

**TOWNSHIP OF PEQUANNOCK**

Financial Statements  
with Additional Financial Information

December 31, 2013

(With Independent Auditor's Report Thereon)

# TOWNSHIP OF PEQUANNOCK

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# ***LOUIS C. MAI CPA & ASSOCIATES***

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2013 and 2012 of the Township of Pequannock, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund, Water, Sewer, Solid Waste and Recreation Utility Funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

As described in note 1 of the financial statements, 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- regulatory basis, which is a basis of accounting other than

accounting principles generally accepted in the United States of America to meet the requirements of the State of New Jersey.

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Pequannock, New Jersey, as of December 31, 2013 and 2012 and the changes in financial position for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

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, 2013 and 2012 and the related statement of operations and changes in fund balances for the years then ended and the related statement of revenues and statements of expenditures of the Current Fund, Water, Sewer, Solid Waste and Recreation Utility Funds for the year ended December 31, 2013 on the regulatory basis of accounting described in note 1.

### **Other Matters**

#### **Additional Financial Information**

Our audit was conducted for the purpose of forming an opinion on the regulatory financial statements that collectively comprise the Township’s financial statements. The additional financial information included in the accompanying table of contents, is presented for the purpose of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information and schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information included in the accompanying table of contents are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township of Pequannock's internal control over financial reporting and compliance.

*Louis C. Mai CPA & Associates*  
*Louis C. Mai*

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Louis C. Mai, Registered Municipal Accountant  
No. CR00217

January 20, 2015

## ***LOUIS C. MAI CPA & ASSOCIATES***

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

#### Independent Auditor's Report

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

We have audited , in accordance with the 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, the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2013 and 2012 of the Township of Pequannock, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund, Water, Sewer, Solid Waste and Recreation Utility Funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 20, 2015, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

#### **Internal Control Over Financial Reporting**

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we

did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Louis C. Mai CPA & Associates*  
*Louis C. Mai*

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Louis C. Mai, Registered Municipal Accountant  
No. CR00217

January 20, 2015

## FINANCIAL STATEMENTS

TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Fund  
Current Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
<b>Regular Fund:</b>			
Cash	A-4	\$ 7,013,253	5,869,919
Change fund	A-23	260	260
Due from State of New Jersey for veterans' and senior citizens' deductions	A-8	<u>44,236</u>	<u>35,234</u>
		<u>7,057,749</u>	<u>5,905,413</u>
<b>Receivables and other assets with full reserves:</b>			
Delinquent property taxes receivable	A-6	381,038	522,970
Tax title liens	A-25	21,070	12,672
Property acquired for taxes - assessed valuation	A-12	884,650	884,650
<b>Due from:</b>			
Sewer Operating Fund	A-20	5,256	—
Water Utility Operating Fund	A-20	3,264	3,689
Solid Waste Fund	A-20	—	4,580
Other Trust Fund	A-20	59,445	12,073
General Capital Fund	A-20	—	23,339
Public Library	A-20	14,720	123,449
Dog License Fund	A-20	129	—
Revenue accounts receivable	A-9	<u>46,590</u>	<u>17,284</u>
		<u>1,416,162</u>	<u>1,604,706</u>
<b>Deferred charges:</b>			
Overexpenditure of appropriation reserves	A-7	—	119
Overexpenditure of Appropriation	A-7	—	760
Emergency Authorizations	A-24	<u>103,000</u>	<u>139,000</u>
		<u>8,576,911</u>	<u>7,649,998</u>
<b>State and Federal Grant Fund:</b>			
Cash		11,135	—
Grants receivable	A-18	120,186	436,238
Due from Builders' Escrow		—	8
Due from Open Space Trust Fund		—	11,027
Due from Current Fund	A-20	<u>299,004</u>	<u>96,475</u>
		<u>430,325</u>	<u>543,748</u>
		<u>\$ 9,007,236</u>	<u>8,193,746</u>

TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Fund  
Current Fund

December 31, 2013 and 2012

Liabilities, Reserves and Fund Balance	Ref.	2013	2012
Regular Fund - liabilities:			
Appropriation reserves	A-3,A-10	\$ 1,698,581	1,475,471
Reserve for encumbrances	A-3, A-10	168,267	80,690
Accounts payable	A-15	54,566	164,988
Due to County for added taxes	A-26	9,050	5,870
Prepaid taxes	A-27	124,121	134,293
Due to:			
Dog License Fund	A-20	—	78
General Capital Fund	A-20	660,031	—
Sewer Utility Operating Fund	A-20	—	37,916
Sewer Assessment Fund	A-20	—	390,614
State and Federal Grant Fund	A-20	299,004	96,475
Payroll Trust	A-3	—	—
Recreation Utility Operating Fund	A-20	1,445	34,947
School Taxes Payable	A-11	422,504	474,405
State of New Jersey Uniform Construction Code	A-13	4,693	—
Due to State of new Jersey	A-28	—	250
Tax overpayments	A-16	9,142	28,787
Reserve for various purposes	A-17	2,100,471	1,526,954
		<u>5,551,875</u>	<u>4,451,738</u>
Reserve for receivables		1,416,162	1,604,706
Fund balance	A-1	1,608,874	1,593,554
		<u>8,576,911</u>	<u>7,649,998</u>
State and Federal Grant Fund:			
Accounts payable		2,244	2,244
Encumbrances	A-19	19,032	57,695
Due to Solid Waste Fund	A-21	25,452	—
Appropriated reserves	A-21	289,996	381,185
Unappropriated reserves	A-22	93,601	102,624
		<u>430,325</u>	<u>543,748</u>
		<u>\$ 9,007,236</u>	<u>8,193,746</u>

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Statement of Operations and Changes in Fund Balance  
Regulatory Basis  
Current Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues and other income realized:		
Fund balance utilized	\$ 1,250,000	1,230,000
Miscellaneous revenue anticipated	3,581,019	3,879,532
Receipts from delinquent taxes	516,201	482,289
Receipts from current taxes	49,225,073	49,598,380
Non-budget revenues	75,856	67,660
Other credits to income:		
Unexpended balances of appropriation reserves	311,482	405,019
Interfunds returned	175,361	—
Prior year receivable collected	—	42,330
Accounts payable cancelled	89,555	
Various reserves cancelled	52,363	89,187
Cancelled/ voided checks	—	29
Net grants cancelled	—	76,243
Unexpended budget appropriations cancelled	52	283
Total revenue and other income	<u>55,276,962</u>	<u>55,870,952</u>
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	6,764,821	6,519,930
Other expenses	5,152,959	5,194,640
Capital improvements	1,435,000	1,105,000
Debt service	669,691	1,165,749
Deferred charges and statutory expenditures	1,701,350	1,903,113
County taxes	6,265,916	6,728,563
Local district school taxes	31,768,656	31,885,995
Municipal open space tax	132,740	241,500
Interfund advances	120,509	—
Refund of prior year's revenue	—	20,559
Sr. Citizen and Veterans' deductions disallowed for prior year	—	1,460
Total expenditures	<u>54,011,642</u>	<u>54,766,509</u>
Excess in revenue over expenditures	1,265,320	1,104,443
Fund balance, January 1	<u>1,593,554</u>	<u>1,719,111</u>
	2,858,874	2,823,554
Decreased by utilized as anticipated revenue	<u>1,250,000</u>	<u>1,230,000</u>
Fund balance, December 31	<u>\$ 1,608,874</u>	<u>1,593,554</u>

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Regulatory Basis

Current Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 1,250,000	1,250,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	22,800	22,800	—
Other	23,000	21,396	(1,604)
Fees and permits:			
Other	110,000	128,590	18,590
Cable Television Franchise Fee	52,500	57,847	5,347
Payments in lieu of taxes - Senior Citizen House	82,500	85,757	3,257
Fines and costs - Municipal Court	270,000	274,599	4,599
Interest and costs on taxes	95,000	108,075	13,075
Interest on investments and deposits	19,000	14,477	(4,523)
Consolidated municipal property tax relief	46,531	46,531	—
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	1,167,842	1,167,842	—
Uniform Construction Code Fees	270,000	318,519	48,519
Contracts for Dial-A-Ride:			
Borough of Butler	60,402	60,402	—
Borough of Kinnelon	82,107	82,107	—
Borough of Lincoln Park	84,294	84,294	—
Borough of Riverdale	28,515	28,515	—
Health Services Contract:			
Borough of Bloomingdale	86,745	86,745	—
Borough of Kinnelon	116,113	116,113	—
Borough of Riverdale	40,325	40,325	—
Borough of Florham Park	132,519	132,519	—
Field Maintenance Contract	57,000	57,000	—
County Road Plowing and Salting - Morris County	10,000	13,371	3,371
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	3,214	3,214	—
N.J. Senior Citizens Disabled Residents Transportation Assistance Act	97,658	97,658	—
Clean Communities Program	25,621	25,621	—
NJDEP River Desnagging	13,000	13,000	—
Alcohol Education and Rehabilitation Fund	485	485	—
Utility Operating Surplus of prior year	300,000	300,000	—
Uniform Fire Safety Act	15,000	21,510	6,510
Uniform Fire Code fees	19,000	23,720	4,720
Hotel Occupancy Tax	32,500	60,085	27,585
Reserve for Public Defender Fees	8,220	8,220	—
Reserve for Health Contracts	15,000	15,000	—
Reserve for flood expenses	50,000	50,000	—
Total miscellaneous revenues	<u>3,451,573</u>	<u>3,581,019</u>	<u>129,446</u>

(Continued)

## TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Regulatory Basis

Current Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Receipts from delinquent taxes	\$ 475,000	516,201	41,201
Amount to be raised by taxes for support of municipal budget -			
local tax for municipal purposes	11,203,163	11,713,676	510,513
Minimum Library Tax	823,882	823,882	—
Total Amount to be raised by taxes for support of municipal budget -	<u>12,027,045</u>	<u>12,537,558</u>	<u>510,513</u>
Budget totals	<u>\$ 17,203,618</u>	17,884,778	<u>681,160</u>
Non-budget revenues		<u>75,856</u>	
		<u>\$ 17,960,634</u>	

**Analysis of Realized Revenues**

Allocation of current tax collections:

Revenue from collections	\$ 49,225,073
Allocated to school, county and open space taxes	<u>38,167,312</u>
Balance for support of municipal budget appropriations	11,057,761

Add reserve for uncollected taxes

1,479,797

Amount for support of municipal budget appropriations

\$ 12,537,558

Receipts from delinquent taxes:

Tax title liens	\$ 1,715
Delinquent tax collections	<u>515,201</u>
	<u>\$ 516,916</u>

**Analysis of Non-budget Revenue**

Refunds and prior year reimbursements	\$ 14,902
Township Clerk	22
Police Department	2,535
Tax Collector	11,964
Sale of surplus equipment	31,372
Finance	40
Recyclable materials	4,253
Miscellaneous	4,194
Tax Assessor	290
Senior Citizen and Veterans administrative fee	3,203
DMV inspection fees	<u>3,081</u>
	<u>\$ 75,856</u>

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

General Appropriations	Expended				
	Budget	Budget after modifications	Paid or charged	Reserved	Canceled
Operations-within "CAPS":					
General Government:					
Township Clerk:					
Salaries and wages	\$ 86,000	86,000	78,955	7,045	—
Other expenses	68,700	68,700	60,070	8,630	—
Township Council:					
Salaries and wages	20,200	25,200	25,200	—	—
Other expenses	9,425	9,425	4,687	4,738	—
Managers Office:					
Salaries and wages	167,200	167,200	164,323	2,877	—
Other expenses	3,000	3,000	2,766	234	—
Legal services and costs:					
Other expenses	120,000	120,000	76,818	43,182	—
Municipal Prosecutor Salaries and wages	23,555	23,555	23,539	16	—
Municipal Court:					
Salaries and wages	163,925	163,925	162,910	1,015	—
Other expenses	11,600	11,600	7,961	3,639	—
Public Defender (P.L. 1997, C.256):					
Salaries and wages	6,800	6,800	6,787	13	—
Audit Services	17,250	17,250	17,250	—	—
Workmen's Compensation Insurance	209,500	209,500	209,500	—	—
Insurance - General Liability	165,500	141,000	121,296	19,704	—
Group Insurance for employees	1,416,428	1,386,428	443,464	942,964	—
Department of Finance:					
Financial Administration:					
Salaries and wages	122,405	122,405	121,946	459	—
Other expenses	8,400	8,400	7,107	1,293	—
Data Processing:					
Other expenses	102,000	102,000	77,847	24,153	—
Revenue Administration- salaries and wages	85,190	85,190	77,414	7,776	—
Revenue Administration- other expenses	7,100	7,100	3,050	4,050	—
Tax Assessment:					
Salaries and wages	60,790	60,790	55,547	5,243	—
Other expenses	10,200	10,200	4,537	5,663	—
Department of Planning and Building:					
Planning and Building Department:					
Salaries and wages	103,040	103,040	89,533	13,507	—
Other expenses	79,600	79,600	53,619	25,981	—

(continued)

## TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

General Appropriations	Expended				
	Budget	Budget after modifications	Paid or charged	Reserved	Canceled
Municipal Land and Use Law (N.J.S.A. 40:55d-1):					
Board of Adjustment:					
Salaries and wages	\$ 10,890	10,890	6,265	4,625	—
Other expenses	10,300	24,300	24,039	261	—
Department of Parks and Recreation:					
Public buildings and grounds:					
Salaries and wages	70,305	70,305	66,618	3,687	—
Other expenses	119,100	119,100	107,243	11,857	—
Parks and playgrounds:					
Salaries and wages	264,387	264,387	249,769	14,618	—
Other expenses	95,400	95,400	94,548	852	—
Celebration of public events, holidays or anniversary:					
Other expenses	19,000	19,000	16,295	2,705	—
Dial-a-ride program:					
Salaries and wages	63,315	63,315	63,315	—	—
Other expenses	61,190	61,190	34,200	26,990	—
Recreation:					
Salaries and wages	168,465	168,465	168,137	328	—
Other expenses	24,900	24,900	19,081	5,819	—
Department of Fire:					
Other expenses:					
Clothing allowance	50,000	50,000	48,025	1,975	—
Miscellaneous other expenses	48,500	48,500	41,664	6,836	—
Office of Fire Safety:					
Salaries and wages	38,780	38,780	37,449	1,331	—
Other expenses	6,900	6,900	5,719	1,181	—
Department of Police:					
Salaries and wages	3,768,171	3,768,171	3,692,318	75,853	—
Other expenses	225,500	225,500	199,614	25,886	—
First Aid Squad - other expenses	28,000	28,000	—	28,000	—
Emergency Management Services:					
Salaries and wages	15,240	15,240	12,234	3,006	—
Other expenses	56,000	61,500	61,281	219	—
Team Advsory Committee: Other Expense	1,800	1,800	149	1,651	—
Aid to Volunteer Fire Companies	87,000	87,000	87,000	—	—
Department of Public Works:					
Road repairs and maintenance:					
Salaries and wages	227,375	227,375	153,641	73,734	—
Other expenses	108,500	138,500	115,636	22,864	(continued)

## TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

General Appropriations	Budget	Budget after modifi- cations	Expended		
			Paid or charged	Reserved	Canceled
Director of Public Works/Township Engineer:					
Salaries and wages	\$ 46,375	46,375	40,607	5,768	—
Other expenses	25,250	25,250	22,430	2,820	—
Street lighting and traffic control:					
Other expenses	152,000	152,000	120,641	31,359	—
Community Services Act	20,000	20,000	—	20,000	—
Vehicle Maintenance:					
Salaries and wages	74,340	74,340	74,297	43	—
Other expenses	70,000	70,000	60,930	9,070	—
Flood Advisory Committee	2,500	2,500	—	2,500	—
Department of Health:					
Salaries and wages	139,643	139,643	129,784	9,859	—
Other expenses	48,600	48,600	40,722	7,878	—
Dog regulation - other expenses	15,000	15,000	—	15,000	—
Boards and Commissions:					
Environmental Protection Commission (N.J.S.A. 40:56A-1 et seq.)	1,000	1,000	859	141	—
Senior Citizens Advisory Committee:					
Other expenses	1,800	1,800	1,800	—	—
Historic District Commission:					
Other expenses	850	850	40	810	—
PV Mental Health Center Contribution	100	100	—	100	—
Shade Tree Commission	36,400	36,400	26,249	10,151	—
Emergency Medical Services					
Salaries and wages	500	500	—	500	—
Other expenses	500	500	—	500	—
Economic Development Committee					
Other expenses	3,000	3,000	2,775	225	—
Uniform Construction Code-Appropriations Offset by Dedicated revenues					
Uniform Construction Code Official (N.J.S.A. 52:27D-120 et seq.):					
Salaries and wages	193,080	193,080	181,327	11,753	—
Other expenses	13,000	13,000	6,324	6,676	—

(continued)

## TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

General Appropriations	Budget	Budget after modifi- cations	Expended		
			Paid or charged	Reserved	Canceled
Unclassified:					
Gasoline	\$ 179,000	179,000	168,266	10,734	—
Electricity	114,500	114,500	75,801	38,699	—
Telephone	81,000	81,000	75,391	5,609	—
Water	4,000	4,000	2,269	1,731	—
Natural Gas	39,000	39,000	17,027	21,973	—
Accumulated Leave	23,000	23,000	23,000	—	—
Total Operations within "CAPS"	9,921,264	9,921,264	8,270,905	1,650,359	—
Detail:					
Salaries and wages	5,919,971	5,924,971	5,681,915	243,056	—
Other expenses	4,001,293	3,996,293	2,588,990	1,407,303	—
	9,921,264	9,921,264	8,270,905	1,650,359	—
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Deferred Charges:					
Prior year over expenditures	879	879	879	—	—
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	310,000	310,000	266,347	43,653	—
Public Employees Retirement System	316,729	316,729	316,729	—	—
Police and Firemen's Retirement System of NJ	792,742	792,742	792,742	—	—
Unemployment Insurance	50,000	50,000	50,000	—	—
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	1,470,350	1,470,350	1,426,697	43,653	—
Total General Appropriations for Municipal Purposes within "CAPS":	11,391,614	11,391,614	9,697,602	1,694,012	—
Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	884,244	884,244	884,244	—	—
Fair Share Housing Act (Ch. 22 P.L. 1985):					
Fair Housing Committee:					
Salaries and wages	16,020	16,020	15,384	636	—
Other expenses	2,100	2,100	117	1,983	—
Police Dispatch/911 -salaries and wages	237,176	237,176	235,226	1,950	—
Total Other Operations - Excluded from "CAPS"	\$ 1,139,540	1,139,540	1,134,971	4,569	—

(continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

General Appropriations	Budget	Budget after modifi- cations	Expended		
			Paid or charged	Reserved	Canceled
Shared Services Agreements:					
Field Maintenance Board of Education					
Other expenses	\$ 57,000	57,000	57,000	—	—
Dial-a-ride program:					
Salaries and wages	210,467	210,467	210,467	—	—
Other expenses	44,851	44,851	44,851	—	—
Morris County Road Snow Plowing	10,000	10,000	10,000	—	—
Interlocal Health Services Agreement:					
Salaries and wages	375,702	375,702	375,702	—	—
Other expenses	—	—	—	—	—
Total Interlocal Municipal Service Agreements	<u>698,020</u>	<u>698,020</u>	<u>698,020</u>	<u>—</u>	<u>—</u>
Public and Private Programs Offset by Revenues:					
Clean Communities program	25,621	25,621	25,621	—	—
New Jersey Senior Citizen and Disabled					
Residents Transportation Assistance Act - Other expense	97,658	97,658	97,658	—	—
Public Health Priority Funding Board of Health:					
NJ Body Armor Replacement Funds	3,214	3,214	3,214	—	—
Municipal Alliance Grant - other expenses	15,228	15,228	15,228	—	—
NJ Dept. of Health and Senior Services -					
Municipal Alliance Supplement	3,750	3,750	3,750	—	—
NJ DEP River Desnagging	13,000	13,000	13,000	—	—
Alcohol Education and rehabilitation					
Court Salaries and wages	485	485	485	—	—
Total Public and Private Programs Offset by Revenues	<u>158,956</u>	<u>158,956</u>	<u>158,956</u>	<u>—</u>	<u>—</u>
Total Operations-Excluded from "CAPS"	<u>1,996,516</u>	<u>1,996,516</u>	<u>1,991,947</u>	<u>4,569</u>	<u>—</u>
Detail:					
Salaries and wages	\$ 839,850	839,850	837,264	2,586	—
Other expenses	1,156,666	1,156,666	1,154,683	1,983	—
	<u>1,996,516</u>	<u>1,996,516</u>	<u>1,991,947</u>	<u>4,569</u>	<u>—</u>

(continued)

## TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

General Appropriations	Budget	Budget after modifi- cations	Expended		
			Paid or charged	Reserved	Canceled
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 525,000	525,000	525,000	—	—
Reserve for Purchase of Fire Apparatus	130,000	130,000	130,000	—	—
Reserve for Vehicle Replacement	130,000	130,000	130,000	—	—
Reserve for Purchase of Public Works Equipment	100,000	100,000	100,000	—	—
Reserve for Flood Control Improvements	300,000	300,000	300,000	—	—
Reserve for Data Processing and Office Equipment	30,000	30,000	30,000	—	—
Reserve for Road Resurfacing	220,000	220,000	220,000	—	—
Total Capital Improvements Excluded from "CAPS"	<u>1,435,000</u>	<u>1,435,000</u>	<u>1,435,000</u>	<u>—</u>	<u>—</u>
Municipal Debt Service-Excluded from "CAPS":					
Payment of bond anticipation notes and capital notes	647,000	647,000	647,000	—	—
Interest on notes	22,691	22,691	22,639	—	52
Total Municipal Debt Service-Excluded from "CAPS"	<u>669,691</u>	<u>669,691</u>	<u>669,639</u>	<u>—</u>	<u>52</u>
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations - 5 years	36,000	36,000	36,000	—	—
Deferred Charges to Future Taxes:					
Ord # 2002-06	40,000	40,000	40,000	—	—
Ord # 2001-09	155,000	155,000	155,000	—	—
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>231,000</u>	<u>231,000</u>	<u>231,000</u>	<u>—</u>	<u>—</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,332,207</u>	<u>4,332,207</u>	<u>4,327,586</u>	<u>4,569</u>	<u>52</u>
Total General Appropriations-Excluded from "CAPS"	<u>4,332,207</u>	<u>4,332,207</u>	<u>4,327,586</u>	<u>4,569</u>	<u>52</u>
Subtotal General Appropriations	15,723,821	15,723,821	14,025,188	1,698,581	52
Reserve for Uncollected Taxes	1,479,797	1,479,797	1,479,797	—	—
Total General Appropriations	<u>\$ 17,203,618</u>	<u>17,203,618</u>	<u>15,504,985</u>	<u>1,698,581</u>	<u>52</u>
Reserve for encumbrances			\$ 168,267		
Reserve for uncollected taxes			1,479,797		
Deferred Charges			36,879		
Due to General Capital Fund			195,000		
Due to State and Federal Grant Fund			158,956		
Cash			13,466,086		
			<u>\$ 15,504,985</u>		

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
Dog License Trust Fund:			
Cash	B-1	\$ 47,016	58,887
Due from Current Fund	B-3	<u>—</u>	<u>78</u>
		<u>47,016</u>	<u>58,965</u>
Open Space Trust Fund:			
Cash	B-1	<u>1,020,979</u>	<u>272,681</u>
		<u>1,020,979</u>	<u>272,681</u>
Other Trust Fund:			
Cash	B-1	<u>2,006,146</u>	<u>1,758,734</u>
		<u>2,006,146</u>	<u>1,758,734</u>
		<u>\$ 3,074,141</u>	<u>2,090,380</u>

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2013 and 2012

<b>Liabilities and Reserves</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
<b>Dog License Trust Fund:</b>			
Reserve for expenditures	B-2	\$ 38,698	48,221
Reserve for Dodge Grant	B	10	10
Reserve for donations	B-4	700	700
Due to Current Fund	B-3	129	—
Due to State of New Jersey	B-6	4	—
Prepaid licenses	B-5	7,475	10,034
		<u>47,016</u>	<u>58,965</u>
<b>Open Space Trust Fund:</b>			
Due to State and Federal Grant Fund	B-13	—	11,027
Due to General Capital	B-15	—	30,000
Encumbrances	B-10	15,880	3,000
Reserve for Expenditures	B-10	1,005,099	228,654
		<u>1,020,979</u>	<u>272,681</u>
<b>Other Trust Fund:</b>			
Benefits payable - payroll	B-12	612	649
Encumbrances payable	B-8	3,602	—
Reserve for:			
Special deposits	B-9	409,883	461,288
Group insurance claims	B-7	130,737	336,742
Due to Current Fund	B-11	59,445	12,073
Accumulated leave	B-14	397,750	428,698
Various reserves	B-8	1,004,117	519,284
		<u>2,006,146</u>	<u>1,758,734</u>
		<u>\$ 3,074,141</u>	<u>2,090,380</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Basis  
General Capital Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
Cash	C-2,C-3	\$ 2,663,880	1,352,068
Due from Current Fund	C-11	660,031	—
Due from Sewer Operating Fund	C-8	—	6,835
Due from Recreation Capital Fund	C-19	95,000	—
Due from Open Space	C-12	—	30,000
Grants receivable	C-13	6,925,946	8,797,444
Deferred charges to future taxation:			
Unfunded	C-4	5,826,056	6,668,056
		<u>\$ 16,170,913</u>	<u>16,854,403</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Bond anticipation notes	C-9	\$ 2,830,000	2,877,000
Due to Current Fund	C-11	—	23,339
Due to Sewer Capital Fund	C-15	3,000,000	—
Reserve for encumbrances	C-5	535,738	743,750
Improvement authorizations:			
Funded	C-5	6,235,631	9,410,806
Unfunded	C-5	2,577,749	3,069,232
Reserve for improvements	C-7	840,400	647,400
Capital Improvement Fund	C-6	62,000	30,000
Fund balance	C-1	89,395	52,876
		<u>\$ 16,170,913</u>	<u>16,854,403</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$2,996,056 and \$3,791,056 respectively. (Exhibit C-10).

