue and other income realized:			
Fund balance utilized	$	81,000	100,000
Rents		2,432,116	2,351,245
Miscellaneous		47,353	275,374
Assessment Trust Fund surplus		140,000	151,000
Other credits to income:			
Appropriation cancelled		524	—
Unexpended balance of appropriation reserves		36,541	48,099
Unexpended balance of accrued interest		1,556	—
Total revenues and other income		2,739,090	2,925,718
Expenditures:			
Operations:			
Salaries and wages		262,765	242,510
Other expenses		221,050	215,075
Two Bridges Sewer Authority		1,559,608	1,537,870
Capital improvement fund		21,000	30,000
Debt service		783,408	763,770
Deferred charges and statutory expenditures		33,169	35,775
Other debits		508	—
Total expenditures		2,881,508	2,825,000
Excess in revenue		(142,419)	100,718
Adjustments to income before Fund Balance-Expenditures included above which are by statute deferred charges to budget of succeeding year-Deficit		142,419	—
Fund balance, January 1		189,756	189,038
		189,756	289,756
Decreased by utilized as anticipated revenue		81,000	100,000
Fund balance, December 31	$	108,756	189,756

See accompanying notes to financial statements.

Exhibit E-2

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Sewer Utility Fund

Year ended December 31, 2010

	Budget	Realized	Excess (deficit)
Fund balance	$ 81,000	81,000	—
Sewer rents	2,420,000	2,432,116	12,116
Miscellaneous	240,000	47,353	(192,647)
Assessment Fund Surplus	140,000	140,000	—
	$ 2,881,000	2,700,469	(180,531)

Miscellaneous:	
Interest on investments	$ 15,195
Application fees	315
Connections fees	13,146
Customer interest	6,929
Interest on Assessments	11,503
Other	265
	$ 47,353

Interest deposited in Current Fund	$ 11,503
Interest in Sewer Capital Fund	35
Cash	35,815
	$ 47,353

See accompanying notes to financial statements.

Exhibit E-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Sewer Utility Fund

Year ended December 31, 2010

	Appropriations		Expended		
	Budget	**Budget after modifications**	**Paid or charged**	**Reserved**	**Cancelled**
Operating:					
Salaries and wages	$ 262,765	262,765	246,163	16,602	—
Other expenses	221,050	221,050	172,204	48,846	—
Payment to Two Bridges Sewer Authority	1,559,608	1,559,608	1,559,207	401	—
Capital Improvements:					
Capital Improvement Fund	21,000	21,000	21,000	—	—
Debt service:					
Payment of bond principal	450,000	450,000	450,000	—	—
Interest on bonds	315,770	315,770	315,770	—	—
Interest on notes	17,638	17,638	17,114	—	524
Deferred Charges:					
Ordinance 95-08	10,000	10,000	10,000	—	—
Statutory expenditures - contribution to:					
Public Employees' Retirement System	2,100	2,100	2,100	—	—
Social Security System (O.A.S.I.)	19,300	19,300	18,335	965	—
Unemployment Compensation Insurance	1,769	1,769	1,769	—	—
	$ 2,881,000	2,881,000	2,813,662	66,814	524

Cash	$ 2,455,853
Accrued interest on bonds	315,770
Accrued interest on notes	17,114
Encumbrances payable	24,925
	$ 2,813,662

See accompanying notes to financial statements.

Exhibit E-4

TOWNSHIP OF PEQUANNOCK

Statement of Fund Balance - Capital Fund

Sewer Utility Fund

Years ended December 31, 2010 and 2009

		2010	2009
Balance, January 1,	$	121,521	107,903
Increased by:			
Improvement authorizations cancelled		—	13,618
Increased by premium on sale of notes		2,362	—
Balance, December 31,		123,883	121,521

See accompanying notes to financial statements.

Exhibit F

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Solid Waste Utility Fund

December 31, 2010 and 2009

	Ref.		2010	2009
Assets				
Cash	F-4	$	370,625	383,104
Receivables with full reserves:				
Consumers' accounts receivable	F-5		173,514	181,682
			173,514	181,682
			544,139	564,786
Due from Current Fund	F-6		3,161	—
Due from Water Operating Fund	F-8		—	1,649
Due from Sewer Utility Operating Fund	F-8		307,320	378,260
			310,481	379,909
		$	854,620	944,695
Liabilities, Reserves and Fund Balance				
Appropriation reserves	F-3, F-7	$	228,759	65,723
Reserve for encumbrances	F-3, F-7		28,827	171,504
Accounts Payable	F-10		13,442	13,442
Reserve for recyclying tonage grant	F-9		28,612	28,177
Due to Current Fund	F-6		—	49,811
			299,640	328,657
Reserve for receivables			173,514	181,682
Fund balance	F-1		381,466	434,356
			554,980	616,038
		$	854,620	944,695

See accompanying notes to financial statements.

Exhibit F-1

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Solid Waste Utility Fund

Years ended December 31, 2010 and 2009

		2010	2009
Revenue and other income realized:			
Fund balance utilized	$	85,000	85,000
Utility billings		1,930,064	2,119,149
Miscellaneous		14,274	12,023
Other credits to income:			
Unexpended balance of appropriation reserves		80,772	120,240
Total income		2,110,110	2,336,412
Expenditures:			
Operations:			
Salaries and wages		165,725	167,200
Other expenses		1,850,590	1,789,248
Capital improvements		31,500	35,000
Statutory expenditures		30,185	26,552
Judgements		—	45,000
Total expenditures		2,078,000	2,063,000
Excess in revenue		32,110	273,412
Fund balance, January 1		434,356	245,944
		466,466	519,356
Decreased by utilized as anticipated revenue		85,000	85,000
Fund balance, December 31	$	381,466	434,356

See accompanying notes to financial statements.

Exhibit F-2

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Solid Waste Utility Fund

Year ended December 31, 2010

	Budget	Realized	Excess (Deficit)
Fund balance	$ 85,000	85,000	—
User fees	1,985,000	1,930,064	(54,936)
Miscellaneous	8,000	14,274	6,274
	$ 2,078,000	2,029,338	(48,662)

Cash	$ 1,944,338
Fund balance anticipated	85,000
	$ 2,029,338

See accompanying notes to financial statements.

Exhibit F-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Solid Waste Utility Fund

Year ended December 31, 2010

	Appropriations		Expended	
	Budget	**Modified Budget**	**Paid or charged**	**Reserved**
Operating:				
Salaries and wages	$ 165,725	165,725	153,710	12,015
Other expenses	1,850,590	1,850,590	1,665,983	184,607
Capital Improvements:				
Capital Outlay	31,500	31,500	25	31,475
Statutory expenditures - contribution to:				
Public Employees' Retirement System	14,584	14,584	14,584	—
Social Security System (O.A.S.I.)	13,250	13,250	12,588	662
Unemployment Compensation Insurance	2,351	2,351	2,351	—
	$ 2,078,000	2,078,000	1,849,241	228,759

Cash	$ 1,820,414
Encumbrances payable	28,827
	$ 1,849,241

See accompanying notes to financial statements.

Exhibit G

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Recreation Utility Fund

December 31, 2010 and 2009

	Ref.		2010	2009
Assets				
Operating Fund:				
Cash	G-4	$	112,776	118,281
Due from General Capital	G-6		6,000	6,000
Due from Current Fund	G-6		—	12,782
			118,776	137,063
Capital Fund:				
Cash	G-4		5,315	5,311
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		3	7
			142,318	142,318
		$	261,094	279,381
Liabilities, Reserves and Fund Balance				
Operating Fund:				
Appropriation reserves	G-3. G-8	$	8,446	48,622
Encumbrances payable	G-9		7,924	14,630
Due to payroll	G-6		—	1,760
Due to Recreation Capital Fund	G-6		3	7
			16,373	65,019
Fund balance	G-1		102,403	72,044
			118,776	137,063
Capital Fund:				
Reserve for amortization	G-13		27,000	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
			142,318	142,318
		$	261,094	279,381

There were bonds and notes authorized but not issued at December 31, 2010 and 2009 of $110,000 and $110,000. (Exhibit G-10)

See accompanying notes to financial statements.

Exhibit G-1

TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance

Recreation Utility Fund

Years ended December 31, 2010 and 2009

	2010	2009
Revenue and other income realized:		
Fund balance utilized	$ 18,000	—
Program fees	430,257	430,394
Miscellaneous	7,204	6,198
Other credits to income		
Unexpended budget appropriations cancelled	—	19
Clearing	1,915	—
Void check	—	13,310
Unexpended balance of appropriation reserve	43,983	60,245
Total revenues and other income	501,359	510,166
Expenditures:		
Operations		
Salaries and wages	225,385	176,000
Other expenses	224,550	233,550
Deferred charges and statutory expenditures:		
Deferred charges:		
Emergency appropriation	—	30,107
Statutory expenditures - contributions to:		
Public Employee's Retirement System	1,535	—
Social Security System (O.A.S.I.)	1,400	916
Unemployment Compensation Insurance	130	427
Total expenditures	453,000	441,000
Excess (deficit) revenue over expenditires	48,359	69,166
Fund balance, January 1	72,044	2,878
Fund balance, December 31	$ 102,403	72,044

See accompanying notes to financial statements.

Exhibit G-2

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Recreation Utility Fund

Year ended December 31, 2010

		Budget	Realized	(Deficit)
Operating surplus anticipated	$	18,000	18,000	—
Facilities/membership fees		168,000	123,826	(44,174)
Activity fees		261,000	306,431	45,431
Miscellaneous		6,000	7,204	1,204
	$	453,000	455,461	2,461

Cash	$	437,461
Fund balance anticipated		18,000
	$	455,461

See accompanying notes to financial statements.

Exhibit G-3

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures

Recreation Utility Fund

Year ended December 31, 2010

	Appropriations		Expended		
	Budget	**Budget after modification**	**Paid or charged**	**Reserved**	**Cancelled**
Operating:					
Salaries and wages	$ 235,385	225,385	225,158	227	—
Other expenses	214,550	224,550	216,401	8,149	—
Statutory expenditures:					
Public Employee's Retirement System	1,535	1,535	1,535	—	—
Social Security System (O.A.S.I.)	1,400	1,400	1,330	70	—
Unemployment Compensation Insurance	130	130	130	—	—
	$ 453,000	453,000	444,554	8,446	—

Cash disbursed	$ 439,530
Encumbrances payable	$ 5,024
	$ 444,554

See accompanying notes to financial statements.

Exhibit H

TOWNSHIP OF PEQUANNOCK

Statement of General Fixed Assets

General Fixed Assets Account Group

December 31, 2010 and 2009

		2010	2009
Land and buildings	$	19,144,682	17,983,182
Machinery and equipment		1,750,806	1,688,118
Furniture and fixtures		1,817,893	1,771,182
Vehicles		4,830,929	4,735,371
	$	27,544,310	26,177,853
Investment in General Fixed Assets	$	27,544,310	26,177,853

See accompanying notes to financial statements.

(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)

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 2009 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)

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)

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)

(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)

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 108. P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows for payments due in SFY ending June 30, 2005, 20 percent; for payments due in SFY year ending June 30, 2006, not more than 40 percent; for payments due in SFY June 30, 2007, not more than 60%; and for payments due in SFY June 30, 2008, not more than 80%.

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.

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

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

Chapter 1, P.L. 2010, effective May 21, 2010, 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.

This new legislation 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

(Continued)

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.

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.

During the year ended December 31, 2009, for PFRS and PERS, which are multi-employer pension plans, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 108, P.L. 2003.

Township Contributions

The Township's year ended December 31, 2010, 2009, 2008, and 2007 contribution to PERS was $339,403, $328,524, $247,315, and $128,436 and PFRS was $636,533, $595,787, $516,298, and $328,143 respectively.

(Continued)

(3) Long-term Debt

Summary of Municipal Debt
(Excluding Type II School Debt)

		2010	2009	2008
Issued:				
General bonds, notes and loans	**$**	3,742,000	4,869,490	4,725,000
Water Utility bonds and notes		1,300,000	—	—
Sewer Utility bonds and notes		8,461,000	9,911,000	8,983,000
Total Issued		9,761,000	14,780,490	13,308,000
Authorized but not issued:				
General bonds and notes		2,687,500	2,237,500	3,439,500
Water Utility bonds and notes		1,847,311	3,147,311	1,847,311
Recreation Utility bonds and notes		110,000	110,000	110,000
Sewer Utility bonds and notes		12,375,000	960,000	2,014,500
Total authorized but not issued		17,019,811	6,454,811	7,411,311
Bonds and notes issued and authorized but not issued	**$**	26,780,811	21,235,301	20,719,311

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition at December 31, 2010 which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.34%

		Gross Debt	**Deductions**	**Net Debt**
School district debt	$	14,530,000	14,530,000	—
Sewer Utility debt		20,836,000	17,642,115	3,193,885
Recreation Utility debt		110,000	110,000	—
General debt		6,429,500	—	6,429,500
Water Utility debt		3,147,311	3,147,311	—
	$	45,052,811	35,429,426	9,623,385

Net debt of $9,623,385 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of $2,814,867,551 equals 0.34%

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

3-1/2% of equalized valuation basis (municipal)	$	98,520,364
Net debt		9,623,385
Remaining borrowing power	$	88,896,979

(Continued)

The Township's long-term debt consisted of the following at December 31, 2009:

General serial bonds—		
Refunding bonds issued June 26, 2003, due through September 1, 2010	$	225,000
General improvement bonds issued June 1, 2003; due June 1, 2011		360,000
	$	585,000
Sewer Utility Serial Bonds—		
Sewer utility bond issued Oct. 15, 2007; through Oct 15, 2023	$	8,158,000

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, 2010 were as follows:

	General Capital Fund			Sewer Utility Capital Fund		
Year	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**
2011	203,000	200,000	3,000	774,812	475,000	299,812
2012				780,603	500,000	280,603
2013				785,395	525,000	260,395
2014				739,187	550,000	239,187
2015				791,978	575,000	216,978
2016-2020				3,898,754	3,175,000	723,754
2021-2023				2,042,545	1,908,000	134,545
	$ 203,000	200,000	3,000	9,863,274	7,708,000	2,155,274

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 2009, the Township had authorized but not issued General Capital Fund debt of $2,687,500 and $2,273,500, Sewer Capital Fund debt of $12,375,000 and $960,000, Water Capital Fund debt of $1,847,311 and $3,147,311 and Recreation Capital Fund debt of $110,000 and $110,000.

(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)

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 2009, the Township had $3,542,000 and $4,284,490 outstanding bond anticipation notes in the General Capital 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 sheet of the Current Fund:

	Balance, December 31, 2010	2011 Budget Appropriation
Current Fund:		
Special emergencies	$ 30,000	30,000
Over expenditure of appropriation	760	—
Over expenditure of appropriation reserve	119	—

(6) Fund Balance Appropriated

Fund balance appropriated and included as anticipated revenue in the 2011 budgets are:

Current Fund	$ 1,300,000
Water Utility Fund	200,000
Sewer Utility Fund	—
Recreation Utility Fund	41,000
Solid Waste Utility Fund	110,000

(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 2009 is approximately $1,709,382 and $1,700,325, respectively. Such amounts are not reflected in the financial statements.

As of December 31, 2010 and 2009, the Township has a reserve of $298,304 and $289,078 for future accumulated absence claims.

(Continued)

(8) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2009. 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 be 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 $823,708 at December 31, 2010 and 2009 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, 2010 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. Since 1990, the Township self insures medical claims to a maximum of $35,000 per individual with an aggregate annual maximum of $2,131,046.

Annual contribution by white and blue collar employees was $390; and the police employees contributed $520.

(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

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

(Continued)

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 2009 the Township's bank deposits, of $10,173,670 and $9,517,161, 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, 2010

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
	$	26,177,853	1,566,644	200,187	27,544,310
Water Utility:					
Res for amortization	$	57,442	—	—	57,442
Dist 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
	$	6,302,700	35,000	—	6,302,700
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
	$	3,810,637	—	—	3,810,637
Recreation Utility:					
Building improvements	$	134,682	—	—	134,682

(Continued)

(11) Fixed Assets (continued)

		Balance Dec. 31, 2008	Additions	Dispositions	Balance Dec. 31, 2009
General Fixed Assets					
Land and buildings	$	17,305,364	677,818	—	17,983,182
Machinery and equipment		1,423,499	318,369	53,750	1,688,118
Furniture and fixtures		1,643,242	142,740	14,800	1,771,182
Vehicles		4,309,259	647,579	221,467	4,735,371
	$	24,681,364	1,786,506	290,017	26,177,853
Water Utility:					
Res for amortization	$	57,442	—	—	57,442
Dist Mains and accessories		767,842	—	—	767,842
House services		280,116	—	—	280,116
Meters		794,057	—	—	794,057
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	—	—	3,358,670
Well #2 chlorinator		9,936	—	—	9,936
New water tank construction		1,500	—	—	1,500
	$	6,302,700	—	—	6,302,700
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
	$	3,810,637	—	—	3,810,637
Recreation Utility:					
Building improvements	$	134,682	—	—	134,682

(Continued)

(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

(Continued)

(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	
Solid Waste Fund		0
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
Assessment Fund		0
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		
Water Operating Fund	0	
Sewer Utility Operating Fund	307,320	
Current Fund	3,161	
Recreation Operating Fund		
General Capital Fund	6,000	
Current Fund	0	
Recreation Capital Fund		3
Recreation Capital Fund		
Recreation Operating Fund	3	
Water Capital Fund		110,000

(Continued)

(12) Interfunds (continued)

The following is a schedule of interfunds at December 31, 2009:

	From	To
Current Fund		
State and Federal Grant Fund	$ 523,888	
Dog License Trust Fund		
Other Trust Fund	4,098	
Animal Control		3.377
Open Space	97,668	
Assessment Trust		182
Sewer Utility Fund		
Operating Fund		14,818
Assessment Fund		220,752
Water Operating Fund		706
Water Capital Fund		
Solid Waste Operating Fund	49,811	
Recreation Utility		
Operating Fund		12,782
General Capital Fund	9,710	
State and Federal Grant Fund		
Open Space		1,350
Current		523,888
General Capital	289,342	
Trust Fund:		
Open Space Trust Fund:		
Current Fund		97,668
State and Federal Grant Fund	1,350	
Animal Control Fund		
Current Fund	3,378	
Cash Other Trust		
Current Fund		4,098
Assessment Trust:		
Current Fund	182	
Sewer Operating Fund	21,991	
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		9,710

(Continued)

(12) Interfunds (continued)

The following is a schedule of interfunds at December 31, 2009:

	From	To
Water Operating Fund		
Current Fund	706	
General Capital Fund	6,185	
Water Capital Fund	34,454	
Sewer Utility Operating Fund	107,012	
Solid Waste Fund		1,649
Water Capital Fund		
Recreation Capital Fund	110,000	
Sewer Utility Operating Fund	300,000	
General Capital Fund	156,779	
Sewer Capital Fund	409,306	
Water Operating Fund		34,454
Sewer Operating Fund		
Sewer Assessment Fund	86,273	
Sewer Capital Fund	19,802	
Solid Waste Fund		378,260
Water Operating Fund		107,520
Water Capital Fund		300,000
Assessment Fund		21,991
Current Fund	14,818	
Sewer Assessment Fund		
Current Fund	220,752	
Sewer Operating Fund		86,273
Sewer Capital Fund		
Sewer Operating Fund		19,802
Water Capital Fund		409,306
Solid Waste Fund		
Water Operating Fund	1,649	
Sewer Utility Operating Fund	378,260	
Current Fund		49,811
Recreation Operating Fund		
General Capital Fund	6,000	
Current Fund	12,782	
Recreation Capital Fund		7
Recreation Capital Fund		
Recreation Operating Fund	7	
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.

(Continued)

(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.

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 2010 the Township expended approximately $126,000 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

Exhibit A-4

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	4,039,175
Receipts:		
Tax Collector		49,285,644
Revenue accounts receivable		2,989,944
Miscellaneous revenue not anticipated		148,648
Senior Citizens' and Veterans' deductions		185,347
Tax overpayments		22,274
Various reserves		204,295
Due to Dog License Fund		37,308
Due from Solid Waste		52,972
Due to Water Operating		2,185
Due to Open Space		97,688
Due from General Capital Fund		890,238
Due to Sewer Utility Operating Fund		12,003
Due from Library		423,749
Due from State and Federal Grant Fund		626,567
Due to Sewer Assessment Fund		129,241
Due to New Jersey Uniform Construction Code		15,247
		55,123,350
		59,162,525
Disbursements:		
Budget appropriations		14,242,282
Appropriation reserves		351,968
Local district school tax		31,446,143
Tax overpayments		39,614
County taxes		6,566,588
Open Space Trust Fund		290,191
Due from General Capital Fund		880,956
Due from Recreation Operating		12,782
Due from Library		494,043
Due to Dog License Fund		33,364
Due from State and Federal Grant Fund		306,052
Due to Sewer Assessment Fund		264,790
Due to Assessment Trust		182
Due from Water Operating Fund		706
Due from Open Space Trust Fund		30,020
Due to New Jersey Uniform Construction Code		16,407
Accounts payable		29,986
Various reserves		189,856
Prior Year Refunds		2,886
		55,198,816
Balance, December 31, 2010	$	3,963,709

Exhibit A-5

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Collector

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ —
Increased by receipts:	
Taxes receivable	49,130,530
Prepaid taxes	155,114
	49,285,644
	49,285,644
Decreased by disbursements:	
Paid treasurer by direct deposit	49,285,644
Balance, December 31, 2010	$ —

Exhibit A-6

TOWNSHIP OF PEQUANNOCK

Schedule of Taxes Receivable and Analysis of
Property Tax Levy

Current Fund

Year ended December 31, 2010

Year	Balance, Dec. 31, 2009	2010 Levy	Added Taxes	Collections 2009	Collections 2010	Remitted, abated, cancelled	Transferred to tax title liens	Balance, Dec. 31, 2010
2008	$ 1,306	—	—	—	—	—	—	1,306
2009	357,464		4,138		358,830	101	1,194	1,477
	358,770	—	4,138	—	358,830	101	1,194	2,783
2009	—	49,597,463	155,816	140,928	48,959,597	203,630	2,249	446,875
	$ 358,770	49,597,463	159,954	140,928	49,318,427	203,731	3,443	449,658

Cash	$ 49,130,530
Senior Citizens' and Veterans' deductions	187,897
	$ 49,318,427
Prepaid taxes applied to taxes	$ 140,928
2010 collections	48,959,597
Collections reserved for tax appeals	(524,549)
Revenue from current tax collections	$ 48,575,976

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	$ 49,597,463
Added taxes (54:4-63.1 et seq.)	155,816
	$ 49,753,279
Tax levy:	
Local district school tax	$ 31,446,143
Municipal open space tax	289,300
Municipal open space tax - added	891
County taxes	5,873,678
County open space	644,978
Due county for added and omitted taxes	20,713
	38,275,703
Local tax for municipal purposes	11,339,660
Add additional tax levied	137,916
	$ 49,753,279

Exhibit A-7

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 879
Balance, December 31, 2010	$ 879

Exhibit A-8

TOWNSHIP OF PEQUANNOCK

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

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	27,560
Increased by:		
Senior Citizens' deductions per tax billings		36,000
Veterans' deductions per tax billings		149,750
Veterans' deductions allowed current year		2,000
Senior Citizens' deductions allowed by Tax Collector		4,000
		191,750
		219,310
Decreased by:		
Senior Citizens' deductions disallowed by tax collector		
Prior year		4,549
Current year		1,853
Received in cash from state		185,347
		191,749
Balance, December 31, 2010	$	27,561