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Fund Balance  
 Regulatory Basis  
 General Capital Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance, January 1	\$ <u>52,876</u>	<u>75,594</u>
Increased by:		
Funded improvement authorizations canceled	—	16,282
Cancellation of improvement authorizations	<u>70,519</u>	<u>—</u>
	<u>70,519</u>	<u>16,282</u>
	123,395	91,876
Decreased by appropriated to finance improvement authorizations -	<u>34,000</u>	<u>39,000</u>
Balance, December 31	\$ <u><u>89,395</u></u>	<u><u>52,876</u></u>

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Basis  
Water Utility Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
Operating Fund:			
Cash	D-5	\$ 656,423	1,310,493
Change Fund - Water Utility Collector		<u>60</u>	<u>60</u>
		656,483	1,310,553
Receivables with full reserves:			
Consumers' accounts receivable	D-7	<u>564,996</u>	<u>562,931</u>
		564,996	562,931
Due from Sewer Utility Operating Fund	D-17	<u>92,690</u>	<u>63,514</u>
Total Operating Fund		<u>1,314,169</u>	<u>1,936,998</u>
Assessment Fund:			
Water assessment liens	D-8	1,266	1,266
Water assessment lien interest and costs	D-8	159	159
Prospective assessments funded		<u>20,000</u>	<u>20,000</u>
Total Assessment Fund		<u>21,425</u>	<u>21,425</u>
Capital Fund:			
Cash	D-5	95,184	692,424
Due from Recreation Capital Fund	D	—	110,000
Fixed capital	D-9	10,012,439	7,779,721
Fixed capital authorized and uncompleted	D-11	<u>2,261,371</u>	<u>4,191,371</u>
Total Capital Fund		<u>12,368,994</u>	<u>12,773,516</u>
		<u>\$ 13,704,588</u>	<u>14,731,939</u>

## TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Basis  
Water Utility Fund

December 31, 2013 and 2012

<b>Liabilities, Reserves and Fund Balances</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
<b>Operating Fund:</b>			
Liabilities:			
Appropriation reserves	D-3,D-10	\$ 111,565	390,948
Reserve for accrued interest on notes	D-15	2,899	4,287
Due to Current Fund	D-21	3,264	3,689
Reserve for encumbrances	D-3,D-10	45,603	21,154
Accounts payable	D-19	86,692	84,617
		<u>250,023</u>	<u>504,695</u>
Reserve for receivables		564,996	562,931
Fund balance	D-1	499,150	869,372
<b>Total Operating Fund</b>		<u>1,314,169</u>	<u>1,936,998</u>
<b>Assessment Fund:</b>			
Reserve for:			
Assessments liens	D-8	1,266	1,266
Assessment lien interest and costs	D-8	159	159
Assessments - prospective assessments funded		20,000	20,000
<b>Total Assessment Fund</b>		<u>21,425</u>	<u>21,425</u>
<b>Capital Fund:</b>			
Reserve for amortization	D-13	6,813,402	6,520,684
Bond anticipation notes	D-22	910,000	1,040,000
Due to General Capital Fund			
Improvement authorizations:			
Funded	D-14	359,725	934,311
Unfunded	D-14	994,657	1,287,311
Deferred reserve for amortization	D-20	3,023,097	2,823,097
Capital Improvement Fund	D-12	260,049	160,049
Fund balance	D-4	8,064	8,064
<b>Total Capital Fund</b>		<u>12,368,994</u>	<u>12,773,516</u>
		<u>\$ 13,704,588</u>	<u>14,731,939</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2013 of \$1,587,311 and \$1,527,311, respectively. (Exhibit D-16)

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Operations and Changes  
in Fund Balance - Operating Fund  
Regulatory Basis  
Water Utility Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues and other income realized:		
Fund balance utilized	\$ 580,000	450,000
Rents	2,461,905	2,463,571
Water Assessment	—	—
Miscellaneous	28,437	35,744
Other credits to income:		
Unexpended balance of appropriation reserves	46,371	46,319
Cancellation of accrued interest	1,419	535
Total revenues and other income	<u>3,118,132</u>	<u>2,996,169</u>
Expenditures:		
Operating:		
Salaries and wages	610,585	604,565
Other expenses	1,193,700	1,144,200
Capital improvements	337,000	206,500
Debt service	137,800	140,961
Deferred charges and statutory expenditures	627,915	568,774
Refund of account overpayments	1,354	—
Total expenditures	<u>2,908,354</u>	<u>2,665,000</u>
Excess in revenue	209,778	331,169
Fund balance, January 1	<u>869,372</u>	<u>988,203</u>
	1,079,150	1,319,372
Decreased by utilized as Water Utility Operating Fund budget revenue	<u>580,000</u>	<u>450,000</u>
Fund balance, December 31	<u>\$ 499,150</u>	<u>869,372</u>

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Revenues - Operating Fund  
 Regulatory Basis  
 Water Utility Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund balance anticipated	\$ 580,000	580,000	—
Rents	2,300,000	2,461,905	161,905
Miscellaneous	<u>27,000</u>	<u>28,437</u>	<u>1,437</u>
	<u>\$ 2,907,000</u>	<u>3,070,342</u>	<u>163,342</u>
Miscellaneous:			
Interest on investments		\$ 1,788	
Customer Account Interest		11,192	
Connection fees		15,457	
Miscellaneous		<u>—</u>	
Cash collected		<u>28,437</u>	
Less Due from Water Capital Fund		<u>—</u>	
		<u>\$ 28,437</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Expenditures - Operating Fund  
Regulatory Basis  
Water Utility Fund

Year ended December 31, 2013

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget after modifications</u>	<u>Paid or charged</u>	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 625,585	610,585	603,802	6,783
Other expenses	1,178,700	1,193,700	1,186,772	6,928
Capital improvements:				
Capital improvement	100,000	100,000	100,000	—
Capital outlay	237,000	237,000	139,146	97,854
Debt Service:				
Payment of Bond Anticipation Notes	130,000	130,000	130,000	—
Interest on Notes	7,800	7,800	7,800	—
Deferred charges and statutory expenditures:				
Deferred charges:				
Deferred Charges to Future Rents				
Ord. 2007-14	100,000	100,000	100,000	—
Ord. 2007-13	100,000	100,000	100,000	—
Statutory expenditures:				
Public Employees Retirement System	62,665	62,665	62,665	—
Social Security System (O.A.S.I.)	47,857	47,857	47,857	—
Unemployment Compensation				
Insurance	10,193	10,193	10,193	—
Reserve for accumulated absences	7,200	7,200	7,200	—
Surplus (Current Fund)	300,000	300,000	300,000	—
	<u>\$ 2,907,000</u>	<u>2,907,000</u>	<u>2,795,435</u>	<u>111,565</u>
Cash disbursed			\$ 2,742,032	
Interest on notes			7,800	
Encumbrances payable			45,603	
			<u>\$ 2,795,435</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Fund Balance - Capital Fund  
Regulatory Basis  
Water Utility Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance, January 1,	\$ 8,064	8,064
Balance, December 31,	<u>\$ 8,064</u>	<u>8,064</u>

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Basis  
Sewer Utility Fund

December 31, 2013 and 2012

Assets	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Operating Fund:			
Cash	E-5	\$ 922,439	442,374
Due from Sewer Assessment Fund	E-23	52	325,000
Due from Sewer Utility Capital Fund	E-16	21	—
Due from Current fund	E-21	—	37,916
		<u>922,512</u>	<u>805,290</u>
Receivables with full reserves:			
Sewer rents receivable	E-7	537,448	596,187
Sewer Liens	E-28	302	302
		<u>537,750</u>	<u>596,489</u>
Total Operating Fund		<u>1,460,262</u>	<u>1,401,779</u>
Assessment Fund:			
Cash	E-5	740,377	—
Due from Current Fund	E-30	—	390,614
Assessments receivable	E-29	2,279,991	3,252,702
Deficit		413,000	413,000
Prospective assessments funded		6,400,000	6,400,000
Total Assessment Fund		<u>9,833,368</u>	<u>10,456,316</u>
Capital Fund:			
Cash	E-5	188,995	279,580
Due from Sewer Operating Fund	E-16	—	19,951
Due from General Capital Fund		3,000,000	—
Fixed capital	E-9	3,810,637	3,810,637
Fixed capital authorized and uncompleted	E-22	22,944,694	22,862,694
Total Capital Fund		<u>29,944,326</u>	<u>26,972,862</u>
		<u>\$ 41,237,956</u>	<u>38,830,957</u>

## TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Basis  
Sewer Utility Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<b>Liabilities, Reserves and Fund Balances</b>			
Operating Fund:			
Liabilities:			
Accounts payable	E-24	\$ 13,000	8,000
Encumbrances payable	E-8	25,890	18,174
Appropriation reserves	E-3,E-11	50,544	81,619
Accrued interest on sewer bonds	E-12	50,785	55,160
Accrued interest on notes	E-13	3,903	3,893
Due to Sewer Utility Capital Fund	E-16	—	19,951
Due to Solid Waste Utility Fund	E-25	257,838	230,644
Due to Water Utility Operating Fund	E-26	92,691	63,515
Due to General Capital Fund	E-31	—	6,835
Due to Current fund	E-21	5,256	—
Overpayments	E-5	672	672
Reserve for maintenance bond	E-32	5,000	5,000
		<u>505,579</u>	<u>493,463</u>
Reserve for receivables		537,750	596,489
Fund balance	E-1	416,933	311,827
		<u>954,683</u>	<u>908,316</u>
Total Operating Fund		<u>1,460,262</u>	<u>1,401,779</u>
Assessment Fund:			
Reserve for assessment	-	2,279,991	3,252,702
Due to Sewer Operating Fund	E-23	52	325,000
Fund balance	E-27	1,153,325	478,614
Reserve for prospective assessments funded	-	6,400,000	6,400,000
Total Assessment Fund		<u>9,833,368</u>	<u>10,456,316</u>
Capital Fund:			
Bonds payable	E-17	6,208,000	6,733,000
Bond anticipation notes payable	E-33	4,237,000	1,248,000
Reserve for amortization	E-14	4,577,137	4,041,137
Due to Sewer Utility Operating Fund	E-16	21	—
Improvement authorizations:			
Funded	E-18	121,716	170,273
Unfunded	E-18	11,726,373	11,726,373
Deferred reserve for amortization	E-20	2,898,194	2,796,194
Capital Improvement Fund	E-15	3,685	3,685
Fund balance	E-4	172,200	254,200
Total Capital Fund		<u>29,944,326</u>	<u>26,972,862</u>
		<u>\$ 41,237,956</u>	<u>38,830,957</u>

There were bonds and notes authorized but not issued of \$11,855,000 and \$8,835,000 at December 31, 2012 and 2013 respectively (Exhibit E-19).

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Operations and Changes in Fund Balance  
 Regulatory Basis  
 Sewer Utility Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income realized:		
Fund balance utilized	\$ 125,000	75,000
Rents	2,718,457	2,632,039
Miscellaneous	108,686	29,291
Assessment Trust Fund surplus	65,000	130,000
Other credits to income:		
Unexpended balance of appropriation reserves	67,209	56,239
Unexpended balance of accrued interest	<u>4,375</u>	<u>4,167</u>
Total revenues and other income	<u>3,088,727</u>	<u>2,926,736</u>
Expenditures:		
Operations:		
Salaries and wages	268,010	261,955
Other expenses	233,300	233,480
Two Bridges Sewer Authority	1,687,570	1,646,389
Debt service	577,299	607,784
Deferred charges and statutory expenditures	68,821	68,392
Refund overpayments	19,310	
Refund prior year connection fee	<u>4,311</u>	<u>712</u>
Total expenditures	<u>2,858,621</u>	<u>2,818,712</u>
Excess in revenue (deficit)	230,106	108,024
Fund balance, January 1	<u>311,827</u>	<u>278,803</u>
	541,933	386,827
Decreased by utilized as anticipated revenue	<u>125,000</u>	<u>75,000</u>
Fund balance, December 31	<u>\$ 416,933</u>	<u>311,827</u>

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Revenues  
 Regulatory Basis  
 Sewer Utility Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance	\$ 125,000	125,000	—
Sewer rents	2,616,000	2,699,146	83,146
Miscellaneous	29,000	108,686	79,686
Assessment Fund Surplus	<u>65,000</u>	<u>65,000</u>	<u>—</u>
	<u>\$ 2,835,000</u>	<u>2,997,832</u>	<u>162,832</u>

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Statement of Expenditures  
Regulatory Basis  
Sewer Utility Fund

Year ended December 31, 2013

	Appropriations		Expended	
	Budget	Budget after modifications	Paid or charged	Reserved
Operating:				
Salaries and wages	\$ 268,010	268,010	255,181	12,829
Other expenses	233,300	233,300	195,585	37,715
Payment to Two Bridges Sewer Authority	1,687,570	1,687,570	1,687,570	—
Debt service:				
Payment of bond principal	292,000	292,000	292,000	—
Payment of bond anticipation and capital notes	11,000	11,000	11,000	—
Interest on bonds	264,770	264,770	264,770	—
Interest on notes	9,529	9,529	9,529	—
Deferred Charges:				
2002-07	10,000	10,000	10,000	—
2006-14	10,000	10,000	10,000	—
Statutory expenditures - contribution to:				
Public Employees' Retirement System	27,152	27,152	27,152	—
Social Security System (O.A.S.I.)	20,510	20,510	20,510	—
Unemployment Compensation Insurance	1,159	1,159	1,159	—
	\$ <u>2,835,000</u>	<u>2,835,000</u>	<u>2,784,456</u>	<u>50,544</u>
Cash			\$ 2,495,467	
Accrued interest on bonds			264,770	
Accrued interest on notes			9,529	
Encumbrances payable			<u>14,690</u>	
			\$ <u>2,784,456</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Fund Balance - Capital Fund  
 Regulatory Basis  
 Sewer Utility Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance, January 1,	\$ 254,200	124,099
Increased by:		
Improvement authorizations cancelled	<u>—</u>	<u>130,101</u>
	254,200	254,200
Decreased by:		
Appropriated to finance improvement authorization	<u>82,000</u>	<u>—</u>
Balance, December 31,	<u><u>172,200</u></u>	<u><u>254,200</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Balance Sheet  
Regulatory Basis  
Solid Waste Utility Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>			
Cash	F-4	\$ 394,599	376,749
Receivables with full reserves:			
Consumers' accounts receivable	F-5	<u>136,848</u>	<u>138,815</u>
		531,447	515,564
Due from State and Federal Grant Fund	F-2	25,451	—
Due from Sewer Utility Operating Fund	F-8	<u>257,839</u>	<u>230,644</u>
		<u>\$ 814,737</u>	<u>746,208</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Appropriation reserves	F-3, F-7	\$ 179,060	53,354
Reserve for encumbrances	F-3, F-7	8,474	87,212
Accounts Payable	F-10	41,476	47,740
Reserve for recycling tonage grant	F-9	21,976	—
Due to Current Fund	F-6	<u>—</u>	<u>4,580</u>
		<u>250,986</u>	<u>192,886</u>
Reserve for receivables		136,848	138,815
Fund balance	F-1	<u>426,903</u>	<u>414,507</u>
		<u>563,751</u>	<u>553,322</u>
		<u>\$ 814,737</u>	<u>746,208</u>

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Operations and Changes in Fund Balance  
Regulatory Basis  
Solid Waste Utility Fund

Years ended December 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
Revenue and other income realized:		
Fund balance utilized	\$ 144,000	117,000
Utility billings	1,522,934	1,437,476
Miscellaneous	10,324	9,764
Recycling Tonnage Grant	25,451	28,563
Other credits to income:		
Cancelled/voided checks	5,864	
Unexpended balance of appropriation reserves	54,823	40,150
Total income	1,763,396	1,632,953
Expenditures:		
Operations:		
Salaries and wages	177,765	177,010
Other expenses	1,332,943	1,315,370
Capital improvements	60,000	30,000
Statutory expenditures	34,447	34,454
Reserve for accumulated absences	1,845	4,166
Total expenditures	1,607,000	1,561,000
Excess in revenue	156,396	71,953
Fund balance, January 1	414,507	459,554
	570,903	531,507
Decreased by utilized as anticipated revenue	144,000	117,000
Fund balance, December 31	\$ 426,903	414,507

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Revenues  
 Regulatory Basis  
 Solid Waste Utility Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund balance	\$ 144,000	144,000	—
User fees	1,425,000	1,522,934	97,934
Miscellaneous	9,437	10,324	887
Recycling Tonnage Grant	<u>28,563</u>	<u>25,451</u>	<u>(3,112)</u>
	<u>\$ 1,607,000</u>	<u>1,702,709</u>	<u>95,709</u>
Cash		\$ 1,533,258	
Due from State and Federal Grant Fund		25,451	
Fund balance anticipated		<u>144,000</u>	
		<u>\$ 1,702,709</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Expenditures  
 Regulatory Basis  
 Solid Waste Utility Fund

Year ended December 31, 2013

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or charged</u>	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 177,765	177,765	159,783	17,982
Other expenses	1,332,943	1,332,943	1,173,368	159,575
Capital Improvements:				
Capital Outlay	60,000	60,000	59,176	824
Statutory expenditures - contribution to:				
Public Employees' Retirement System	18,348	18,348	18,348	—
Social Security System (O.A.S.I.)	13,599	13,599	12,920	679
Unemployment Compensation Insurance	2,500	2,500	2,500	—
Reserve for accumulated absences	1,845	1,845	1,845	—
	<u>\$ 1,607,000</u>	<u>1,607,000</u>	<u>1,427,940</u>	<u>179,060</u>
			\$ 1,419,466	
Cash			<u>8,474</u>	
Encumbrances payable			<u>\$ 1,427,940</u>	

See accompanying notes to financial statements.

## TOWNSHIP OF PEQUANNOCK

Balance Sheet  
Regulatory Basis  
Recreation Utility Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>			
Operating Fund:			
Cash	G-4	\$ 145,540	81,670
Due from Current Fund	G-6	<u>1,445</u>	<u>34,947</u>
Total Operating Fund		<u>146,985</u>	<u>116,617</u>
Capital Fund:			
Cash	G-4	1,318	7,318
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	<u>—</u>	<u>2,000</u>
Total Capital Fund		<u>138,318</u>	<u>146,318</u>
		<u>\$ 285,303</u>	<u>262,935</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Operating Fund:			
Appropriation reserves	G-3, G-8	\$ 10,152	11,490
Encumbrances payable	G-9	10,402	5,436
Accounts payable	G-17	5,662	2,900
Prepaid program registration		110	40
Due to Recreation Capital Fund	G-6	<u>—</u>	<u>2,000</u>
		26,326	21,866
Fund balance	G-1	<u>120,659</u>	<u>94,751</u>
Total Operating Fund		<u>146,985</u>	<u>116,617</u>
Capital Fund:			
Reserve for amortization	G-13	37,000	31,000
Improvement authorizations - unfunded	G-11	2,318	2,318
Due to Water Capital fund	G-15	—	110,000
Due to General Capital fund	G-16	95,000	—
Capital improvement fund	G-14	<u>4,000</u>	<u>3,000</u>
Total Capital Fund		<u>138,318</u>	<u>146,318</u>
		<u>\$ 285,303</u>	<u>262,935</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2013 of \$106,000 and \$100,000. (Exhibit G-10)

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Operations and Changes in Fund Balance  
 Regulatory Basis  
 Recreation Utility Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income realized:		
Fund balance utilized	\$ 40,000	31,000
Program fees	469,308	430,061
Miscellaneous	8,859	403
Other credits to income		
Unexpended balance of appropriation reserve	<u>7,761</u>	<u>18,816</u>
Total revenues and other income	<u>525,928</u>	<u>480,280</u>
Expenditures:		
Operations		
Salaries and wages	247,790	232,590
Other expenses	196,900	178,100
Capital improvements:	1,000	—
Deferred charges and statutory expenditures:		
Deferred charges:		
Emergency appropriation	6,000	2,000
Statutory expenditures - contributions to:		
Public Employee's Retirement System	3,500	2,000
Social Security System (O.A.S.I.)	4,500	2,000
Unemployment Compensation Insurance	310	310
Clear bank reconciliation item	<u>20</u>	<u>—</u>
Total expenditures	<u>460,020</u>	<u>417,000</u>
Excess (deficit) revenue over expenditures	65,908	63,280
Fund balance, January 1	<u>94,751</u>	<u>62,471</u>
	160,659	125,751
Decreased by utilized as anticipated revenue	<u>40,000</u>	<u>31,000</u>
Fund balance, December 31	<u>\$ 120,659</u>	<u>94,751</u>

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Revenues  
 Regulatory Basis  
 Recreation Utility Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Operating surplus anticipated	\$ 40,000	40,000	—
Facilities/membership fees	116,000	129,884	13,884
Activity fees	304,000	339,424	35,424
Miscellaneous	<u>—</u>	<u>8,859</u>	<u>8,859</u>
	<u>\$ 460,000</u>	<u>518,167</u>	<u>58,167</u>
Cash		\$ 478,167	
Fund balance anticipated		<u>40,000</u>	
		<u>\$ 518,167</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of Expenditures  
 Regulatory Basis  
 Recreation Utility Fund

Year ended December 31, 2013

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 247,790	247,790	247,385	405
Other expenses	196,900	196,900	187,153	9,747
Capital improvements:				
Capital improvement fund	1,000	1,000	1,000	—
Deferred charges and statutory expenditures:				
Deferred charges:				
Deferred Charges Unfunded Ord. 2003	6,000	6,000	6,000	—
Statutory expenditures:				
Public Employee's Retirement System	3,500	3,500	3,500	—
Social Security System (O.A.S.I.)	4,500	4,500	4,500	—
Unemployment Compensation Insurance	310	310	310	—
	<u>\$ 460,000</u>	<u>460,000</u>	<u>449,848</u>	<u>10,152</u>
			\$ 433,446	
			6,000	
			<u>\$ 10,402</u>	
			<u>\$ 449,848</u>	

See accompanying notes to financial statements.

**TOWNSHIP OF PEQUANNOCK**

Statement of General Fixed Assets

General Fixed Assets Account Group

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land and buildings	\$ 26,717,435	22,666,293
Machinery and equipment	1,945,617	1,867,625
Furniture and fixtures	1,925,960	1,915,548
Vehicles	<u>4,941,154</u>	<u>4,936,212</u>
	<u>\$ 35,530,166</u>	<u>31,385,678</u>
Investment in General Fixed Assets	<u>\$ 35,530,166</u>	<u>31,385,678</u>

See accompanying notes to financial statements.

# TOWNSHIP OF PEQUANNOCK

## Notes to Financial Statements

December 31, 2013

### (1) **Summary of Significant Accounting Policies**

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

#### ***Reporting Entity***

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

#### ***Fund Accounting***

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

#### ***Fund Types***

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

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

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

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

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

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

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

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

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

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

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

#### ***Budgets and Budgetary Accounting***

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

#### ***Basis of Accounting***

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

#### ***Revenues***

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

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

#### ***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.

(Continued)

# TOWNSHIP OF PEQUANNOCK

## Notes to Financial Statements

December 31, 2013

### ***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.

### ***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.

(Continued)

# TOWNSHIP OF PEQUANNOCK

## Notes to Financial Statements

December 31, 2013

### *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.

### **(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

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

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

#### ***Significant Legislation***

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an addition 1% phased-in over 7 years; PFRS active member rates increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be a least 1.5% of salary.

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Notes to Financial Statements

December 31, 2013

- In addition, this legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

***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 10% of base salary, as defined. Members of PERS contribute at a uniform rate of 6.62% 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.

**Township Contributions**

The Township's year ended December 31, 2013, 2012, 2011 and 2010 contribution to PERS was \$428,394, \$428,972, \$316,397 and \$339,403 and PFRS was \$792,742, \$736,299, \$770,039 and \$636,533 respectively.

**(3) Long-term Debt**

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

	2013	2012	2011
Issued:			
General bonds, notes and loans	\$ 2,830,000	2,877,000	3,517,000
Water Utility bonds and notes	910,000	1,040,000	1,170,000
Sewer Utility bonds and notes	10,445,000	7,981,000	8,486,000
Total Issued	14,185,000	11,898,000	13,173,000
Authorized but not issued:			
General bonds and notes	2,996,056	3,791,056	7,462,500
Water Utility bonds and notes	1,527,311	1,587,311	1,747,311
Recreation Utility bonds and notes	100,000	106,000	108,000
Sewer Utility bonds and notes	8,835,000	11,855,000	11,875,000
Total authorized but not issued	13,458,367	17,339,367	21,192,811
Bonds and notes issued and authorized but not issued	\$ 27,643,367	29,237,367	34,365,811

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Notes to Financial Statements

December 31, 2013

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition at December 31, 2013 which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.570%

	<b>Gross Debt</b>	<b>Deductions</b>	<b>Net Debt</b>
School district debt	\$ 16,010,000	16,010,000	—
Sewer Utility debt	19,280,000	19,280,000	—
Recreation Utility debt	100,000	100,000	—
General debt	5,826,056	—	5,826,056
Water Utility debt	2,437,111	2,437,111	—
	\$ 43,653,167	37,827,311	5,826,056

Net debt of \$5,826,056 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,566,308,093 equals 0.227%

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

3-1/2% of equalized valuation basis (municipal)	\$	89,820,783
Net debt		5,826,056
Remaining borrowing power	\$	83,994,727

The Township's long-term debt consisted of the following at December 31, 2013:

Sewer Utility Serial Bonds—		
Sewer utility bond issued Oct. 15, 2007; through Oct 15, 2023	\$	6,208,000

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

Sewer Utility Serial Bonds—		
Sewer utility bond issued Oct. 15, 2007; through Oct 15, 2023	\$	6,733,000

Bond debt service requirements at December 31, 2013 were as follows:

	<b>Sewer Utility Capital Fund</b>		
<b>Year</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>
2014	839,972	550,000	289,972
2015	791,978	575,000	216,978
2016	793,770	600,000	193,770
2017	794,562	625,000	169,562
2018	794,692	650,000	144,692
2019-2023	3,571,943	3,208,000	363,943
\$	7,586,917	6,208,000	1,378,917

(Continued)

# TOWNSHIP OF PEQUANNOCK

## Notes to Financial Statements

December 31, 2013

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, 2012 and 2013, the Township had authorized but not issued General Capital Fund debt of \$2,996,056 and \$3,791,056 Sewer Capital Fund debt of \$11,855,000 and 8,835,000, Water Capital Fund debt of \$1,587,311 and \$1,527,311 and Recreation Capital Fund debt of \$106,000 and \$100,000.

#### (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 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, 2012 and 2013, the Township had \$2,877,000 and \$2,830,000 outstanding bond anticipation notes in the General Capital Fund, \$1,040,000 and \$910,000 in the Water Utility Fund and \$7,981,000 and \$10,455,000 in the Sewer Utility Fund.