Exhibit A-9

TOWNSHIP OF PEQUANNOCK

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2010

Description	Balance, Dec. 31, 2009	Accrued	Collected	Balance, Dec. 31, 2010
Municipal Clerk - licenses:				
Alcoholic beverages	$ —	20,200	20,200	—
Other	—	32,484	32,484	—
Fees and permits:				
Other	—	87,396	87,396	—
Cable Television Franchise Fee	—	52,145	52,145	—
Payments in lieu of taxes - Senior Citizen House	—	85,668	85,668	—
Fines and costs - Municipal Court	25,299	268,883	270,659	23,523
Interest and costs on taxes	—	86,384	86,384	—
Interest on investments and deposits	—	78,503	78,503	—
Consolidated municipal property tax relief	—	136,376	136,376	—
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	—	1,077,997	1,077,997	—
Uniform Construction Code Fees	—	287,173	287,173	—
Contracts for Dial-A-Ride:				
Borough of Butler	—	62,150	62,150	—
Borough of Kinnelon	—	76,774	73,821	2,953
Borough of Lincoln Park	—	91,398	87,883	3,515
Borough of Riverdale	5,240	21,936	26,332	844
Health Services Contract:				
Borough of Bloomingdale	—	73,314	73,314	—
Borough of Little Falls	—	110,000	110,000	—
Borough of Kinnelon	—	97,349	97,349	—
Borough of Riverdale	—	29,379	29,379	—
Borough of Florham Park	—	123,802	123,802	—
Uniform Fire Safety Act	—	18,249	18,249	—
Uniform Fire Code fees	—	19,063	19,063	—
Hotel Occupancy Tax	—	31,787	31,787	—
Reserve for Public Defender Fees	—	7,550	7,550	—
Assessment Trust Fund Balance	—	20,000	20,000	—
Reserve for Flood Expenses	—	15,237	15,237	—
	$ 30,539	2,995,960	3,010,901	30,835

Cash received	$ 2,989,944
Interfund revenue	480
Canceled	5,240
Reserve realized	15,237
	$ 3,010,901

Exhibit A-10

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2010

	Balance			Balance		
	Reserved	Encum-brances	Transfers	after transfers	Paid or charged	Balance lapsed
Salaries and wages:						
Township Clerk	$ 196	—	—	196	—	196
Township Council	—	—	—	—	—	—
Managers office	15,087	—	—	15,087	—	15,087
Municipal Prosecutor	10	—	—	10	—	10
Financial administration	14,515	—	—	14,515	—	14,515
Data processing	—	—	—	—	—	—
Revenue Administration	9,913	—	—	9,913	—	9,913
Tax Assessment	39	—	—	39	—	39
Planning and Building Department	191	—	—	191	—	191
Board of Adjustment	700	—	—	700	—	700
Public buildings and grounds	36,460	—	—	36,460	—	36,460
Parks and playgrounds	—	—	—	—	—	—
Dial-a-ride program	19,678	—	—	19,678	19,678	—
Recreation	—	—	—	—	—	—
Office of Fire Safety	8,415	—	—	8,415	—	8,415
Police	86,320	—	—	86,320	—	86,320
Emergency Management Services	1,764	—	—	1,764	—	1,764
Road repairs and maintenance	19,328	—	—	19,328	—	19,328
Director of Public Works/Township Engineer	2,854	—	—	2,854	—	2,854
Vehicle Maintenance	112	—	—	112	—	112
Municipal Court	9,595	—	—	9,595	—	9,595
Public defender	21	—	—	21	—	21
Department of Health	12,144	—	—	12,144	(7,433)	19,577
Uniform Construction Official	3,527	—	—	3,527	—	3,527
Fair Housing Committee	29	—	—	29	—	29
Interlocal Agreements:						
Dial a Ride	—	—	—	—	—	—
Interlocal Helath Services Agreement	33,509	—	—	33,509	—	33,509
Police Dispatch/911	16,846	—	—	16,846	—	16,846
Other expenses:						
Township Clerk	19,292	3,283	(10,000)	12,575	4,547	8,028
Township Council	3,557	240	—	3,797	—	3,797
Manager's office	295	86	—	381	87	294
Legal services and costs	540	763	10,000	11,303	11,303	—
Audit Services	—	17,800	—	17,800	17,800	—
Workmen's Compensation Insurance	1,446	39,996	—	41,442	39,996	1,446
Insurance - General Liability	33,272	—	—	33,272	5,000	28,272
Group Insurance for employees	418	508	—	926	45	881
Financial administration	55	4	—	59	4	55
Data processing	485	1,648	—	2,133	1,198	935
Tax Assessment	93	—	—	93	—	93
Planning and Building Department	19,023	3,191	—	22,214	14,514	7,700
Board of Adjustment	10	45	—	55	35	20
Revenue Administration	394	329	—	723	379	344
Public buildings and grounds	45,021	11,143	(18,000)	38,164	11,018	27,146
Parks and playgrounds	438	11,210	—	11,648	9,509	2,139
Celebration of public events, holidays						—
or anniversaries	2,600	46	300	2,946	2,920	26
Recreation	5,650	90	—	5,740	90	5,650
Fire - clothing allowance	800	—	—	800	(622)	1,422
Fire - miscellaneous other expenses	23,649	12,437	—	36,086	35,101	985
Office of Fire Safety	2,627	1,154	—	3,781	2,735	1,046
Department of Police	4,683	7,722	—	12,405	7,742	4,663
Municipal Court	1,416	403	—	1,819	685	1,134
Emergency Management Services	516	—	—	516	—	516
Aid to Volunteer Fire Companies	—	24,488	—	24,488	24,000	488

(Continued)

Exhibit A-10

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2010

	Balance			Balance		
	Reserved	Encum-brances	Transfers	after transfers	Paid or charged	Balance lapsed
Road repairs and maintenance	9,688	6,166	5,300	21,154	20,806	348
Director of Public Works/Township Engineer	$ 5,550	10,152	—	15,702	15,452	250
Street lighting	36,048	—	—	36,048	23,440	12,608
Community Services Act	—	—	—	—	—	—
Vehicle Maintenance	5,848	6,078	—	11,926	8,531	3,395
Department of Health	6,598	22,800	—	29,398	22,313	7,085
Environmental Protection Commission	1	350	—	351	350	1
Senior Citizens' Advisory Committee	11	225	—	236	—	236
Historic District Commission	972	—	—	972	950	22
PV Mental Health Center Contribution	—	100	—	100	100	—
Shade Tree Commission	5,051	—	10,000	15,051	15,050	1
Emergency Medical Services	—	—	—	—	—	—
Uniform Construction Code	540	—	—	540	218	322
Gasoline	14,629	40,000	—	54,629	35,193	19,436
Electricity	54,082	—	—	54,082	22,204	31,878
Telephone	2,198	4,488	2,400	9,086	9,086	—
Water	1,583	—	—	1,583	332	1,251
Natural Gas	30,357	3,123	—	33,480	3,123	30,357
Park Repairs	—	—	—	—	—	—
Social Security System (O.A.S.I.)	39,229	—	—	39,229	—	39,229
Unemployment Insurance	—	—	—	—	—	—
Police and Firemen's Retirement System of NJ	—	—	—	—	—	—
Public Employees Retirement System	20,193	—	—	20,193	12,003	8,190
Fair Housing Committee	617	—	—	617	35	582
Dial-A-Ride	6,720	10,203	—	16,923	16,923	—
	$ 697,448	240,271	—	937,719	406,440	531,279

Accounts payable	$ 20,400
Reserve for Dial-A-Ride	34,072
Cash	351,968
	$ 406,440

Exhibit A-11

TOWNSHIP OF PEQUANNOCK

Schedule of Local District School
Taxes Payable

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	—
Increased by 2010 levy		31,446,143
		31,446,143
Decreased by payments		31,446,143
Balance, December 31, 2010	$	—

Exhibit A-12

TOWNSHIP OF PEQUANNOCK

Schedule of Property Acquired for Taxes
(at Assessed Valuation)

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 884,650
Balance, December 31, 2010	$ 884,650

Exhibit A-13

TOWNSHIP OF PEQUANNOCK

Schedule of Due to State of New Jersey Uniform Construction Code

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	3,702
Increased by cash receipts		15,247
		18,949
Decreased by cash disbursements		16,407
Balance, December 31, 2010	$	2,542

Exhibit A-14

TOWNSHIP OF PEQUANNOCK

Schedule of Open Space Tax

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ —
Increased by levy	290,191
	290,191
Decreased by:	
Interfund offset	—
Disbursements	290,191
	290,191
Balance, December 31, 2010 (Due From)	$ —

Exhibit A-15

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	114,507
Increased by:		
Transfer from appropriation reserves		20,400
		134,907
Decreased:		
Disbursed		29,986
Balance, December 31, 2010	$	104,921

Exhibit A-16

TOWNSHIP OF PEQUANNOCK

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	56,720
Increased by over payments		22,274
		78,994
Decreased by:		
Refunds		39,614
Balance, December 31, 2010	$	39,380

Exhibit A-17

TOWNSHIP OF PEQUANNOCK

Schedule of Various Reserves

Current Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Transfer from collections and budget	Charge Operations	Cancelled	Transfer to revenue	Cash disbursed	Balance, Dec. 31, 2010
Dial a Ride refunds	$ —	—	34,072	—	—	—	34,072
REAP Aid	551	—		—	—	—	551
Health contract refunds	128,080	15,337		—	—	—	143,417
Flood Expenses	15,237	—		—	15,237	—	—
Revaluation	67,215	—		—	—	—	67,215
Tax Title Lien redemption	27,888	188,958		27,888	—	168,516	20,442
Tax map	34,995	—		—	—	—	34,995
Unallocated	2,759	—		2,759		—	—
Riverdale health receipt	5,306	—		5,306		—	—
Pending tax appeals	823,708	524,549		298,256	—	21,340	1,028,661
	$ 1,105,739	728,844	34,072	334,209	15,237	189,856	1,329,353

Exhibit A-18

TOWNSHIP OF PEQUANNOCK

Schedule of State and Federal Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2010

Purpose	Balance, Dec. 31, 2009	2010 Budget Revenue	Cancelled	Received	Balance, Dec. 31, 2010
Municipal Drug Alliance - 2010	$ —	14,682	—	—	14,682
Municipal Drug Alliance - 2009	14,682	—	—	14,106	576
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2009	108,509	—	—	108,509	—
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2008	108,509	—	—	108,509	—
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2010	—	108,509	—	54,256	54,253
Public Health Priority Funding - 2007	776	—	—	—	776
Public Health Priority Funding - 2010	—	7,498	—	—	7,498
NJDOH Comprehensive Cancer Control Grant	5,692	—	—	1,749	3,943
NJDOH Comprehensive Cancer Control Grant 2010	—	130,000	—	—	130,000
NJDOH Comprehensive Cancer Control Grant 2009	26,561	—	—	4,233	22,328
Morris County Historic Preservation Trust	11,200	—	—	11,200	—
Morris County Historic Preservation Trust	157,040	—	—	111,685	45,355
NJDEP Forestry Management	3,000	—	—	—	3,000
Green Communities Grant	2,000	—	—	—	2,000
NJ Disease Control Swine Flu Grant	88,000	—	—	88,000	—
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	—	—	4,050
NJ Highlands Grant Initial Assessment	15,000	—	—	—	15,000
NJ Highlands Grant Plan Conformance	50,000	—	—	44,704	5,296
NJ DOT - Transportation Trust Fund (Sunset Road 2010)	—	160,000	—	—	160,000
NJ DOT - Transportation Trust Fund (Sunset Road 2008)	5,658	—	—	—	5,658
	$ 598,749	424,739	—	546,951	476,537

Unappropriated reserves	$ 4,201
Due from Builders' Escrow	8
Due from Current Fund	542,742
	$ 546,951

Exhibit A-19

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances

State and Federal Grant Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	59,615
Increased by Appropriated Reserves for Grants		—
		59,615
Decreased by:		
Disbursed		—
Encumbrances cancelled		59,615
		59,615
Balance, December 31, 2010	$	—

Exhibit A-20

TOWNSHIP OF PEQUANNOCK

Schedule of Interfunds

Current Fund

Year ended December 31, 2010

	Water Operating	Water Capital	Sewer Operating	Sewer Assessment	General Capital	Open Space	Library
Balance due (to)/from, December 31, 2009	$ (706)	—	(14,818)	(220,752)	9,710	97,668	(16,108)
Increased/decreased by:							
Cash receipts	(2,185)	—	(12,003)	(129,241)	(890,238)	(97,688)	(423,749)
Cash disbursements	706	—	—	264,790	880,956	30,020	494,043
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 encumbrances cancelled	—	—	—	—	—		—
Expenditures made for other funds	—	—	—	—	—	—	—
by Current Fund	—	—	—	—	—	—	104,881
	(1,479)	—	(12,003)	135,549	(9,282)	(67,668)	175,175
Balance due (to)/from, December 31, 2010	$ (2,185)	—	(26,821)	(85,203)	428	30,000	159,067

(Continued)

Exhibit A-20

TOWNSHIP OF PEQUANNOCK

Schedule of Interfunds

Current Fund

Year ended December 31, 2010

	Trust	Builders Escrow Trust	Recreation Operating	Dog Trust	State & Federal Grant Fund	Assessment Trust	Solid Waste	Total
Balance due (to)/from, December 31, 2009	$ —	4,098	(12,782)	(3,377)	529,584	(182)	49,811	422,146
Increased/decreased by:								
Cash receipts	—	—	—	(37,308)	—	—	(52,972)	(1,645,384)
Cash disbursements	—	—	12,782	33,364	—	182	—	1,716,843
Interest earned	—	—	—	480	—	—		480
Appropriation transfers	—	—	—	—	(433,236)	—	—	(433,236)
Budgeted revenue	—	—	—	—	424,739	—	—	424,739
Grant receipts deposited in Current Fund	—	—	—	—	(542,742)	—	—	(542,742)
Unappropriated grant receipts deposited in Current Fund	—	—	—	—	(83,825)	—	—	(83,825)
Grant receivables cancelled	—	—	—	—	1,749	—	—	1,749
Grant encumbrances cancelled	—	—	—	—	188	—	—	—
Excess bank balance analysis		51,143						51,143
Expenditures made for other funds by Current Fund	—	—	—	—	314,549	—	—	419,430
	—	51,143	12,782	(3,464)	(318,578)	182	(52,972)	(90,803)
Balance due (to)/from, December 31, 2010	$ —	55,241	—	(6,841)	211,006	—	(3,161)	331,343

(Continued)

Exhibit A-21

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Encumbrances cancelled	Transferred from 2010 budget appropriation	Cancelled	Expended	Balance, Dec. 31, 2010
Clean Communities Grant - 2005	$ 6,659	—	—	—	4,702	1,957
Clean Communities Grant - 2006	—	1,600	—	—	1,600	—
Clean Communities Grant - 2007	6,944	—	—	—	1,144	5,800
Clean Communities Grant - 2008	7,573	—	—	—	—	7,573
Clean Communities Grant - 2009	17,323	—	—	—	—	17,323
Clean Communities Grant - 2010	22,149	—	—	—	3,000	19,149
Smart Growth Program - 2008 Local	750	—	—	—	—	750
Municipal Drug Alliance - 2002	633	—	—	—	—	633
Municipal Drug Alliance - 2003	1,258	—	—	—	26	1,232
Municipal Drug Alliance - 2004	1,297	—	—	—	—	1,297
Municipal Drug Alliance - 2001	2,719	—	—	—	—	2,719
Municipal Drug Alliance - 2006	2,285	—	—	—	—	2,285
Municipal Drug Alliance - 2006 supplemental	1,384	—	—	—	—	1,384
Municipal Drug Alliance - 2010	—	—	12,182	—	6,764	5,418
Mun icipal Drug Alliance - 2008 supplement	295	—	—	—	—	295
Municipal Drug Alliance - 2010 supplement	—	—	2,500	—	2,226	274
Mun icipal Drug Alliance - 2009 supplement	2,090	—	—	—	—	2,090
Municipal Alliance - local - 2004	680	—	—	—	—	680
Municipal Alliance - local - 2003	141	—	—	—	141	—
Municipal Alliance - local - 2002	1,698	—	—	—	—	1,698
Municipal Alliance - local - 2001	818	—	—	—	—	818
Municipal Alliance - local - 2010	—	—	4,296	—	3,175	1,121
Municipal Alliance - local - 2006	3,747	—	—	—	—	3,747
Municipal Alliance - local - 2008	(3,192)	5,991	—	—	—	2,799
Municipal Alliance - local - 2009	296	—	—	—	195	101
NJ Sr. Cit. Trans Asst Act (through MAPS) - 2010	—	—	108,509	—	108,509	—
NJDOH County Bioterrorism Grant	2,000	—	—	—	—	2,000
NJ DOH - Public Health Planning Grant	1	—	—	—	—	1
NJ DOH - Public Health Planning Grant 2009	154	—	—	—	154	—
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
Public Health Priority Funding - 2010	—		7,498	—	7,498	—
NJ Dept of Health Cancer Control Grant 2007	(11,500)	—	—	—	(11,500)	—
NJ Dept of Health Cancer Control Grant 2009	3,939	—	65,000	—	27,435	41,504
NJ Dept of Health Cancer Control Grant 2008	823	—	—	—	—	823
NJ Dept of Health Cancer Control Grant 2010	—	—	65,000	—	16,672	48,328
NJDOH Disease Control Swine Flu Grant	74,309	3,756	—	—	76,544	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	—	—	—	—	9,297
NJ State Police Emergency Management Aid	3,454	—	—	—	3,043	411
NJ Body Armor Funds 2009	1,504	—	4,201	—	1,350	4,355
NJ Body Armor Funds 2010	—		4,050	—	—	4,050
Morris County Historic Preservation Grant 2008	272	300	—	—	2,305	(1,733)
Morris County Historic Preservation Grant	2,273	—	—	—	2,273	—
Stormwater Management Grant 2009	5,694	—	—	—	—	5,694
TASE - Tobacco Enforcement	932	—	—	—	88	844
TASE - Tobacco Enforcement	3,480	—	—	—	869	2,611
TASE - Tobacco Enforcement 2009	3,060	—	—	—	—	3,060
TASE - Tobacco Enforcement	2,820	—	—	—	—	2,820
Drunk Driving Enforcement - 2008	9,139	—	—	—	3,442	5,697
Drunk Driving Enforcement - 2007	4,121		—	—	4,121	—

(Continued)

Exhibit A-21

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Encumbrances cancelled	Transferred from 2010 budget appropriation	Cancelled	Expended	Balance, Dec. 31, 2010
Drunk Driving Enforcement - 2009	5,364	—	—	—	—	5,364
DHTS - Over the Limit Under Arrest	342	—	—	—	—	342
DHTS - Over the Limit Under Arrest 2009	6,000	—	—	—	6,000	—
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
NJ Highlands Council Initial Assessment Grant 2009	15,000	45,832	—	—	43,396	17,436
NJ Highlands Council Plan Performance Grant 2009	1,052	(1,052)	—	—	—	—
NJDEP Forestry Management Grant	—	3,000	—	—	—	3,000
	$ 250,698	59,427	433,236	—	315,172	428,189

$	424,739	Transferred from budget
	8,497	Local share
$	433,236	

Accounts payable	$ —
Due to Open Space Trust	623
Paid by Current Fund	314,549
	$ 315,172

Exhibit A-22

TOWNSHIP OF PEQUANNOCK

Schedule of Unappropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Transfer to 2010 Budget	Adjustment	Received	Balance, Dec. 31, 2010
Alcohol Education and Rehabilitation Fund	$ —	—	—	201	201
Drunk Driving Enforcement Program	1,049	—	—	—	1,049
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act	2	—	—	984	986
New Jersey Body Armor Replacement Fund	—	4,201	—	4,201	—
Public Health Priority Funds	426	—	—	—	426
NJDOH Comprehensive Cancer Control Grant 2008	27,899	—	(1,749)	55,300	81,450
Clean communities	—	—	—	23,139	23,139
NJTEP - Streetscape	10,000	—	—	—	10,000
NJ Highway Safety - Police	3,224	—	—	—	3,224
NJ Division of Forestry - Forestry Management Plan	2,000	—	—	—	2,000
	$ 44,600	4,201	(1,749)	83,825	122,475

Exhibit A-23

TOWNSHIP OF PEQUANNOCK

Schedule of Change Fund

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 260
Balance, December 31, 2010	260

Exhibit A-24

TOWNSHIP OF PEQUANNOCK

Schedule of Emergency Authorizations

Current Fund

Year ended December 31, 2010

Date	Description		Balance, Dec. 31, 2009	2010 Authorization	Decreased	Balance, Dec. 31, 2010
Special emergency:						
7/26/2005	PV Park Flood	$	52,000	—	52,000	—
Regular emergency			—	30,000	—	30,000
	Total	$	52,000	30,000	52,000	30,000

Exhibit A-25

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Lakeland Regional Solid Waste Authority

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009 and 2010	$ 11,700

Exhibit A-26

TOWNSHIP OF PEQUANNOCK

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2010.

Balance, December 31, 2009	$ 47,932
Increased by:	
Levy	5,873,678
County open space preservation	644,978
Added county tax levy	20,713
	6,539,369
	6,587,301
Decreased by:	
Payments	6,566,588
	6,566,588
Balance, December 31, 2010	$ 20,713

Exhibit A-27

TOWNSHIP OF PEQUANNOCK

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	140,928
Increased by prepayments		155,114
		296,042
Decreased by transfer to taxes		140,928
Balance, December 31, 2010	$	155,114

Exhibit A-28

TOWNSHIP OF PEQUANNOCK

Schedule of Due from General Capital Fund

State and Federal Grant Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 289,342
Balance, December 31, 2010	$ 289,342

TOWNSHIP OF PEQUANNOCK

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ —
Increased by:	
Interest and costs	132
Transfer from taxes receivable	3,443
Balance, December 31, 2010	$ 3,575

Exhibit B-1

TOWNSHIP OF PEQUANNOCK

Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2010

	Dog License	Other	Open Space
Balance, December 31, 2009	$ 31,097	2,194,239	418,667
Increased by receipts:			
Dog license fees	—	—	—
Late fees and other charges	—	—	—
Expense refund	—	—	—
Benefits payable	—	9,386	—
Prepaid license fees	—	—	—
Receipts for State fees	—	—	—
Budget appropriation	32,700	—	—
Due from Current Fund	33,364	55,241	915,191
Accumulated leave	—	76,135	—
Due from Trust Other Fund	—	—	—
Due to Solid Waste Utility Fund	—	—	—
Open Space interest	—	—	2,489
Interest earned	481	—	—
Donations	250		
Various reserves	—	175,440	—
Deposits received	—	120,455	—
Reserve for employee group insurance claims	—	2,719,344	—
	66,795	3,156,001	917,680
	97,892	5,350,240	1,336,347
Decreased by disbursements:			
Dog administration expenses	53,728	—	—
Due from State	1,976	—	—
Due from Current Fund	—	4,098	97,668
Due to Solid Waste Fund	—	—	—
Accumulated leave	—	81,224	—
Prepaid license fees	—	—	—
Interest refunded	—	—	—
Benefits payable	—	14,326	—
Open Space	—	—	1,145,127
Due to State and Federal Grant Fund	—	—	623
Deposits returned	—	147,625	—
Various reserves	—	337,611	—
Reserve for employee group insurance claims	—	2,335,802	—
	55,704	2,920,686	1,243,418
Balance, December 31, 2010	$ 42,188	2,429,554	92,929

Exhibit B-2

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Expenditures -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$ 31,032
Increased by:	
Dog license fees	14,475
License fees not transferred	—
Transfer of prior year pre-paid licenses	2,727
Adoption reimbursement	9,573
Cat Licenses	4,599
Late fees and other charges	839
Budget appropriation	32,700
	64,913
	95,945
Decreased by cash disbursed	
Cash disbursed	53,728
	53,728
Balance, December 31, 2010	$ 42,217

Exhibit B-3

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009 (Due to)	$	3,378
Increased by:		
Municipal fees		31,207
Prepaid licenses		6,101
Cash disbursement		—
Dog license fees not transferred		—
		37,308
		40,686
Decreased by:		
Cash receipts		33,364
Interest earned		481
		33,845
Balance, December 31, 2010 (Due to)	$	6,841

Exhibit B-4

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Donations
Dog License Trust Fund

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	450
Increased by cash receipts		250
Balance, December 31, 2010	$	700

Exhibit B-5

TOWNSHIP OF PEQUANNOCK

Schedule of Prepaid Licenses -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	2,976
Increased by due from Current Fund		6,101
		9,077
Decreased by:		
Transfer to reserve		2,727
Transfer to due to State		249
		2,976
Balance, December 31, 2010	$	6,101

Analysis of Balance

Reserve for Dog expenditures	$	5,710
Due to State		391
	$	6,101

Exhibit B-6

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009 (Due To)	$	(7)
Increased by cash disbursements		1,976
		1,969
Decreased by cash receipts		
Cash receipts		1,721
Prepaid licenses		249
		1,970
Balance, December 31, 2010 (Due To)	$	(1)

Exhibit B-7

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	817,225
Increased by cash receipts		2,719,344
		3,536,569
Decreased by cash disbursements		2,335,802
Balance, December 31, 2010	$	1,200,767