#### (5) Deferred Charges to be Raised in Succeeding Budgets

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

	<b>Balance, December 31, 2013</b>	<b>2014 Budget Appropriation</b>
Current Fund:		
Special emergencies	\$ 103,000	35,000

#### (6) Fund Balance Appropriated

Fund balance appropriated and included as anticipated revenue in the 2014 budgets are:

Current Fund	\$ 1,260,000
Water Utility Fund	250,000
Sewer Utility Fund	125,000
Recreation Utility Fund	50,000
Solid Waste Utility Fund	107,000

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

#### **(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, 2012 and 2013 is approximately \$2,055,639 and \$583,420, respectively. In compliance with State Regulations such amounts are not reflected in the financial statements.

The reduction in unpaid compensation is due to the use of the employees' accrued unused vacation and sick benefits to reimburse the Township for their share of health benefits.

As of December 31, 2012 and 2013, the Township has a reserve of \$427,844 and \$397,750 for future accumulated absence claims.

#### **(8) Contingencies**

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. Funding of any liability would be provided for in succeeding years' budgets or through a refunding bond ordinance which would allow the Township to fund these liabilities over a number of years. The Township had reserves of \$1,175,512 and \$1,747,358 at December 31, 2012 and 2013 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, 2013 may be impaired. In the opinion of the Township, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

#### **(9) Risk Management**

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

Auto damage is self insured by the insurance pool. The Township self insures medical claims to a maximum of \$50,000 per individual with an aggregate annual maximum of \$1,949,232.

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

The total contribution by employees towards the cost of health benefits was \$136,747 in 2013.

#### **(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 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, 2012 and 2013 the Township's bank deposits, of \$11,944,702 and \$15,925,510, 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.

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

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.

The Township’s fixed assets are summarized as follows:

	Balance Dec. 31, 2011	Additions	Dispositions	Balance Dec. 31, 2012
<b>General Fixed Assets</b>				
Land and buildings	\$ 21,095,743	1,570,550	—	22,666,293
Machinery and equipment	1,793,263	94,593	20,230	1,867,625
Furniture and fixtures	1,915,548	—	—	1,915,548
Vehicles	4,970,335	122,572	155,695	4,936,212
	<u>\$ 29,774,888</u>	<u>1,786,715</u>	<u>175,925</u>	<u>31,385,678</u>
<b>Water Utility:</b>				
Res for amortization	\$ 57,442	—	—	57,442
Fist Mains and accessories	2,089,520	—	—	2,089,520
House services	283,102	—	—	283,102
Meters	832,635	27,870	—	860,505
Hydrants	80,889	14,513	—	95,402
General equip and trucks	786,601	721	—	787,322
Office furniture and equip	80,889	—	—	80,889
Structures and improvement	167,315	—	—	167,315
Wells and pumping stations	3,364,431	—	—	3,364,431
Well #2 chlorinator	9,936	—	—	9,936
New water tank construction	1,500	—	—	1,500
	<u>\$ 7,736,617</u>	<u>43,104</u>	<u>—</u>	<u>7,779,721</u>
<b>Sewer Utility:</b>				
Capacity	\$ 3,163,500	—	—	3,163,500
Treatment plant	298,300	—	—	298,300
Trunk lines	241,971	—	—	241,971
Transportation equipment	3,300	—	—	3,300
Equipment	103,566	—	—	103,566
	<u>\$ 3,810,637</u>	<u>—</u>	<u>—</u>	<u>3,810,637</u>
<b>Recreation Utility:</b>				
Building improvements	\$ 134,682	—	—	134,682

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Notes to Financial Statements

December 31, 2013

**(11) Fixed Assets (continued)**

	<u>Balance</u>		<u>Dispositions</u>	<u>Balance</u>
	<u>Dec. 31, 2012</u>	<u>Additions</u>		<u>Dec. 31, 2013</u>
General Fixed Assets				
Land and buildings	\$ 22,666,293	4,051,142	—	26,717,435
Machinery and equipment	1,867,625	99,772	21,780	1,945,617
Furniture and fixtures	1,915,548	10,412	—	1,925,960
Vehicles	4936,212	147,856	142,914	4,941,154
	<u>\$ 31,385,678</u>	<u>4,309,182</u>	<u>164,694</u>	<u>35,530,166</u>
Water Utility:				
Res for amortization	\$ 57,442	—	—	57,442
Fist Mains and accessories	2,089,520	—	—	2,089,520
House services	283,102	—	—	283,102
Meters	860,505	—	—	860,505
Hydrants	95,402	—	—	95,402
General equip and trucks	787,322	—	—	787,322
Office furniture and equip	80,889	—	—	80,889
Structures and improvement	167,315	—	—	167,315
Wells and pumping stations	3,364,431	—	—	3,364,431
Well #2 chlorinator	9,936	—	—	9,936
New water tank construction	1,500	—	—	1,500
	<u>\$ 7,779,721</u>	<u>—</u>	<u>—</u>	<u>7,779,721</u>
Sewer Utility:				
Capacity	\$ 3,163,500	—	—	3,163,500
Treatment plant	298,300	—	—	298,300
Trunk lines	241,971	—	—	241,971
Transportation equipment	3,300	—	—	3,300
Equipment	103,566	—	—	103,566
	<u>\$ 3,810,637</u>	<u>—</u>	<u>—</u>	<u>3,810,637</u>
Recreation Utility:				
Building improvements	\$ 134,682	—	—	134,682

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Notes to Financial Statements

December 31, 2013

**(12) Interfunds**

The following is a schedule of interfunds at December 31, 2012:

	From	To
Current Fund		
State and Federal Grant Fund	\$	96,475
Recreation Fund		34,947
Other Trust Fund	12,073	
Animal Control		78
Sewer Utility Fund		
Operating Fund		37,916
Assessment Fund		390,614
Water Operating Fund	3,689	
Solid Waste Operating Fund	4,580	
General Capital Fund	23,339	
State and Federal Grant Fund		
Open Space	11,027	
Current	96,475	
Trust Fund:		
Open Space Trust Fund:		
General Capital Fund		30,000
Animal Control Fund		
Current Fund	78	
Cash Other Trust		
Current Fund		12,073
General Capital Fund:		
Current Fund		23,339
Open Space Fund	30,000	
Sewer Operating Fund	6,835	
Water Operating Fund		
Current Fund		3,689
Sewer Utility Operating Fund	63,514	
Water Capital Fund		
Recreation Capital Fund	110,000	
Sewer Operating Fund		
Sewer Assessment Fund	325,000	
Sewer Capital Fund		19,951
Solid Waste Fund		230,644
Water Operating Fund		63,514
General Capital Fund		6,835
Current Fund	37,916	

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Notes to Financial Statements

December 31, 2013

**(12 ) Interfunds** (continued)

The following is a schedule of interfunds at December 31, 2012:

	From	To
Sewer Assessment Fund		
Current Fund	390,614	
Sewer Operating Fund		325,000
Sewer Capital Fund		
Sewer Operating Fund	19,951	
Solid Waste Fund		
Sewer Utility Operating Fund	230,644	
Current Fund		4,580
Recreation Operating Fund		
Current Fund	34,947	
Recreation Capital Fund		2,000
Recreation Capital Fund		
Recreation Operating Fund	2,000	
Water Capital Fund		110,000

**(12) Interfunds** (continued)

The following is a schedule of interfunds at December 31, 2013:

	From	To
Current Fund		
State and Federal Grant Fund		\$ 299,004
Other Trust Fund	59,445	
Animal Control	129	
Water Operating Fund	3,264	
Sewer Utility Fund		
Operating Fund	5,256	
Recreation Utility		
Operating Fund		1,445
General Capital Fund		660,031
State and Federal Grant Fund		
Solid Waste Fund		25,452
Current	299,004	
Trust Fund:		
Animal Control Fund		
Current Fund		129
Other Trust Fund		
Current Fund		59,445
General Capital Fund:		
Current Fund	660,031	
Recreation Capital Fund	95,000	
Sewer Capital Fund		3,000,000

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Notes to Financial Statements

December 31, 2013

**(12) Interfunds** (continued)

The following is a schedule of interfunds at December 31, 2013:

	From	To
Water Utility Operating Fund		
Sewer Utility Capital Fund	92,690	
Current Fund		3,264
Sewer Utility Operating Fund:		
Sewer Assessment Fund	52	
Sewer Utility Capital Fund	21	
Current Fund		5,256
Solid Waste Utility Fund		257,838
Water Utility Operating Fund		92,690
Sewer Assessment Fund		
Sewer Utility Operating Fund		52
Sewer Capital Fund		
General Capital	3,000,000	
Sewer Utility Operating Fund		21
Solid Waste Fund		
State and Federal Grant Fund	25,451	
Sewer Utility Operating Fund	257,838	
Recreation Operating Fund		
Current Fund	1,445	
Recreation Capital Fund		
General Capital Fund		95,000

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

**(13) Post Employment Healthcare Plan**

*Plan description*

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

(Continued)

## TOWNSHIP OF PEQUANNOCK

### Notes to Financial Statements

December 31, 2013

#### ***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 2013 the Township expended approximately \$182,285 for retired employees with the retired employees contributing \$19,900 for a net cost to the Township of approximately \$162,385.

#### ***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, 2012 is \$1,009,803.

The present Value of Future Benefits at December 31, 2012 is \$17,134,457 and the Actuarial Accrued Liability is \$11,485,395 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 30 retirees and 140 active employees.

ADDITIONAL FINANCIAL INFORMATION

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>5,869,919</u>
Receipts:	
Tax Collector	50,185,089
Revenue accounts receivable	3,398,157
Miscellaneous revenue not anticipated	75,856
Senior Citizens' and Veterans' deductions	154,139
Tax overpayments	26,117
Various reserves	185,865
Tax title liens	1,715
Due to Dog License Fund	93
Due from Solid Waste	4,580
Due to Water Operating	425
Due from Recreation Trust Fund	56,410
Due from General Capital Fund	542,453
Due from Builders Escrow Trust Fund	12,073
Due from Library	123,449
Due from State and Federal Grant Fund	487,141
Due to New Jersey Uniform Construction Code	4,693
	<u>55,258,255</u>
	<u>61,128,174</u>
Disbursements:	
Budget appropriations	13,466,086
Appropriation reserves	1,244,680
Local district school tax	31,820,557
Tax overpayments	45,762
County taxes	6,262,736
Open Space Trust Fund	132,740
Due from General Capital Fund	51,891
Due from Recreation Operating	89,912
Due from Library	14,720
Due to Dog License Fund	205
Due from Builders Escrow Trust Fund	59,445
Due from State and Federal Grant Fund	284,612
Due to Sewer Assessment Fund	390,614
Due from Sewer Operating Fund	43,172
Accounts payable	20,867
Various reserves	178,113
Due to State	250
Prior Year Refunds	8,559
	<u>54,114,921</u>
Balance, December 31, 2013	\$ <u><u>7,013,253</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Cash - Collector

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>          —</u>
Increased by receipts:	
Taxes receivable	50,060,968
Prepaid taxes	<u>124,121</u>
	<u>50,185,089</u>
	50,185,089
Decreased by disbursements:	
Paid treasurer by direct deposit	<u>50,185,089</u>
Balance, December 31, 2013	\$ <u><u>          —</u></u>

## TOWNSHIP OF PEQUANNOCK

Schedule of Taxes Receivable and Analysis of  
Property Tax Levy

Current Fund

Year ended December 31, 2013

Year	Balance, Dec. 31, 2012	2013 Levy	Added Taxes	Collections		Remitted, abated, cancelled	Transferred to tax title liens	Balance, Dec. 31, 2013
				2012	2013			
2010	\$ 5,261	—	—	—	1,263	—	—	3,998
2011	13,089	—	—	—	5,256	—	—	7,833
2012	504,620	—	22,190	—	508,682	5,895	4,337	7,896
	522,970	—	22,190	—	515,201	5,895	4,337	19,727
2013	—	50,208,699	71,884	134,293	49,708,908	70,295	5,776	361,311
	\$ 522,970	50,208,699	94,074	134,293	50,224,109	76,190	10,113	381,038
Cash					\$ 50,060,968			
Senior Citizens' and Veterans' deductions					163,141			
					\$ 50,224,109			
Prepaid taxes applied to taxes					\$ 134,293			
2013 collections					49,708,908			
Collections reserved for tax appeals					(618,128)			
Revenue from current tax collections					\$ 49,225,073			

## Analysis of Property Tax Levy

Tax yield:		
General purpose tax		\$ 50,208,699
Added taxes (54:4-63.1 et seq.)		71,884
		\$ 50,280,583
Tax levy:		
Local district school tax		\$ 31,768,656
Municipal open space tax		132,740
County taxes		5,975,938
County open space		280,928
Due county for added and omitted taxes		9,050
		38,167,312
Local tax for municipal purposes		12,027,045
Add additional tax levied		86,226
		\$ 50,280,583

**TOWNSHIP OF PEQUANNOCK**

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	879
Decreased by budget appropriation		<u>879</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>35,234</u>
Increased by:	
Senior Citizens' deductions per tax billings	32,750
Veterans' deductions per tax billings	131,750
Senior Citizens' deductions allowed by Tax Collector	<u>2,250</u>
	<u>166,750</u>
	<u>201,984</u>
Decreased by:	
Senior Citizens' deductions disallowed by tax collector	
Current year	3,609
Received in cash from state	<u>154,139</u>
	<u>157,748</u>
Balance, December 31, 2013	\$ <u><u>44,236</u></u>