Exhibit B-8

TOWNSHIP OF PEQUANNOCK

Schedule of Various Reserves - Other Trust Fund

Trust Funds

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Increased	Decreased	Balance, Dec. 31, 2010
Affordable housing	$ 100	—	—	100
Tax sale premium	138,200	71,643	90,543	119,300
Unemployment trust	48,367	43,123	72,619	18,871
Youth development	21,536	73	—	21,609
Greenview Park	227	—	—	227
Permits	24,332	8,499	8,845	23,986
Celebrations	215	—	—	215
POAA	690	28	—	718
Sewer line	8,562	28	—	8,590
Crestwood Pk Maint	6,056	—	—	6,056
West Parkway Paving	6,166	—	—	6,166
Development Fees (COAH)	169,472	6,823	102,545	73,750
Public Defender	29,367	38,194	34,543	33,018
Fire Safety	7,476	5,560	4,913	8,123
Bressette Sewer Assessment	12,000	—	—	12,000
Payroll Agency Account	79,782	—	23,603	56,179
Master Unallocated	64,618	1,469	—	66,087
	$ 617,166	175,440	337,611	454,995

Exhibit B-9

TOWNSHIP OF PEQUANNOCK

Schedule of Special Deposits - Other Trust Fund

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	442,263
Increased by deposits received		120,455
		562,718
Decreased by deposits refunded		147,625
Balance, December 31, 2010	$	415,093

Exhibit B-10

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Operating Fund
Assessment Trust Fund

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	20,342
Decreased by:		
Cancelled		342
Payment to Current Fund - revenue anticipated		20,000
		20,342
Balance, December 31, 2010	$	—

Exhibit B-11

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) Current Fund

Trust Funds

Year ended December 31, 2010

		Other Trust	Open Space	Total Trust
Balance due from (to), December 31, 2009	$	(4,098)	(97,668)	(101,766)
Decreased by:				
Taxes levied		—	290,191	290,191
Green Acres Grant		—	625,000	625,000
Disbursements		4,098	97,668	101,766
		—	915,191	915,191
Increased by:				
Expenditures paid by Current Fund		—	30,000	30,000
Receipts		55,241	915,191	970,432
		55,241	945,191	1,000,432
Balance due from (to), December 31, 2010	$	(55,241)	(30,000)	(85,241)

Exhibit B-12

TOWNSHIP OF PEQUANNOCK

Schedule of Benefits Payable - Payroll

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	5,448
Increased by receipts		9,386
		14,834
Decreased by cash disbursements		14,326
Balance, December 31, 2010	$	508

Exhibit B-13

TOWNSHIP OF PEQUANNOCK

Schedule of Assessment Trust Fund - Receivable

Trust Funds

Year ended December 31, 2010

Description		Balance, Dec. 31, 2009	Cancelled	Balance, Dec. 31, 2010
Sewer assessment confirmed July 27, 1999	$	9,000	9,000	—

Exhibit B-14

TOWNSHIP OF PEQUANNOCK

Schedule of Assessment Trust - Fund Balance

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	20,342
Decreased by:		
Cancelled		342
Anticipated as revenue		20,000
		20,342
Balance, December 31, 2010	$	—

Exhibit B-15

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Open Space

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	294,894
Increased by:		
Open Space tax levied		290,191
County Open Space refund		—
Green Acres Grant		625,000
Encumbrances paid		27,455
Interest		2,489
		945,135
		1,240,029
Decreased by:		
Encumbrances		3,533
Expenditures paid by Current Fund		30,000
Disbursements		1,145,127
		1,178,660
Balance, December 31, 2010	$	61,369

Exhibit B-16

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Accumulated leave

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	308,039
Increased by:		
Budget appropriation		75,000
Budget appropriation 2008 from unallocated		—
Interest earned		1,135
		76,135
		384,174
Decreased by disbursements		81,224
Balance, December 31, 2010	$	302,950

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2010

Balance, December 31, 2009	$	1,350
Increased by:		
Cash disbursement		623
Balance, December 31, 2010	$	1,973

Exhibit C-2

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	133,924
Increased by receipts:		
Capital Improvement Fund		656,000
Reserve for improvements		259,000
Due to Current Fund		880,956
Due to Water Capital Fund		1,304,023
Deferred charges raised in budget		160,000
Due to Sewer Capital Fund		755,362
Premium on note sale		11,324
		4,026,665
		4,160,589
Decreased by disbursements:		
Improvement authorizations		374,163
Due to Sewer Operating Fund		12,859
Due to Sewer Capital Fund		753,000
Due to Water Capital Fund		1,304,023
Reserve for payment of notes		2,926
Encumbrances paid		119,360
Due to Current Fund		890,238
		3,456,569
Balance, December 31, 2010	$	704,020

Exhibit C-3

TOWNSHIP OF PEQUANNOCK

Schedule of General Capital Cash

General Capital Fund

December 31, 2010

Reserve for improvements		$ 211,400
Capital Improvement Fund		28,300
Due to Current Fund		428
Due to Water Capital Fund		156,779
Due to Grant Fund		289,342
Due to Water Utility Operating Fund		6,185
Due to Recreation Operating Fund		6,000
Due to Sewer Capital Fund		2,362
Due from Sewer Operating Fund		(12,859)
Reserve for Bond and Note Payment		—
Reserve for encumbrances		112,220
Fund balance		70,399
Improvement authorizations:		
Ordinance number	**Improvement description**	
96-03	Capital purchases	2,565
99-10	Various capital improvements/roadway improvements	18,369
01-09	Various capital projects	(107,164)
02-08	Drainage and road improvements	(638,809)
03-12	Refunding bond ordinance	(26,707)
03-14	2003 capital equipment and vehicles	15,140
03-15	2003 minor capital projects	14,839
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	(549,459)
07-08	2007 Var. projects streetscapes and walkways	310,032
07-09	2007 minor capital projects	36,515
08-12	2008 Various imprivements and minor purchases	38,867
08-14	2008 Communications equipment purchase	5,403
08-15	2008 Var. minor capital equipment purchases	13,731
08-22	2008 Road resurfacing	7,605
08-25	2008 Greenview Park plan	(511,551)
08-26	2008 Sidewalk improvements	(58,009)
08-35	Sanitary sewer extension	(886)
09-03	2009 Sidewalk construction	29,434
09-12	2009 Various capital projects	300,192
09-13	2009 Various capital projects	95,801
09-28	2009 Park Improvements (Reappropriated 00-12)	58,969
10-18	2010 Various capital projects	545,147
10-19	2010 Equipment & vehicles	44,690
10-20	2010 West Franklin/Washington Park	30,399
		$ 704,020

Exhibit C-4

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges to Future
Taxation - Unfunded

General Capital Fund

Year ended December 31, 2010

Ordinance number	Description	Balance, Dec. 31, 2009	2010 authori-zations	Decreases	Balance, Dec. 31, 2010	Analysis of Balance: Bond anticipation notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended improvement authori-zations
96-07/ 99-23	Various improvements	$ 160,000	—	160,000	—	—	—	—
99-10	Various capital projects/ roadway improvements	79,000	—	25,000	54,000	54,000	—	—
00-12	Various Projects/Foothills Park	269,580	—	179,580	90,000	90,000	—	—
01-09	Various Improvements/Roadway Projects	394,490	—	106,490	288,000	133,000	107,164	47,836
02-08	Drainage and road improvements	770,000	—	78,000	692,000	—	638,809	53,191
03-12	Refunding Ordinance	27,000	—		27,000	—	26,707	293
03-16	Streetscape and road improvements	360,000	—	90,000	270,000	270,000	—	—
04-28	Various capital projects/Fire engine & streetscape	624,000	—	110,000	514,000	511,000	—	3,000
05-04	Various Improvements/streetscape	550,000	—	26,000	524,000	524,000	—	—
06-11	2006 Var. projects streetscapes & sidewalks	610,000	—	—	610,000	—	549,459	60,541
07-08	2007 Var. projects streetscapes and walkways	635,000	—	55,000	580,000	580,000	—	—
08-26	2008 Sidewalk improvements	76,000	—	—	76,000	—	58,009	17,991
08-25	2008 Greenview Park plan	513,000	—	—	513,000	—	511,551	1,449
08-28	2008 fire truck purchase	280,000	—	—	280,000	280,000	—	—
08-35	Sanitary sewer extension	501,500	—	—	501,500	500,000	886	614
09-12	2009 Various capital projects	600,000	—	—	600,000	600,000	—	—
09-28	2009 Park Improvements (Reappropriated 00-12	72,420	—	72,420	—	—	—	—
10-20	Various capital improvements	—	610,000	—	610,000	—	—	610,000
		$ 6,521,990	610,000	902,490	6,229,500	3,542,000	1,892,585	794,915

Notes Paid	$ 739,564	Unexpended improvement authorizations	$ 1,581,409
Deferred charges raised	160,000	Less unexpended note proceeds:	
Reserve for Payment of notes	2,926	Ordinance:	
Cancelled by resolution	—	99-10	18,369
	$ 902,490	03-16	81,986
		04-28	15,172
		07-08	310,032
		09-12	300,192
			$ 794,915

Exhibit C-5

TOWNSHIP OF PEQUANNOCK
Schedule of Improvement Authorizations
General Capital Fund
Year ended December 31, 2010

Ordinance number	Improvement description	Date	Amount	Balance, December 31, 2009 Funded	Balance, December 31, 2009 Unfunded	2010 authori-zations	Encumbered	Expended	Canceled	Balance, December 31, 2010 Funded	Balance, December 31, 2010 Unfunded
96-03	Capital purchases	Mar. 26, 1996	44,500	$ 11,507	—	—	7,795	1,147	—	2,565	—
96-07/ 99-23	Various improvements	Mar. 26, 1996	868,000	—	20,988	—	—	—	20,988	—	—
	roadway improvements	May 25, 1999	1,854,000	—	18,940	—	—	571	—	—	18,369
01-09	Various capital projects	Jun 17, 2001	858,000	—	50,304	—	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	—	338	—	—	45	—	—	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	20,946	—	—	6,107	—	—	14,839	—
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	14,665	—	—	665	—	14,000	—	—
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	—	62,237	—	—	1,494	—	—	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	—	—	—		—	60,541
07-08	2007 Var. projects streetscapes and walkways	Apr 24, 2007	670,000	—	316,478	—	—	6,446	—	—	310,032
07-09	2007 minor capital projects	Apr 24, 2007	186,000	58,685	—	—	3,003	19,167	—	36,515	—
08-12	2008 Various imprivements and minor purchases	Jun 24, 2008	108,200	41,627	—	—	—	2,760	—	38,867	—
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	15,881	—	—	2,150	—	—	13,731	—
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	—	13,137	—	—	11,688	—	—	1,449
08-26	2008 Sidewalk improvements	Sep 23, 2008	80,000	—	7,558	—	—	(10,433)	—	—	17,991
08-28	2008 fire truck purchase	Sep 23. 2008	450,000	—	2,102	—	—	2,102	—	—	—
08-35	Sanitary sewer extension	Dec 9, 2008	710,000	—	614	—	—	—	—	—	614
09-03	2009 Sidewalk construction	Mar 24, 2009	50,000	31,439	—	—	—	2,005	—	29,434	—
09-12	2009 Various capital projects	May 26,2009	631,000	—	312,013	—	—	11,821	—	—	300,192
09-13	2009 Various capital projects	May 26,2009	526,000	96,139	—	—	—	338	—	95,801	—
09-14	2009 Various capital projects	May 26,2009	340,000	187,062	—	—	—	174,469	12,593	—	—
09-28	2009 Park Improvements (Reappropriated 00-12)	Dec 22, 2009	72,419	—	71,780	—	—	12,811	—	58,969	—
10-18	2010 Various capital projects	Aug. 24, 2010	620,000	—	—	620,000	34,843	40,010	—	545,147	—
10-19	2010 Equipment & vehicles	Aug. 24, 2010	197,000	—	—	197,000	55,189	97,121	—	44,690	—
10-20	2010 West Franklin/Washington Park	Aug. 24, 2010	72,419	—	—	641,000	—	601	—	30,399	610,000
				$ 506,549	1,090,379	1,458,000	112,220	374,163	47,581	939,555	1,581,409

Deferred charges to future taxation - unfunded	$ 610,000	
Reserve for Improvements	174,000	
Capital Improvement Fund	651,000	$ 14,000
Fund balance	23,000	33,581
	$ 1,458,000	$ 47,581