## TOWNSHIP OF PEQUANNOCK

## Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2013

<u>Description</u>	<u>Balance, Dec. 31, 2012</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance, Dec. 31, 2013</u>
Municipal Clerk - licenses:				
Alcoholic beverages	\$ —	22,800	22,800	—
Other	—	21,396	21,396	—
Fees and permits:				
Other	—	128,590	128,590	—
Cable Television Franchise Fee	—	57,847	57,847	—
Payments in lieu of taxes - Senior Citizen House	—	85,757	85,757	—
Fines and costs - Municipal Court	17,284	275,703	274,599	18,388
Interest and costs on taxes	—	108,075	108,075	—
Interest on investments and deposits	—	14,477	14,477	—
Consolidated municipal property tax relief	—	46,531	46,531	—
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	—	1,167,842	1,167,842	—
Uniform Construction Code Fees	—	318,519	318,519	—
Contracts for Dial-A-Ride:				
Borough of Butler	—	60,402	60,402	—
Borough of Kinnelon	19,547	62,560	82,107	—
Borough of Lincoln Park	—	84,294	63,220	21,074
Borough of Riverdale	—	28,515	21,387	7,128
Health Services Contract:				
Borough of Bloomingdale	—	86,745	86,745	—
Borough of Kinnelon	—	116,113	116,113	—
Borough of Riverdale	—	40,325	40,325	—
Borough of Florham Park	—	132,519	132,519	—
Field Maintenance Contract	—	57,000	57,000	—
Uniform Fire Safety Act	—	21,510	21,510	—
Uniform Fire Code fees	—	23,720	23,720	—
Hotel Occupancy Tax	—	60,085	60,085	—
Reserve for Public Defender Fees	—	8,220	8,220	—
County Road Plowing and Salting - Morris County	—	13,371	13,371	—
Reserve for Health Contracts	—	15,000	15,000	—
Prior Year FEMA Assistance	—	50,000	50,000	—
Utility Operating Surplus of prior year	—	300,000	300,000	—
	<u>\$ 36,831</u>	<u>3,407,916</u>	<u>3,398,157</u>	<u>46,590</u>

## TOWNSHIP OF PEQUANNOCK

## Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2013

	Balance		Transfers	Balance after transfers	Paid or charged	Balance lapsed
	Reserved	Encumbrances				
Salaries and wages:						
Township Clerk	\$ 3,517	—	—	3,517	—	3,517
Managers Office	2,040	—	—	2,040	—	2,040
Municipal Prosecutor	9	—	—	9	—	9
Financial administration	78	—	—	78	—	78
Revenue Administration	2,046	—	—	2,046	—	2,046
Tax Assessment	140	—	—	140	—	140
Planning and Building Department	1,091	—	—	1,091	—	1,091
Board of Adjustment	400	—	—	400	—	400
Public buildings and grounds	19,474	—	(4,500)	14,974	14,000	974
Parks and playgrounds	2,826	—	—	2,826	—	2,826
Dial-a-ride program	8,679	—	—	8,679	8,679	—
Office of Fire Safety	7,065	—	—	7,065	5,021	2,044
Police	22,654	—	(500)	22,154	—	22,154
Emergency Management Services	1,570	—	—	1,570	—	1,570
Road repairs and maintenance	34,350	—	—	34,350	22,000	12,350
Director of Public Works/Township Engineer	74	—	—	74	—	74
Vehicle Maintenance	1	—	—	1	—	1
Municipal Court	639	—	—	639	—	639
Public defender	8	—	—	8	—	8
Emergency Medical Services	500	—	—	500	—	500
Department of Health	29	—	—	29	—	29
Uniform Construction Official	14	—	—	14	—	14
Fair Housing Committee	15	—	—	15	—	15
Police Dispatch/911	273	—	—	273	—	273
Other expenses:						
Township Clerk	1,070	1,682	—	2,752	1,959	793
Township Council	5,117	—	—	5,117	—	5,117
Manager's office	711	—	—	711	—	711
Legal services and costs	36,986	2,136	—	39,122	27,136	11,986
Audit Services	17,250	—	—	17,250	17,250	—
Insurance - General Liability	33,124	276	—	33,400	845	32,555
Group Insurance for employees	872,292	(34,750)	—	837,542	837,321	221
Financial administration	3,984	1,146	—	5,130	983	4,147
Data processing	40,598	2,272	—	42,870	33,487	9,383
Tax Assessment	6,292	—	—	6,292	6,279	13
Planning and Building Department	16,855	2,465	—	19,320	5,965	13,355
Board of Adjustment	3,190	—	—	3,190	2,662	528
Revenue Administration	2,976	225	—	3,201	1,452	1,749
Public buildings and grounds	14,806	16,000	—	30,806	24,335	6,471
Parks and playgrounds	558	1,751	—	2,309	1,907	402
Celebration of public events, holidays or anniversaries	2,790	776	—	3,566	1,596	1,970
Recreation	8,518	1,790	—	10,308	2,707	7,601
Fire - clothing allowance	3,829	—	—	3,829	—	3,829
Fire - miscellaneous other expenses	3,838	—	—	3,838	3,064	774
Office of Fire Safety	1,669	620	—	2,289	620	1,669
						(Continued)
Department of Police	2,400	10,877	500	13,777	12,878	899
Municipal Court	4,789	405	—	5,194	1,091	4,103
Emergency Management Services	7,268	3,896	—	11,164	9,555	1,609
Road repairs and maintenance	43,757	48,158	—	91,915	86,960	4,955
Director of Public Works/Township Engineer	4,053	2,547	—	6,600	2,546	4,054
Street lighting	56,074	—	—	56,074	21,474	34,600
Community Services Act	22,000	—	—	22,000	13,227	8,773
Vehicle Maintenance	7,535	2,613	4,500	14,648	14,301	347

(continued)

## TOWNSHIP OF PEQUANNOCK

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2013

	<u>Balance</u>		<u>Transfers</u>	<u>Balance after transfers</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
	<u>Reserved</u>	<u>Encum- brances</u>				
Department of Health	\$ 1,282	1,556	—	2,838	2,436	402
Environmental Protection Commission	138	270	—	408	397	11
Senior Citizens' Advisory Committee	972	269	—	1,241	335	906
Historic District Commission	525	—	—	525	300	225
PV Mental Health Center Contribution	100	—	—	100	—	100
Shade Tree Commission	500	6,175	—	6,675	6,175	500
Economic Development Committee	2,381	—	—	2,381	—	2,381
Flood Advisory Committee	2,500	—	—	2,500	590	1,910
Emergency Medical Committee	500	—	—	500	—	500
Uniform Construction Code	4,557	—	—	4,557	738	3,819
Gasoline	2,135	6,167	—	8,302	(1,366)	9,668
Electricity	56,123	—	—	56,123	5,820	50,303
Telephone	6,174	1,226	5,000	12,400	12,368	32
Water	114	—	1,000	1,114	916	198
Natural Gas	32,647	—	(6,000)	26,647	16,233	10,414
Field Maintenance Board of Education	—	3	—	3	3	—
Social Security System (O.A.S.I.)	12,349	—	—	12,349	—	12,349
Public Employees Retirement System	306	—	—	306	—	306
Fair Housing Committee	2,052	—	—	2,052	—	2,052
Dail-a-Ride	18,295	140	—	18,435	18,435	—
	<u>\$ 1,475,471</u>	<u>80,691</u>	<u>—</u>	<u>1,556,162</u>	<u>1,244,680</u>	<u>311,482</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Local District School  
Taxes Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	474,405
Increased by 2013 levy		<u>31,768,656</u>
		32,243,061
Decreased by payments		<u>31,820,557</u>
Balance, December 31, 2013	\$	<u><u>422,504</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Property Acquired for Taxes  
(at Assessed Valuation)

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>884,650</u>
Balance, December 31, 2013	\$ <u>884,650</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to State of New Jersey Uniform Construction Code

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by cash receipts		<u>4,693</u>
Balance, December 31, 2013	\$	<u><u>4,693</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Open Space Tax

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by levy		<u>132,740</u>
		<u>132,740</u>
Decreased by:		
Disbursements		<u>132,740</u>
Balance, December 31, 2013 (Due From)	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>164,988</u>
Decreased:	
Disbursed	20,867
Cancelled	<u>89,555</u>
	<u>110,422</u>
Balance, December 31, 2013	\$ <u><u>54,566</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	28,786
Increased by over payments		<u>26,117</u>
		54,903
Decreased by:		
Refunds		<u>45,762</u>
Balance, December 31, 2013	\$	<u><u>9,141</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Various Reserves

Current Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Transfer from collections and budget</b>	<b>Cancelled</b>	<b>Cash disbursed</b>	<b>Balance, Dec. 31, 2012</b>
Dial a Ride refunds	\$ 34,072	—	—	—	34,072
REAP Aid	551	—	551	—	—
Health contract refunds	152,627	50,440	—	15,214	187,853
Revaluation	24,515	—	24,515	—	—
Tax Title Lien redemption	—	98,745	—	93,914	4,831
Tax map	34,995	—	—	—	34,995
Flood expenses	104,392	36,680	—	50,000	91,072
Police programs	290	—	—	—	290
Pending tax appeals	<u>1,175,512</u>	<u>618,128</u>	<u>27,297</u>	<u>18,985</u>	<u>1,747,358</u>
	<u>\$ 1,526,954</u>	<u>803,993</u>	<u>52,363</u>	<u>178,113</u>	<u>2,100,471</u>

## TOWNSHIP OF PEQUANNOCK

## Schedule of State and Federal Grants Receivable

## State and Federal Grant Fund

Year ended December 31, 2013

Purpose	Balance, Dec. 31, 2012	2013 Budget Revenue	Cancelled	Received	Balance, Dec. 31, 2013
Municipal Drug Alliance - 2013	\$ —	14,682	—	564	14,118
Municipal Drug Alliance - 2011	4,081	—	—	—	4,081
Municipal Drug Alliance - 2012	13,842	—	—	11,330	2,512
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2012	18,988	—	—	18,988	—
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2010	54,253	—	—	54,257	(4)
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2013	—	97,658	—	73,243	24,415
Alcohol Education and Rehabilitation	53	485	—	538	—
Morris County Historic Preservation Trust	45,355	—	—	—	45,355
Green Communities Grant	2,000	—	—	—	2,000
NJDEP Recreational Trails Program	633	—	—	—	633
NJ Department of Justice Body Armor Replacement Grant Bulletproof Vest Partnership Grant - 2013	—	3,214	—	3,214	—
Federal Body Armor Fund	6,780	—	—	—	6,780
Clean Communities Grant	26,028	25,621	—	51,649	—
NJ DEP River Desnagging	178,244	13,000	—	191,244	—
NJ Highlands Grant Initial Assessment	15,000	—	—	—	15,000
NJ Highlands Grant Plan Conformance	5,296	—	—	—	5,296
Recycling Tonnage grant	25,685	—	—	25,685	—
NJ DOT - Transportation Trust Fund (Sunset Road 2010)	40,000	—	—	40,000	—
	<u>\$ 436,238</u>	<u>154,660</u>	<u>—</u>	<u>470,712</u>	<u>120,186</u>
				\$ 42,320	
				<u>428,392</u>	
				<u>\$ 470,712</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Encumbrances

State and Federal Grant Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 57,695
Increased by Appropriated Reserves for Grants	<u>19,032</u>
	<u>76,727</u>
Decreased by:	
Encumbrances cancelled	<u>57,695</u>
	<u>57,695</u>
Balance, December 31, 2013	<u><u>\$ 19,032</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Interfunds

Current Fund

Year ended December 31, 2013

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>General Capital</u>	<u>Library</u>
Balance due (to)/from, December 31, 2012	\$ 3,689	(37,916)	(390,614)	23,339	123,449
Increased/decreased by:					
Cash receipts	(425)	—	—	(542,453)	(123,449)
Cash disbursements	—	43,172	390,614	—	14,720
Interest and other revenue earned	—	—	—	2,192	—
Appropriation transfers	—	—	—	(195,000)	—
Budgeted revenue	—	—	—	—	—
Grant receipts deposited in Current Fund	—	—	—	—	—
Unappropriated grant receipts deposited in Current Fund	—	—	—	—	—
Grant encumbrances paid	—	—	—	—	—
Expenditures made for other funds by Current Fund	—	—	—	51,891	—
	<u>(425)</u>	<u>43,172</u>	<u>390,614</u>	<u>(683,370)</u>	<u>(108,729)</u>
Balance due (to)/from, December 31, 2013	\$ <u>3,264</u>	<u>5,256</u>	<u>—</u>	<u>(660,031)</u>	<u>14,720</u>

(Continued)