Exhibit C-6

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	9,300
Increased by:		
2010 budget appropriation		656,000
Improvement authorization canceled		14,000
		670,000
		679,300
Decreased by:		
Appropriated to finance improvement authorizations		651,000
Balance, December 31, 2010	$	28,300

Exhibit C-7

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Improvements

General Capital Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Increases	Decreases	Balance, Dec. 31, 2010
Vehicles	$ 62,900	115,000	106,000	71,900
Public works equipment	33,500	80,000	49,000	64,500
Road resurfacing	5,000	—	—	5,000
Fire apparatus	20,000	14,000	—	34,000
Data/Office Equip	5,000	50,000	19,000	36,000
	$ 126,400	259,000	174,000	211,400

Reserve for improvements	$ 259,000	—
Appropriated to finance improvement authorizations	—	174,000
	$ 259,000	174,000

Exhibit C-8

TOWNSHIP OF PEQUANNOCK

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2010

Purpose	Date of issue	Amount of original issue	Maturities of bonds outstanding December 31, 2009		Interest rate	Balance, Dec. 31, 2009	Paid	Balance, Dec. 31, 2010
			Date	Amount				
General improvements	Jun. 1, 2003	$ 990,000	6/1/2011	$ 200,000	3.000%	$ 360,000	160,000	200,000
Refunding bonds	Jun. 26, 2003	$ 3,615,000				225,000	225,000	—
						$ 585,000	385,000	200,000

Exhibit C-9

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Operating Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ (6,185)
Balance, (Due to) December 31, 2010	$ (6,185)

Exhibit C-10

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Balance, Dec. 31, 2009	2010 authorizations	Decreases	Balance, Dec. 31, 2010
00-12	Various Projects/Foothills Park	$ 9,581	—	9,581	—
01-09	Various Projects/Road Improvements	155,000	—	—	155,000
02-08	Drainage and road improvements	770,000	—	78,000	692,000
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	—	—	513,000
08-35	Sanitary sewer extension	1,500	—	—	1,500
09-28	2009 Park Improvements (Reappropriated 00	72,419	—	72,419	—
10-20	Various capital improvements	—	610,000	—	610,000
		$ 2,237,500	610,000	160,000	2,687,500

Budget appropriation	$ 160,000
	$ 160,000

Exhibit C-11

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	9,710
Increased by:		
Expenses paid by Current Fund		880,956
		890,666
Decreased by:		
Interfund returned		890,238
Balance, December 31, 2010	$	428

Exhibit C-12

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges - Funded

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	585,000
Decreased by:		
Bonds paid		385,000
Balance, December 31, 2010	$	200,000

Exhibit C-13

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Bond & Notes Payment

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	2,926
Decreased by payment of notes		2,926
Balance, December 31, 2010	$	—

Exhibit C-14

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Date of original note	Date of issue	Maturity	Interest rate	Balance, Dec. 31, 2009	Increased	Decreased	Balance, Dec. 31, 2010
96-07/ 99-23	Various improvements/Ladder Truck	Dec. 18, 2000				$ 160,000		160,000	—
00-12	Various improvements/Foothills Park	Aug. 18, 2000				110,000		110,000	—
01-09	Various Improvements/Roadway Projects	Aug. 9, 2001	July 30. 2010	July 29, 2011	1.50%	124,490	70,000	124,490	70,000
00-12	Various improvements/Foothills Park	Aug. 8, 2002	July 30. 2010	July 29, 2011	1.50%	50,000	20,000	50,000	20,000
01-09	Various Improvements/Roadway Projects	Aug. 8,2002	July 30. 2010	July 29, 2011	1.50%	110,000	60,000	110,000	60,000
99-10	Various Improvements/Roadway Projects	Oct. 29, 2003	Oct. 22, 2010	Oct. 21, 2011	1.25%	79,000	54,000	79,000	54,000
03-16	Various Improvements/ streetscapes	Aug. 5, 2003	July 30. 2010	July 29, 2011	1.50%	360,000	270,000	360,000	270,000
04-28	Various Fire Engine/Streetscapes	Aug. 5, 2004	Oct. 22, 2010	Oct. 21, 2011	1.25%	621,000	511,000	621,000	511,000
00-12	Various improvements/Foothills Park	Aug. 4, 2005	July 30. 2010	July 29, 2011	1.50%	100,000	70,000	100,000	70,000
01-09	Various Improvements/Roadway Projects	Aug. 4, 2005	July 30. 2010	July 29, 2011	1.50%	5,000	3,000	5,000	3,000
05-16	Various Improvements/ streetscapes	Oct. 28, 2005	Oct. 22, 2010	Oct. 21, 2011	1.25%	550,000	524,000	550,000	524,000
07-08	Various Improvements/ streetscapes	Aug. 3, 2007	July 30. 2010	July 29, 2011	1.50%	635,000	580,000	635,000	580,000
08-28	Replacement Fire truck 1-2	Oct. 22, 2009	Oct. 22, 2010	Oct. 21, 2011	1.25%	280,000	280,000	280,000	280,000
08-35	Sanitary sewer extension	July 31. 2009	July 30. 2010	July 29, 2011	1.50%	500,000	500,000	500,000	500,000
09-12	Various Improvements/ Street Sweeper	July 31. 2009	July 30. 2010	July 29, 2011	1.50%	600,000	600,000	600,000	600,000
									—
						$ 4,284,490	3,542,000	4,284,490	3,542,000

Paid	$ —	742,490
Renewed	3,542,000	3,542,000
	$ 3,542,000	4,284,490

Exhibit C-15

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Sewer Capital Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	—
Increased by:		
BAN proceeds		753,000
Premium on notes		2,362
		755,362
Decreased by cash disbursements		753,000
Balance, December 31, 2010	$	2,362

Exhibit C-16

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	156,779
Increased by:		
BAN premium		4,023
Increased by cash receipts		1,300,000
		1,304,023
		1,460,802
Decreased by cash disbursements		1,304,023
Balance, December 31, 2010	$	156,779

Exhibit C-17

TOWNSHIP OF PEQUANNOCK

Schedule of Due to(from) Sewer Operating Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	—
Decreased by disbursement		12,859
Balance, December 31, 2010	$	(12,859)

Exhibit C-18

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Grant Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 289,342
Balance, December 31, 2010	$ 289,342

Exhibit C-19

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Recreation Fund

General Capital Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 6,000
Balance, December 31, 2010	$ 6,000

Exhibit D-5

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2010

		Operating	Capital
Balance, December 31, 2009	$	653,074	621,142
Increased by receipts:			
Water rents receivable		1,997,530	—
Due from Sewer Operating Fund		2,070,903	—
Due from Water Capital Fund		33,412	—
Interest earned		—	125
Due from Current Fund		706	—
Due from Sewer Capital Fund		—	225,000
Miscellaneous revenue		46,431	—
Premium on sale of notes		—	4,022
Notes issued		—	1,300,000
Capital Improvement Fund		—	280,000
		4,148,982	1,809,147
		4,802,056	2,430,289
Decreased by disbursements:			
Budget appropriations		1,832,106	—
Capital improvement fund			505,000
Accounts payable		32,379	—
Due from Current Fund		2,185	—
Due from Sewer Capital Fund		—	93,459
Refunds		1,000	—
Due to Solid Waste		1,649	—
Due to Water Operating Fund		—	33,412
Due from Sewer Operating Fund		2,031,329	—
Improvement authorizations		—	1,436,754
Appropriation reserves		88,543	—
		3,989,191	2,068,625
Balance, December 31, 2010	$	812,865	361,664

Exhibit D-6

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Water Utility Fund

December 31, 2010

Capital Improvement Fund		$ 49
Fund balance		8,064
Encumbrances		19,175
Due from Sewer Operating Fund		(300,000)
Due from Sewer Capital		(277,765)
Due from General Capital Fund		(156,779)
Due to (from) Recreation Utility Capital		(110,000)
Due to Water Operating Fund		1,167
Improvement authorizations:		
Ordinance number	**Improvement description**	
2000-14	Development of 2 New Wells	155
2001-10	Well #2 Rehabilitation	110,660
2003-18	AMR Phase 3	(300,000)
2007-13	New Water Tank Construction	37,720
2007-14	Water Blending Facility	1,298,933
2009-15	Water Mains Village Area	30,285
		$ 361,664

Exhibit D-7

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable -
Operating Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	335,831
Increased by:		
Water billings and miscellaneous charges		2,183,367
		2,519,198
Decreased by:		
Water rents - collections		1,997,530
Adjustments and other		35,072
		2,032,602
Balance, December 31, 2010	$	486,596

Exhibit D-8

TOWNSHIP OF PEQUANNOCK

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

Water Utility Fund

December 31, 2010

Certificate number	Block	Lot		Principal	Interest and costs
298	259	1	$	870	98
299	260	1		202	31
301	260	2		194	30
			$	1,266	159

Exhibit D-9

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Account	Balance, Dec. 31, 2009	Increased	Balance, Dec. 31, 2010
Reserve for Amortization	$ 57,442	—	57,442
Distribution mains and accessories	767,842	13,889	781,731
House service	280,116	2,986	283,102
Meters	794,057	12,364	806,421
Hydrants	80,889	—	80,889
General equipment - trucks	721,687	—	721,687
Office furniture and equipment	63,246	—	63,246
Structures and improvements	167,315	—	167,315
Wells and pumping station	3,358,670	5,761	3,364,431
Well #2 chlorinator	9,936	—	9,936
Water mixing facility	—	—	—
New water tank construction	1,500	—	1,500
	$ 6,302,700	35,000	6,337,700

Exhibit D-10

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves - Operating Fund

Water Utility Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Encum-brances	Balance after transfers	Paid or charged	Unexpended balance lapsed
Salaries and wages	$ 69,249	—	69,249	—	69,249
Other expenses	30,614	73,707	104,321	102,859	1,462
Capital outlay	6,351	1,075	7,426	1,084	6,342
Statutory expenditures:					
Public Employees Retirement System	20,000	—	20,000	—	20,000
	$ 126,214	74,782	200,996	103,943	97,053

Exhibit D-11

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital Authorized
and Uncompleted - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 5,451,371
Balance, December 31, 2010	$ 5,451,371

Exhibit D-13

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Amortization -
Capital Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	6,083,663
Increased by improvements funded		
Budgeted capital improvements		35,000
Balance, December 31, 2010	$	6,118,663

Exhibit D-12

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement
Fund - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	225,049
Increased by:		
Budget appropriation		280,000
		505,049
Decreased by appropriated to finance		
Ordinance 2010 - 22 in Sewer Utility Capital Fund		505,000
		505,000
Balance, December 31, 2010	$	49

Exhibit D-14

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Amount	Balance, December 31, 2009 Funded	Balance, December 31, 2009 Unfunded	Expended	Balance, December 31, 2010 Funded	Balance, December 31, 2010 Unfunded
00-14	Development of 2 New Wells	$ 1,800,000	155	—	—	155	—
01-10	Well #2 Rehabilitation	180,000	135,658	—	24,998	110,660	—
07-13	New water tank construction	1,105,000	46,550	1,050,000	8,830	37,720	1,050,000
07-14	Water blending facility	2,030,000	1,491,407	497,311	192,474	1,298,933	497,311
08-13	Various Improvements	150,000	11,272	—	11,272	—	—
09-15	Village water mains	1,300,000	—	1,232,019	1,201,734	—	30,285
			$ 1,685,042	2,779,330	1,439,308	1,447,468	1,577,596

Disbursed	$ 1,436,754
Encumbrances	19,175
Prior year encumbrances	(16,621)
	$ 1,439,308

Exhibit D-15

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Capital Fund
Capital Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	409,306
Increased by cash disbursement		93,459
		502,765
Decreased by cash collections		225,000
Balance, December 31, 2010	$	277,765

Exhibit D-16

TOWNSHIP OF PEQUANNOCK

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

Water Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Balance Dec. 31, 2009	Decreased	Balance Dec. 31, 2010
03-18	AMR Phase 3	$ 300,000	—	300,000
07-13	New water tank construction	1,050,000	—	1,050,000
07-14	Water blending facility	497,311	—	497,311
09-15	Water Mains Village Area	1,300,000	1,300,000	—
		$ 3,147,311	1,300,000	1,847,311
	Notes Issued		$ 1,300,000	

Exhibit D-17

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Operating
Fund - Operating Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	107,012
Increased by cash disbursements		2,031,329
		2,138,341
Decreased by cash receipts		2,070,903
Balance, December 31, 2010	$	67,438