**TOWNSHIP OF PEQUANNOCK**

Schedule of Interfunds

Current Fund

Year ended December 31, 2013

	<u>Other Trust</u>	<u>Recreation Operating</u>	<u>Dog Trust</u>	<u>State &amp; Federal Grant Fund</u>	<u>Solid Waste</u>	<u>Total</u>
Balance due (to)/from, December 31, 2012	\$ 12,073	(34,947)	(78)	(96,475)	4,580	(392,900)
Increased/decreased by:						
Cash receipts	(12,073)	(56,410)	(93)	—	(4,580)	(739,483)
Cash disbursements	59,445	89,912	205	231,213	—	829,281
Interest earned	—	—	95	—	—	2,287
Appropriation transfers	—	—	—	(158,956)	—	(353,956)
Budgeted revenue	—	—	—	154,660	—	154,660
Grant receipts deposited in Current Fund	—	—	—	(428,392)	—	(428,392)
Unappropriated grant receipts deposited in Current Fund	—	—	—	(58,749)	—	(58,749)
Grant encumbrances paid	—	—	—	57,695	—	57,695
Expenditures made for other funds by Current Fund	—	—	—	—	—	51,891
	<u>47,372</u>	<u>33,502</u>	<u>207</u>	<u>(202,529)</u>	<u>(4,580)</u>	<u>(484,766)</u>
Balance due (to)/from, December 31, 2013	\$ <u>59,445</u>	<u>(1,445)</u>	<u>129</u>	<u>(299,004)</u>	<u>—</u>	<u>(877,666)</u>

## TOWNSHIP OF PEQUANNOCK

## Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2013

	Balance, Dec. 31, 2012	Encumbrances cancelled	Transferred from 2013 budget appropriation	Expended	Encumbered	Balance, Dec. 31, 2013
Clean Communities Grant - 2011	\$ 14,589	—	—	8,145	600	5,844
Clean Communities Grant - 2012	26,028	—	—	—	—	26,028
Clean Communities Grant - 2009	12,190	—	—	—	7,154	5,036
Clean Communities Grant - 2010	17,949	—	—	—	7,586	10,363
Clean Communities Grant - 2013	—	—	25,621	—	—	25,621
Smart Growth Program - 2008 Local	750	—	—	—	—	750
Municipal Drug Alliance - 2012	6,106	—	—	5,442	—	664
Municipal Drug Alliance - 2011	3,921	—	—	(600)	600	3,921
Municipal Drug Alliance - 2013	—	—	12,182	7,550	—	4,632
Municipal Drug Alliance - 2012 supplemental	630	—	—	—	—	630
Municipal Drug Alliance - 2010	2,051	—	—	—	—	2,051
Municipal Drug Alliance - 2013 supplement	—	—	2,500	2,500	—	—
Municipal Drug Alliance - 2010 supplement	274	—	—	—	—	274
Municipal Drug Alliance - 2009 supplement	(100)	100	—	—	—	—
Municipal Alliance - local - 2012	3,109	—	—	1,689	—	1,420
Municipal Alliance - local - 2010	2,234	—	—	—	—	2,234
Municipal Alliance - local - 2011	271	—	—	—	—	271
Municipal Alliance - local - 2013	—	—	4,296	1,888	—	2,408
Municipal Alliance - local - 2009	101	(100)	—	1	—	—
NJDOH County Bioterrorism Grant	2,000	—	—	—	—	2,000
NJ DOH - Public Health Planning Grant	1	—	—	1	—	—
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 - 2006	1,021	—	—	—	—	1,021
Mayor's Wellness Campaign	1,000	—	—	96	92	812
NJ Dept of Health Cancer Control Grant 2009	22,663	—	—	22,663	—	—
NJ Dept of Health Cancer Control Grant 2008	823	—	—	823	—	—
NJ Dept of Health Cancer Control Grant 2010	8,960	—	—	9,699	—	(739)
NJDOH Disease Control Swine Flu Grant	1,521	—	—	—	—	1,521
CDC Health Communications Grant	36	—	—	—	—	36
Recycling Tonnage Grant - 1994	909	—	—	—	—	909
Recycling Tonnage Grant - 2005	57	—	—	—	—	57
Recycling Tonnage 2008	4,610	—	—	—	—	4,610
Recycling Tonnage Grant - 2011	25,685	—	—	—	—	25,685
Recreational Trails Grant	6,571	—	—	3,244	—	3,327
NJ State Police Emergency Management Aid	411	—	—	—	—	411
NJ Body Armor Funds 2009	364	—	—	—	—	364
NJ Body Armor Funds 2013	—	—	3,214	—	—	3,214
DOJ Body Armor Funds 2010	1,450	—	—	—	—	1,450
Morris County Historic Preservation Grant 2008	(1,733)	—	—	—	—	(1,733)
NJ Sr. Cit Trans Asst Act - 2013	—	—	97,658	97,658	—	—
Stormwater Management Grant 2009	5,694	—	—	—	—	5,694
TASE - Tobacco Enforcement	735	—	—	—	—	735
TASE - Tobacco Enforcement	638	—	—	(675)	—	1,313
TASE - Tobacco Enforcement 2009	3,060	—	—	—	—	3,060
TASE - Tobacco Enforcement	2,820	—	—	—	—	2,820
Drunk Driving Enforcement - 2008	5,697	—	—	—	—	5,697
Drunk Driving Enforcement - 2010	1,049	—	—	193	—	856
Drunk Driving Enforcement - 2009	5,364	—	—	—	—	5,364
DHTS - Over the Limit Under Arrest	342	—	—	—	—	342
NJLM Education Foundation	1,000	—	—	—	—	1,000
DHTS - Click it or Ticket	226	—	—	—	—	226
Alcohol Education & Rehabilitation Funds - 2009	588	—	—	—	—	588
Alcohol Education & Rehabilitation Funds - 2005	22	—	—	—	—	22
Alcohol Education & Rehabilitation Funds - 2011	53	—	—	—	—	53
Alcohol Education & Rehabilitation Funds - 2008	338	—	—	—	—	338

(continued)

**TOWNSHIP OF PEQUANNOCK**

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Encumbrances cancelled</b>	<b>Transferred from 2013 budget appropriation</b>	<b>Expended</b>	<b>Encumbered</b>	<b>Balance, Dec. 31, 2013</b>
Alcohol Education & Rehabilitation Funds - 2010	201	—	—	—	—	201
Alcohol Education & Rehabilitation Funds - 2012	—	—	485	—	—	485
NJ Highlands Council Initial Assessment Grant 2009	17,436	—	—	—	—	17,436
NJDEP River Desnagging Grant	148,950	—	—	70,796	—	78,154
NJDEP River Desnagging Grant	—	—	13,000	—	—	13,000
NJDEP Forestry Management Grant	3,000	—	—	—	3,000	—
	<u>\$ 381,185</u>	<u>—</u>	<u>158,956</u>	<u>231,113</u>	<u>19,032</u>	<u>289,996</u>
			Transferred from budget \$ 154,660			
			Local share <u>4,296</u>			
			\$ <u>158,956</u>			

## TOWNSHIP OF PEQUANNOCK

## Schedule of Unappropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Transfer to 2013 Budget</b>	<b>Due to Solid Waste</b>	<b>Received</b>	<b>Balance, Dec. 31, 2013</b>
Alcohol Education and Rehabilitation Fund	\$ 487	485	—	475	477
Drunk Driving Enforcement Program	17,511	—	—	—	17,511
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act	1,267	—	—	—	1,267
Recycling Tonnage Grant	25,452	—	25,452	—	—
NJ Body Armor Replacement Fund	3,215	3,214	—	4,039	4,040
Public Health Priority Funds	426	—	—	—	426
NJDOH Comprehensive Cancer Control Grant 2008	5,479	—	—	14,907	20,386
Clean communities	25,623	25,621	—	30,082	30,084
NJDEP Desnagging Admin	13,000	13,000	—	—	—
Mayor's Wellness Campaign	—	—	—	3,000	3,000
NJ Highway Safety - Police	8,164	—	—	4,246	12,410
NJLOM Education Foundation	—	—	—	2,000	2,000
NJ Division of Forestry - Forestry Management Plan	2,000	—	—	—	2,000
	<u>\$ 102,624</u>	<u>42,320</u>	<u>25,452</u>	<u>58,749</u>	<u>93,601</u>
Miscellaneous revenue		—			
Budget appropriation		<u>42,320</u>			
		<u>\$ 42,320</u>			

**TOWNSHIP OF PEQUANNOCK**

Schedule of Change Fund

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>260</u>
Balance, December 31, 2013	<u>260</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Emergency Authorizations

Current Fund

Year ended December 31, 2013

<u>Date</u>	<u>Description</u>	<u>Balance, Dec. 31, 2012</u>	<u>2013 Authorization</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
Special emergency:					
Reassessment		139,000	—	36,000	103,000
	Total	\$ 139,000	—	36,000	103,000

**TOWNSHIP OF PEQUANNOCK**

## Schedule of Tax Title Liens

## Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	12,672
Increased by:		
Transfer from taxes receivable		<u>10,113</u>
		22,785
Decreased by cash receipt		<u>1,715</u>
Balance, December 31, 2013	\$	<u><u>21,070</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>5,870</u>
Increased by:	
Levy	5,975,938
County open space preservation	280,928
Added county tax levy	<u>9,050</u>
	<u>6,265,916</u>
	6,271,786
Decreased by:	
Payments	<u>6,262,736</u>
Balance, December 31, 2013	\$ <u><u>9,050</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	134,293
Increased by prepayments		<u>124,121</u>
		258,414
Decreased by transfer to taxes		<u>134,293</u>
Balance, December 31, 2013	\$	<u><u>124,121</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to State of New Jersey

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	250
Decreased by transfer to State		<u>250</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

## TOWNSHIP OF PEQUANNOCK

## Schedule of Trust Cash - Treasurer

## Trust Funds

Year ended December 31, 2013

	<u>Dog License</u>	<u>Other</u>	<u>Open Space</u>
Balance, December 31, 2012	\$ 58,887	1,758,734	272,681
Increased by receipts:			
Dog license fees	28,544	—	—
Late fees and other charges	17,449	—	—
Benefits payable	—	16,980	—
Prepaid license fees	7,475	—	—
Receipts for State fees	1,977	—	—
Due from Current Fund	205	59,445	1,559,119
Accumulated leave	—	32,045	—
Due from General Capital	—	—	3,156,904
Interest earned	95	—	753
Various reserves	—	835,773	—
Deposits received	—	65,409	—
Reserve for employee group insurance claims	—	3,541,020	—
	<u>55,745</u>	<u>4,550,672</u>	<u>4,716,776</u>
	<u>114,632</u>	<u>6,309,406</u>	<u>4,989,457</u>
Decreased by disbursements:			
Dog administration expenses	65,072	—	—
Due from State	2,451	—	—
Due from Current Fund	93	12,073	—
Due to General Capital	—	—	3,186,904
Accumulated leave	—	62,993	—
Benefits payable	—	17,017	—
Open Space	—	—	770,547
Due to State and Federal Grant Fund	—	—	11,027
Deposits returned	—	116,814	—
Various reserves	—	347,338	—
Reserve for employee group insurance claims	—	3,747,025	—
	<u>67,616</u>	<u>4,303,260</u>	<u>3,968,478</u>
Balance, December 31, 2013	<u>\$ 47,016</u>	<u>2,006,146</u>	<u>1,020,979</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Expenditures -  
Dog License Trust Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>48,221</u>
Increased by:	
Dog license fees	28,544
Transfer of prior year pre-paid licenses	9,556
Adoption reimbursement	8,319
Cat Licenses	7,027
Late fees and other charges	2,103
Budget appropriation	<u>—</u>
	<u>55,549</u>
	<u>103,770</u>
Decreased by cash disbursed	
Cash disbursed	<u>65,072</u>
	<u>65,072</u>
Balance, December 31, 2013	\$ <u><u>38,698</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2011(Due to)	\$ <u>78</u>
Increased by:	
Cash disbursement	<u>93</u>
	<u>93</u>
	<u>171</u>
Decreased by:	
Cash receipts	205
Interest earned	<u>95</u>
	<u>300</u>
Balance, December 31, 2013 (Due to)	\$ <u><u>(129)</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Donations  
Dog License Trust Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>700</u>
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Balance, December 31, 2013	\$ <u>700</u>
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**TOWNSHIP OF PEQUANNOCK**

Schedule of Prepaid Licenses -  
Dog License Trust Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ 10,034
Increased by	<u>7,475</u>
	<u>17,509</u>
Decreased by:	
Transfer to reserve	9,556
Transfer to due to State	<u>478</u>
	<u>10,034</u>
Balance, December 31, 2013	<u><u>\$ 7,475</u></u>

Analysis of Balance

Reserve for Dog expenditures	\$ 7,123
Due to State	<u>352</u>
	<u><u>\$ 7,475</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012 (Due to)	\$	—
Increased by cash disbursements		<u>2,451</u>
		<u>2,451</u>
Decreased by cash receipts		
Cash receipts		1,977
Prepaid licenses		<u>478</u>
		<u>2,455</u>
Balance, December 31, 2013 (Due to)	\$	<u><u>(4)</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$	336,742
Increased by cash receipts		<u>3,541,020</u>
		3,877,762
Decreased by cash disbursements		<u>3,747,025</u>
Balance, December 31, 2013	\$	<u><u>130,737</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Various Reserves - Other Trust Fund