Exhibit D-18

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Water Capital Fund -
Operating Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	34,454
Increased by:		
Interest earned		125
		34,579
Decreased by collections		33,412
Balance, December 31, 2010	$	1,167

Exhibit D-19

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -
Operating Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	82,239
Increased by transfer from appropriation reserves		15,400
		97,639
Decreased by payments		32,379
Balance, December 31, 2010	$	65,260

Exhibit D-20

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Reserve for
Amortization - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 2,523,097

Exhibit D-21

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund

Water Utility Fund

Year ended December 31, 2010

		Water Operating	Water Capital
Balance, December 31, 2009	$	(706)	—
Increased by cash receipt		706	—
		—	—
Decreased by cash disbursements		2,185	—
Balance, December 31, 2010	$	(2,185)	—

Exhibit D-22

TOWNSHIP OF PEQUANNOCK

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

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 156,779
Balance, December 31, 2010	$ 156,779

Exhibit D-23

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Operating Fund - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 300,000
Balance, December 31, 2010	$ 300,000

Exhibit D-24

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Solid Waste Fund -
Operating Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	1,649
Decreased by cash disbursement		1,649
Balance, December 31, 2010	$	—

Exhibit D-25

TOWNSHIP OF PEQUANNOCK

Schedule of Due From General Capital Fund -
Operating Fund

Water Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 6,185
Balance, December 31, 2010	$ 6,185

Exhibit D-26

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes - Capital Fund

Water Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Date of original note	Date of issue	Maturity	Interest rate	Balance, Dec. 31, 2009	Increased	Balance, Dec. 31, 2010
09-15	Village Area Water Mains	Jul. 29, 2010	Jul. 29, 2010	Jul. 29, 2011	1.50%	$ —	1,300,000	1,300,000
						$ —	1,300,000	1,300,000
					Issued		$ 1,300,000	
							$ 1,300,000	

Exhibit D-27

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Water Bonds -
Operating Fund

Water Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$ —
Increased by:	
Additional accrual for new bonds	8,179
Balance, December 31, 2010	$ 8,179

Analysis of Balance

Balance	Rate	From	To	Period	Amount
$ 1,300,000	Various	Jul. 29, 2010	Dec. 31, 2010	5 months	$ 8,179

Exhibit E-5

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Sewer Utility Fund

Year ended December 31, 2010

		Operating	Capital
Balance, December 31, 2009	$	1,033,976	296,779
Increased by receipts:			
Sewer rents receivable		2,432,116	—
Miscellaneous revenue		35,815	—
Due to Solid Waste Utility Fund		1,989,538	—
Due from Water Utility Operating Fund		2,030,821	—
Assessment Fund Balance		264,790	—
Due to Sewer Operating Fund		—	35
Due to Water Capital Fund		—	93,459
Contribution from Water Capital Fund		—	505,000
Funded ordinance from Operating Fund		—	10,000
Capital Improvement Fund		—	21,000
		6,753,080	629,494
		7,787,056	926,273
Decreased by disbursements:			
Budget appropriations		2,455,853	—
Appropriation reserves		26,118	—
Accrued interest on bonds		321,770	—
Due to Solid Waste Utility Fund		2,060,478	—
Due to Current Fund		500	—
Due to Water Utility Capital Fund		—	225,000
Due from Water Utility Operating Fund		2,070,903	—
Accounts payable		19,350	—
Due to Assessment Fund		21,991	—
Prior year encumbrances		—	33,178
Improvement authorizations		—	200,163
		6,976,963	458,341
Balance, December 31, 2010	$	810,093	467,932

Exhibit E-6

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

Due to Sewer Operating Fund		$ 19,837
Capital improvement fund		3,685
Due to Water Capital Fund		277,765
Due from General Capital Fund Fund		(2,362)
Encumbrances payable		5,769
Fund balance		123,883
Improvement authorizations:		
Ordinance number	**Improvement description**	
97-17	Industrial Road sewers	1
02-07	Purchase of sewer jet	(79,444)
04-35	Munson Drive/ Farm Rd. sewers	115,697
05-13	Pequannock Area Sewers Phase 14-1	50,524
06-14	Purchase of TBSA capacity	(855,509)
07-12	Purchase of TBSA capacity	43,273
08-27	Sewer Design	311
08-38	Sanitary Sewer extension project	286,015
10-22	Village area sewers	478,487
		$ 467,932

Exhibit E-7

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	448,247
Increased by sewer charges		2,557,634
		3,005,881
Decreased by:		
Collections		2,432,116
Transfer to Liens		976
Cancellations		13,754
		2,446,846
Balance, December 31, 2010	$	559,035

Exhibit E-8

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances Payable - Operating Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	38,206
Increased by transfer from current budget		24,925
		63,131
Decreased by transfer to appropriation reserve		38,206
Balance, December 31, 2010	$	24,925

Exhibit E-9

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

		Balance, Dec. 31, 2010	Balance, Dec. 31, 2009
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
	$	3,810,637	3,810,637

Exhibit E-10

TOWNSHIP OF PEQUANNOCK

Schedule of Due from General Capital Fund -
Capital Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	—
Increased by premium on notes not transferred		2,362
Balance, December 31, 2010	$	2,362

Exhibit E-11

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

	Balance, Dec. 31, 2009	Balance after transfers	Paid or charged	Unexpended balance lapsed
Salaries and wages	$ 6,162	6,162	—	6,162
Other expenses	20,145	58,351	36,998	21,354
Payment to Two Bridges Sewer Authority	5,275	5,275	—	5,275
Statutory expenditures:				
Public Employees' Retirement System	3,750	3,750	—	3,750
	$ 35,332	73,538	36,998	36,541

Appropriation Reserve	35,332
Encumbrances	38,206
	73,538

Cash	$ 26,118
Accounts payable	10,880
	$ 36,998

Exhibit E-12

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Sewer Bonds -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	70,842
Increased by:		
Budget appropriation		315,770
		386,612
Decreased by:		
Cancelled		1,556
Cash disbursed		321,770
		323,326
Balance, December 31, 2010	$	63,286

Analysis of Balance

	Balance	Rate	From	To	Period		Amount
$	7,708,000	Various	Oct. 15, 2010	Dec. 31, 2010	2.5 months	$	63,286

Exhibit E-13

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Sewer Notes -
Operating Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	—
Increased by:		
Budget appropriation		17,114
		17,114
Decreased by:		
Paid by General Capital Fund		12,860
Balance, December 31, 2010	$	4,254

Analysis of Balance

Balance	Rate	From	To	Period	Amount
$ 250,000	1.50%	July 30, 2010	Dec. 31, 2010	151 days	$ 1,550
380,000	1.50%	July 30, 2010	Dec. 31, 2010	151 days	2,356
123,000	1.50%	Oct. 22, 2010	Dec. 31, 2010	69 days	348
					$ 4,254

Exhibit E-14

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Amortization - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	2,611,137
Increased by:		
Bonds paid		450,000
Balance, December 31, 2010	$	3,061,137

#

Exhibit E-15

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement Fund - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 52,685
Increased by:	
Budget appropriation	21,000
Transfer from Water Utility Capital Improvement Fund	505,000
	526,000
	578,685
Decreased by:	
Improvement authorization	575,000
Balance, December 31, 2010	$ 3,685

Exhibit E-16

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Sewer Utility Operating Fund - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	19,802
Increased by:		
Interest collected		35
Balance, December 31, 2010	$	19,837

Exhibit E-17

TOWNSHIP OF PEQUANNOCK

Schedule of Serial Bonds Payable - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

Purpose	Date of original issue	Original amount of issue	Maturities of bonds outstanding December 31, 2010 Date	Amount	Interest rate	Balance, Dec. 31, 2009	Paid	Balance, Dec. 31, 2010
Sewer Utility Bonds	Oct. 15, 2007	8,983,000	Oct. 15, 2011	$ 475,000	4.00%			
(Bonds maturing on or after Oct. 15, 2018 are subject to redemption			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%	$ 8,158,000	450,000	7,708,000
						$ 8,158,000	450,000	7,708,000

Exhibit E-18

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Sewer Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Amount	Balance, December 31, 2009 Funded	Balance, December 31, 2009 Unfunded	2010 authori-zations	Expended	Balance, December 31, 2010 Funded	Balance, December 31, 2010 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	198,209	—	—	82,512	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	69,256	—	—	25,983	43,273	—
08-27	Sewer Design	400,000	—	1,235	—	924	—	311
08-38	Sanitary Sewer extension project	710,000	—	286,015	—	—	—	286,015
10-22	Village area sewers	12,000,000	—	—	12,000,000	96,513	478,487	11,425,000
			$ 317,990	302,297	12,000,000	205,932	687,982	11,726,373

Cash	200,163
Encumbrances payable	5,769
	205,932

Exhibit E-19

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized but not Issued

Sewer Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Balance, Dec. 31, 2009	2010 Authorizations	Decreased	Balance, Dec. 31, 2010
02-07	Purchase Sewer Jet	$ 90,000	—	10,000	80,000
06-14	Purchase of TBSA capacity	870,000	—	—	870,000
10-22	Village area sewers	—	11,425,000	—	11,425,000
		$ 960,000	11,425,000	10,000	12,375,000

Issued	$ 0
Funded by budget appropriation	10,000
	$ 10,000

Exhibit E-20

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Reserve for
Amortization - Capital Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	2,191,194
Increased by:		
Budget pay down		10,000
Down payments		575,000
		585,000
Balance, December 31, 2010	$	2,776,194

Exhibit E-21

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Current Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	14,818
Increased by:		
Interest collected in Current Fund		11,503
Cash disbursed		500
		12,003
Balance, December 31, 2010	$	26,821

Exhibit E-22

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Authorized
and Uncompleted - Capital Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	10,862,694
Increased by Ordinances		12,000,000
Balance, December 31, 2010	$	22,862,694

Exhibit E-23

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Assessment Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	86,273
Increased by:		
Anticipated fund balance		140,000
		226,273
Decreased by:		
Assessments collected from Current Fund		264,790
Balance, December 31, 2010 (Due From)	$	(38,517)

Exhibit E-24

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	8,470
Increased by transfer from appropriation reserve		10,880
		19,350
Decreased by payments		19,350
Balance, December 31, 2010	$	—

Exhibit E-25

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Solid Waste Utility Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	378,260
Increased by cash receipts		1,989,538
		2,367,798
Decreased by cash disbursements		2,060,478
Balance, December 31, 2010	$	307,320

Exhibit E-26

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Utility Operating Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance due to, December 31, 2009	$	107,012
Increased by:		
Collection report adjustment		508
Collections		2,030,821
		2,031,329
		2,138,341
Decreased by cash disbursements		2,070,903
Balance due to, December 31, 2010	$	67,438

Exhibit E-27

TOWNSHIP OF PEQUANNOCK

Schedule of Assessment Fund Balance
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	134,479
Increased by:		
Assessments collected		129,241
		263,720
Decreased by:		
Anticipated revenue		140,000
Balance, December 31, 2010	$	123,720

Exhibit E-28

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Assessment Trust Fund
Operating Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	21,991
Decreased by disbursements		21,991
Balance, December 31, 2010	$	—

Exhibit E-29

TOWNSHIP OF PEQUANNOCK

Schedule of Assessments Receivable -
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2010

Description	Confirmation Date		Balance, Dec. 31, 2009	adjustment	Decreased	Balance, Dec. 31, 2010
Mountain Avenue/ Mead Place	June 24, 2003	$	57,441	719	15,177	42,983
Lincoln Park Road	June 24, 2003		9,450	—	2,550	6,900
Phase II Sewers	March 23, 2004		486,567	—	111,514	375,053
		$	553,458	719	129,241	424,936

Exhibit E-30

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Current Fund
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	220,752
Increased by:		
Assessments collected		129,241
		349,993
Decreased by:		
Paid directly to Sewer Operating		264,790
Balance, December 31, 2010	$	85,203

Exhibit E-31

TOWNSHIP OF PEQUANNOCK

Schedule of Due to General Capital Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	—
Increased by:		
Interest paid by General Capital Fund		12,860
Balance, December 31, 2010	$	12,860

Exhibit E-32

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Maintenance Bond
Operating Fund

Sewer Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 5,000
Balance, December 31, 2010	$ 5,000

Exhibit E-33

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes

Sewer Capital Fund

Year ended December 31, 2010

Ordinance number	Purpose	Original date of issue	Date of issue	Date of maturity	Interest rate		Balance, Dec. 31, 2009	Balance, Dec. 31, 2010
2005-13	Sanitary Sewer	7/31/2009	7/30/2010	7/29/2011	1.50%	$	250,000	250,000
2008-27	Sanitary Sewer Design - Village Area	7/31/2009	7/30/2010	7/29/2011	1.50%		380,000	380,000
2008-38	Sanitary Sewer Extension	10/23/2009	10/22/2010	10/21/2011	1.25%		123,000	123,000
						$	753,000	753,000

Exhibit E-34

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$ 300,000
Balance, December 31, 2010	$ 300,000

Exhibit E-35

TOWNSHIP OF PEQUANNOCK

Schedule of Sewer Liens
Operating Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$ —
Increased by:	
Interest on sale	71
Transfer from rents receivable	976
Balance, December 31, 2010	$ 1,047

Exhibit E-36

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Utility Capital Fund
Capital Fund

Sewer Utility Fund
Year ended December 31, 2010

Balance, December 31, 2009	$	409,306
Increased by:		
Interfunds advanced		93,459
		502,765
Increased by		
Disbursements		225,000
Balance, December 31, 2010	$	277,765

Exhibit F-4

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Solid Waste Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	383,104
Increased by:		
Consumer accounts receivable collections		1,930,064
Miscellaneous revenue		14,274
Due from Water Operating Fund		1,649
Recycling tonnage grant		435
Due from Sewer Operating Fund		2,060,478
		4,006,900
		4,390,004
Decreased by:		
Budget appropriations		1,820,414
Appropriation reserves		156,455
Due to Current Fund		52,972
Due to Sewer Operating Fund		1,989,538
		4,019,379
Balance, December 31, 2010	$	370,625

Exhibit F-5

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable

Solid Waste Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	181,682
Increased by garbage collection billings		1,941,416
		2,123,098
Decreased by		
Collections		1,930,064
Cancellations		19,520
		1,949,584
Balance, December 31, 2010	$	173,514

Exhibit F-6

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	49,811
Decreased by expenditures paid for Current fund		52,972
Balance, December 31, 2010	$	(3,161)

Exhibit F-7

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Solid Waste Utility Fund

Year ended December 31, 2010

	Balance Dec. 31, 2009	Encum-brances	Balance after transfers	Paid or charged	Unexpended balance lapsed
Operating:					
Salaries and wages	$ 20,561	—	20,561	—	20,561
Other expenses	7,037	171,504	178,541	163,330	15,211
Judgements	38,125	—	38,125	(6,875)	45,000
	$ 65,723	171,504	237,227	156,455	80,772

Exhibit F-8

TOWNSHIP OF PEQUANNOCK

Schedule of Solid Waste Interfunds -
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2010

		Water Operating Fund	Sewer Operating Fund
Balance due from, December 31, 2009	$	1,649	378,260
Increased by cash disbursed		—	1,989,538
		1,649	2,367,798
Decreased by cash receipts		1,649	2,060,478
Balance due from, December 31, 2010	$	—	307,320

Exhibit F-9

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Recycling Tonnage Grant

Solid Waste Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$	28,177
Increased by grant award received		435
Balance, December 31, 2010	$	28,612

Exhibit F-10

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -

Solid Waste Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 13,442
Balance, December 31, 2010	$ 13,442

Exhibit G-4

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Recreation Utility Fund

Year ended December 31, 2010

		Operating Fund	Capital Fund
Balance, December 31, 2009	$	118,281	5,311
Increased by:			
Program fees		430,257	—
Miscellaneous		7,204	—
Operating Fund		—	4
Clearing		1,915	—
Due to Current fund		12,782	—
		452,158	4
		570,439	5,315
Decreased by:			
Budget appropriation		439,530	—
Appropriation reserve		16,369	—
Due from Payroll		1,760	—
Due from Recreation Capital Fund		4	—
		457,663	—
Balance, December 31, 2010	$	112,776	5,315

Exhibit G-5

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Recreation Utility Fund

December 31, 2010

Capital Improvement Fund		$ 3,000
Due to (from) Water Utility Capital		110,000
Due to Recreation Operating Fund		(3)
Improvement authorizations:		
Ordinance number	**Improvement description**	
2003-19	PV Park Pavilion	(107,682)
		$ 5,315

Exhibit G-6

TOWNSHIP OF PEQUANNOCK

Schedule of Recreation Interfunds - Operating Fund

Recreation Utility Fund

Year ended December 31, 2010

		Current Fund	Payroll	Recreation Capital	General Capital
Balance due from (to), December 31, 2009	$	12,782	(1,760)	7	6,000
Increased by:					
Cash disbursed		—	1,760	—	—
		—	1,760	—	—
		12,782	—	7	6,000
Decreased by cash receipts		12,782	—	4	—
Balance due (to) from, December 31, 2010	$	—	—	3	6,000

Exhibit G-7

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital
Capital Fund

Recreation Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009 and 2010	$ 134,682

Exhibit G-8

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Recreation Utility Fund

Year ended December 31, 2010

	Balance, Dec. 31, 2009	Encum-brances	Balance, After Transfers	Paid or Charged	Unexpended Balance Lapsed
Operating:					
Salaries and wages	$ 3,232	—	3,232	—	3,232
Other expenses	45,390	14,630	60,020	19,269	40,751
	$ 48,622	14,630	63,252	19,269	43,983

Cash	$ 16,369
Accounts payable	2,900
	$ 19,269

Exhibit G-9

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances Payable

Recreation Utility Fund

Year ended December 31, 2010

		Operating Fund
Balance, December 31, 2009	$	14,630
Increased by:		
Transfer from budget		5,024
		19,654
Decreased by:		
Cash disbursements		11,730
		11,730
Balance, December 31, 2010	$	7,924

Exhibit G-10

TOWNSHIP OF PEQUANNOCK

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

Recreation Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description		Balance Dec. 31, 2009	Balance Dec. 31, 2010
03-19	PV Park Pavilion	$	110,000	110,000
		$	110,000	110,000

Exhibit G-11

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Recreation Utility Fund

Year ended December 31, 2010

Ordinance number	Improvement description	Amount	Balance, December 31, 2009		Balance, December 31, 2010	
			Funded	Unfunded	Funded	Unfunded
03-19	PV Park Pavilion	$ 137,000	—	2,318	—	2,318
			$ —	2,318	—	2,318

Exhibit G-12

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital Authorized
and Uncompleted - Capital Fund

Recreation Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009 and 2010	$ 2,318

Exhibit G-13

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for
Amortization - Capital Fund

Recreation Utility Fund

Year ended December 31, 2010

Balance, December 31, 2009	$ 27,000
Balance, December 31, 2010	$ 27,000

Exhibit G-14

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement
Fund - Capital Fund

Recreation Utility Fund

Year ended December 31, 2010

Balance, December 31, 2010 and 2009	$ 3,000

Exhibit G-15

TOWNSHIP OF PEQUANNOCK

Schedule of Recreation Interfunds - Capital Fund

Recreation Utility Fund

Year ended December 31, 2010

		Water Capital Fund	Recreation Operating
Balance due to December 31, 20009	$	110,000	(7)
Increased by:			
Cash received		—	4
		110,000	(3)
Decreased by cash disbursements		—	—
Balance due to (from), December 31, 2010	$	110,000	(3)

Exhibit H-1

TOWNSHIP OF PEQUANNOCK

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2010

Category		Balance Dec. 31, 2009	Additions	Deletions	Balance Dec. 31, 2010
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
	$	26,177,853	1,566,644	200,187	27,544,310

SUPPLEMENTARY DATA

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Comparative Schedule of Tax Rate Information

		2010	2009	2008
Tax Rate (per hundred)	$	1.713	1.665	1.620
Apportionment of tax rate:				
Municipal		0.401	0.386	0.358
County		0.225	0.226	0.236
Local school		1.087	1.053	1.026

Assessed valuations:

2010	$	2,893,667,291
2009		2,890,905,498
2008		2,884,392,155

Comparison of Tax Levies and Collection Currently

			Currently		
Year		**Tax levy**	**Cash collections**	**Percentage of collection**	
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	
2006		42,315,566	41,878,244	98.97	

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.

Dec.31,		**Amount of tax title liens**	**Amount of delinquent taxes**	**Total delinquent**	**Percentage of tax levy**	
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	
2006		21,538	387,825	409,363	0.97	

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:

Year		Amount
2010	$	884,650
2009		884,650
2008		884,650
2007		884,650
2006		676,550

Comparison of Water Utility Levies

Year		Levy	Collections
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
2006		1,502,191	1,497,538

Comparison of Sewer Utility Levies

Year		Levy	Collections
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
2006		1,771,337	1,736,236

Comparison of Solid Waste Utility Levies

Year		Levy	Collections
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
2006		1,866,842	1,819,696

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Comparative Schedule of Fund Balances

	Year		Balance, Dec. 31	Utilized in budget of succeeding year
Current:				
	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
	2006		2,667,119	1,595,000
Water Utility Operating:				
	2010		670,567	200,000
	2009		516,607	75,000
	2008		536,482	64,000
	2007		390,945	180,000
	2006		438,561	180,000
Sewer Utility Operating:				
	2010		123,883	—
	2009		189,756	81,000
	2008		189,038	100,000
	2007		173,500	67,167
	2006		472,400	300,000
Solid Waste Utility Operating:				
	2010		381,466	110,000
	2009		434,356	85,000
	2008		245,944	85,000
	2007		152,982	66,418
	2006		121,829	35,000
Recreation Utility Operating:				
	2010		102,403	41,000
	2009		72,044	18,000
	2008		2,878	—
	2007		2,878	—
	2006		2,878	—

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office on December 31, 2010.

Name	Title	Amount of bond
Edward G. Engelbart	Mayor	
Joseph L. Jorgensen	Councilman	
Nicholas Kapotes	Councilman	
Louis A. Skvarca	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. Lyon	Principal Accountant/QPA	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, 2010

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

December 31, 2010

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 5, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes:

> "WHEREAS, the penalty for nonpayment of taxes becoming delinquent on and after February 1, 1990, shall be at the rate of eight per centum (8%) per year for the first $1,500 of delinquency and eighteen per centum (18%) per year on amounts over $1,500; and
>
> WHEREAS, Section 54:4-67 of the Revised Statutes has been amended to allow the Tax Collector to collect no interest if payment of any installment is made within ten (10) days after the date upon which the same became payable, provided it meets with the approval of the Mayor and Council;

BE IT RESOLVED, that the Tax Collector is granted permission to withhold interest charges for a period of ten (10) days after the date upon which the installment became payable, provided it is received within the period."

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

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:

Year	Number of tax title liens
2010	3
2009	0
2008	0

The tax sale was held on September 15, 2010.

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) Fixed assets are not inventoried on a regular basis and a formal disposition policy and procedures document is not maintained*.
(2) There are old grant receivables and unexpended appropriations reserves that need to be reviewed
(3) Group health disbursement transactions are not recorded against the pertinent cash account and the group health general ledger trial balance does not balance*.
(4) Many interfunds exist at year end.
(5) Cash account reconciliations have reconciling items and outstanding checks in excess of one year.
(6) Cash accounts do not reconcile to the general ledger.
(7) Water Tax Returns are filed late and the Township is incurring penalties.
(8) There is no recent allocation study for expenses charged to the utility funds.
(9) Three disbursements were incorrectly charged to the Animal Control fund that were for the Current fund.
(10) Mileage reimbursement was being paid a rate that is not consistent with approved personnel policy.

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

December 31, 2010

Recommendations

(1) That an internal review of fixed assets inventory be performed at least every two years and that formal fixed asset policy and procedures document be prepared*.
(2) The old grant receivables and unexpended appropriation reserves continue to be reviewed.
(3) That group health disbursement transactions be recorded against the pertinent cash account and the group health general ledger trial balance should reviewed.*
(4) Efforts should be made to limit the number of interfund transactions.
(5) Cash account reconciliations should be reviewed on a monthly basis and all reconciling items and old outstanding checks cleared.
(6) Cash accounts should be reconciled back to the corresponding general ledger account.
(7) Water Tax Returns should be filed on time.
(8) An allocation study should be done and expenses charged to the utility funds should be adjusted accordingly.
(9) Only charges related to animal control should be charged to the animal control fund.
(10) Mileage reimbursement should be paid in accordance with the approved personnel policy.