Trust Funds

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2013</b>
Affordable housing	\$ 100	—	—	100
Tax sale premium	133,510	478,500	103,510	508,500
Unemployment trust	17,644	84,724	43,999	58,369
Youth development	21,609	—	—	21,609
Greenview Park	227	—	—	227
Permits	23,221	4,903	7,338	20,786
Celebrations	215	—	—	215
POAA	850	18	—	868
Sewer line	17,978	—	9,161	8,817
Crestwood Pk Maint	6,056	—	—	6,056
West Parkway Paving	6,166	34	6,200	—
Development Fees (COAH)	65,115	2,778	—	67,893
Public Defender	35,505	10,995	8,380	38,120
Fire Safety	23,405	2,087	24	25,468
Bressette Sewer Assessment	18,804	—	18,804	—
Payroll Agency Account	101,684	106,655	101,684	106,655
Snow Removal	—	137,733	—	137,733
Insurance Refunds	—	7,346	5,071	2,275
Peq Area Sewer Assessment Trust	47,195	—	46,769	426
	<u>\$ 519,284</u>	<u>835,773</u>	<u>350,940</u>	<u>1,004,117</u>
		Encumbrances Payable	3,602	
		Cash disbursed	<u>347,338</u>	
			<u>350,940</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Special Deposits - Other Trust Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$	461,288
Increased by deposits received		<u>65,409</u>
		526,697
Decreased by deposits refunded		<u>116,814</u>
Balance, December 31, 2013	\$	<u><u>409,883</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Open Space

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>228,654</u>
Increased by:	
Open Space tax levied	132,740
Green Acres Grant	393,791
FEMA Grant	1,032,588
Prior year encumbrance	3,000
Interest	<u>753</u>
	<u>1,562,872</u>
	<u>1,791,526</u>
Decreased by:	
Encumbrances	15,880
Disbursements	<u>770,547</u>
	<u>786,427</u>
Balance, December 31, 2013	\$ <u><u>1,005,099</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from (to) Current Fund

Trust Funds

Year ended December 31, 2013

	<u>Other Trust</u>	<u>Open Space</u>	<u>Total Trust</u>
Balance due from (to), December 31, 2012	\$ (12,073)	—	(12,073)
Decreased by:			
Taxes levied	—	132,740	132,740
FEMA Grant	—	1,032,588	1,032,588
Green Acres Grant	—	393,791	393,791
Disbursements	<u>12,073</u>	<u>—</u>	<u>12,073</u>
	—	1,559,119	1,559,119
Increased by:			
Receipts	<u>59,445</u>	<u>1,559,119</u>	<u>1,618,564</u>
	<u>59,445</u>	<u>1,559,119</u>	<u>1,618,564</u>
Balance due from (to), December 31, 2013	\$ <u><u>(59,445)</u></u>	<u><u>—</u></u>	<u><u>(59,445)</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Benefits Payable - Payroll

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$	649
Increased by receipts		<u>16,980</u>
		17,629
Decreased by cash disbursements		<u>17,017</u>
Balance, December 31, 2013	\$	<u><u>612</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$	(11,027)
Increased by:		
Cash disbursement		<u>11,027</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Accumulated leave

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>428,698</u>
Increased by:	
Budget appropriation	<u>32,045</u>
	<u>32,045</u>
	460,743
Decreased by disbursements	<u>62,993</u>
Balance, December 31, 2013	\$ <u><u>397,750</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to General Capital  
Open Space Trust Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>30,000</u>
Increased by cash received	<u>3,156,904</u>
	3,186,904
Decreased by expenditures for General Capital	<u>3,186,904</u>
Balance, December 31, 2013	\$ <u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>1,352,068</u>
Increased by receipts:	
Capital Improvement Fund	525,000
Reserve for improvements	910,000
Due to Current Fund	2,192
Due from Open Space	30,000
Grants collected	1,871,498
Due to Sewer Operating Fund	27,354
Note proceeds	600,000
Due to Sewer Capital Fund	<u>4,237,000</u>
	<u>8,203,044</u>
	<u>9,555,112</u>
Decreased by disbursements:	
Improvement authorizations	4,996,260
Due to Sewer Operating Fund	20,519
Due to Sewer Capital Fund	1,237,000
Due to Recreation Fund	95,000
Due to Current Fund	<u>542,453</u>
	<u>6,891,232</u>
Balance, December 31, 2013	\$ <u><u>2,663,880</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of General Capital Cash

General Capital Fund

December 31, 2013

Reserve for improvements	\$	840,400
Capital Improvement Fund		62,000
Due from Current Fund		(660,031)
Grants receivable		(6,925,946)
Due to Recreation Operating Fund		(95,000)
Due to Sewer Capital Fund		3,000,000
Reserve for encumbrances		535,738
Fund balance		89,395
Improvement authorizations:		

<u>Ordinance number</u>	<u>Improvement description</u>	
02-08	Drainage and road improvements	(348,568)
03-12	Refunding bond ordinance	(26,707)
03-16	2004 Capital equipment and vehicles	77,817
04-28	2004 Various capital projects/Fire engine & streetscape	51,828
05-04	2005 Various improvements/streetscape	50,015
05-05	Capital equipment and vehicles	450
06-11	2006 Var. projects streetscapes and sidewalks	(576,994)
07-08	2007 Var. projects streetscapes and walkways	191,223
08-25	2008 Greenview Park plan	(484,565)
08-26	2008 Sidewalk improvements	(58,009)
08-35	Sanitary sewer extension	(25,886)
09-13	2009 Various capital projects	41,679
09-28	2009 Park Improvements ( Reappropriated 00-12)	2,437
10-18	2010 Various capital projects	118,229
10-19	2010 Equipment & vehicles	41,277
10-20	2010 West Franklin/Washington Park	209,356
11-18	2011 Various Capital Projects/CIF	63,625
11-26	2011 FEMA SRL Grant Flood Acquisition	2,366,134
12-12	2012 Various Capital Projects/CIF	393,076
12-13	2012 Equipment & Vehicles	34,694
12-18	2012 FEMA HMPG Flood Acquisition Grant	3,495,949
13-07	2013 Purchase EMS Support Vehicle	10,424
13-09	2013 Various Capital Projects/CIF	85,973
13-10	2013 Equipment & Vehicles	59,895
13-12	2013 Park & Ballfield Improvemets	43,972
		\$ 2,663,880

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Charges to Future  
Taxation - Unfunded

General Capital Fund

Year ended December 31, 2013

Ordinance number	Description	Balance, Dec. 31, 2012	2013 authori- zations	Decreases	Balance, Dec. 31, 2013	Analysis of Balance		Unexpended improvement authori- zations
						Bond anticipation notes	Expenditures	
01-09	Various Improvements/Roadway Projects	\$ 155,000	—	155,000	—	—	—	—
02-08	Drainage and road improvements	433,000	—	40,000	393,000	—	348,568	44,432
03-12	Refunding Ordinance	27,000	—	—	27,000	—	26,707	293
03-16	Streetscape and road improvements	90,000	—	90,000	—	—	—	—
04-28	Various capital projects/Fire engine & streetscape	253,000	—	130,000	123,000	120,000	—	3,000
05-04	Various Improvements/streetscape	314,000	—	105,000	209,000	209,000	—	—
06-11	2006 Var. projects streetscapes & sidewalks	610,000	—	—	610,000	—	576,994	33,006
07-08	2007 Var. projects streetscapes and walkways	435,000	—	85,000	350,000	350,000	—	—
08-26	2008 Sidewalk improvements	76,000	—	—	76,000	—	58,009	17,991
08-25	2008 Greenview Park plan	488,000	—	—	488,000	—	484,565	3,435
08-28	2008 fire truck purchase	223,000	—	33,000	190,000	190,000	—	—
08-35	Sanitary sewer extension	441,500	—	65,000	376,500	350,000	25,886	614
09-12	2009 Various capital projects	540,000	—	79,000	461,000	461,000	—	—
11-26	2011 FEMA SRL Grant Flood Acquisition	620,000	—	—	620,000	600,000	—	20,000
10-20	Various capital improvements	610,000	—	60,000	550,000	550,000	—	—
12-18	2012 FEMA HMPG Flood Acquisition Grant	1,352,556	—	—	1,352,556	—	—	1,352,556
		<u>\$ 6,668,056</u>	<u>—</u>	<u>842,000</u>	<u>5,826,056</u>	<u>2,830,000</u>	<u>1,520,729</u>	<u>1,475,327</u>
	Notes Paid		\$ 647,000		Unexpended improvement authorizations		\$ 2,577,749	
	Deferred charges raised		195,000		Less unexpended note proceeds:			
	Reserve for Payment of notes		—		Ordinance:			
			<u>\$ 842,000</u>		05-04		50,015	
					04-28		51,828	
					07-08		191,223	
					10-20		209,356	
					11-26		600,000	
							<u>1,102,422</u>	
							<u>\$ 1,475,327</u>	

**TOWNSHIP OF PEQUANNOCK**  
 Schedule of Improvement Authorizations  
 General Capital Fund  
 Year ended December 31, 2013

Ordinance number	Improvement description	Date	Amount	Balance, December 31, 2012		2013 authorizations	Expended	Canceled	Balance, December 31, 2013		
				Funded	Unfunded				Funded	Unfunded	
01-09	Various capital projects	Jun 17, 2001	858,000	—	46,217	—	—	46,217	—	—	
02-08	Drainage and road improvements	May 28, 2002	841,500	—	53,191	—	8,759	—	—	44,432	
03-12	Refunding bond ordinance	Apr 22, 2003	3,900,000	—	293	—	—	—	—	293	
03-16	2003 various capital projects	Apr 22, 2003	862,000	—	77,817	—	—	—	77,817	—	
04-28	2004 Various capital projects/Fire engine & streetscape	May 25, 2004	885,000	—	54,828	—	—	—	—	54,828	
05-04	2005 Various capital projects and streetscapes	Jun 28, 2005	647,500	—	51,045	—	1,030	—	—	50,015	
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	—	60,481	—	27,475	—	—	33,006	
07-08	2007 Var. projects streetscapes and walkways	Apr 24, 2007	670,000	—	253,278	—	62,055	—	—	191,223	
08-25	2008 Greenview Park plan	Sep 23, 2008	540,000	—	3,435	—	—	—	—	3,435	
08-26	2008 Sidewalk improvements	Sep 23, 2008	80,000	—	17,991	—	—	—	—	17,991	
08-35	Sanitary sewer extension	Dec 9, 2008	710,000	—	614	—	—	—	—	614	
09-13	2009 Various capital projects	May 26, 2009	526,000	41,683	—	—	4	—	41,679	—	
09-28	2009 Park Improvements ( Reappropriated 00-12)	Dec 22, 2009	72,419	—	58,969	—	56,532	—	2,437	—	
10-18	2010 Various capital projects	Aug. 24, 2010	620,000	162,729	—	—	44,500	—	118,229	—	
10-19	2010 Equipment & vehicles	Aug. 24, 2010	197,000	45,264	—	—	3,987	—	41,277	—	
10-20	2010 West Franklin/Washington Park	Aug. 24, 2010	72,419	—	418,517	—	209,161	—	—	209,356	
11-18	2011 Various Capital Projects/CIF	Jul 26, 2011	423,000	89,989	—	—	26,364	—	63,625	—	
11-19	2011 Equipment & Vehicles	Jul. 26, 2011	407,000	20,802	—	—	(3,500)	24,302	—	—	
11-26	2011 FEMA SRL Grant Flood Acquisition	Dec. 13, 2011	5,600,000	4,622,475	620,000	—	2,856,341	—	1,766,134	620,000	
12-12	2012 Various Capital Projects/CIF	Jun. 12, 2012	589,000	448,653	—	—	55,577	—	393,076	—	
12-13	2012 Equipment & Vehicles	Jun. 12, 2012	330,000	131,317	—	—	96,623	—	34,694	—	
12-18	2012 FEMA HMPG Flood Acquisition Grant	Jun 26, 2012	5,200,000	3,847,444	1,352,556	—	351,495	—	3,495,949	1,352,556	
13-07	2013 Purchase EMS Support Vehicle	May 14, 2013M	180,000	—	—	180,000	169,576	—	10,424	—	
13-09	2013 Various Capital Projects/CIF	May. 28, 2013	232,000	—	—	232,000	146,027	—	85,973	—	
13-10	2013 Equipment & Vehicles	May. 28, 2013	571,000	—	—	571,000	511,105	—	59,895	—	
13-12	2013 Park & Ballfield Improvemtns	Jun 11, 2013	261,000	—	—	261,000	217,028	—	43,972	—	
				<u>\$ 9,410,806</u>	<u>3,069,232</u>	<u>1,244,000</u>	<u>4,840,139</u>	<u>70,519</u>	<u>6,235,631</u>	<u>2,577,749</u>	
Reserve for Improvements						\$ 717,000					
Capital Improvement Fund						493,000	\$ —				
Fund balance						<u>34,000</u>	<u>70,519</u>				
						<u>\$ 1,244,000</u>	<u>\$ 70,519</u>				
Paid by Current Fund							\$ 51,891				
Prior year encumbrances							(743,750)				
Current year encumbrances							535,738				
Cash							<u>4,996,260</u>				
							<u>\$ 4,840,139</u>				

**TOWNSHIP OF PEQUANNOCK**  
Schedule of Capital Improvement Fund  
General Capital Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$	30,000
Increased by:		
Budget appropriation		<u>525,000</u>
		555,000
Decreased by:		
Appropriated to finance improvement authorizations		<u>493,000</u>
Balance, December 31, 2013	\$	<u><u>62,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Improvements

General Capital Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance, Dec. 31, 2013</b>
Vehicles	\$ 231,900	130,000	262,000	99,900
Public works equipment	126,500	100,000	199,000	27,500
Road resurfacing	21,000	220,000	226,000	15,000
Fire apparatus	209,000	130,000	—	339,000
Data/Office Equip	59,000	30,000	30,000	59,000
Flood control improvements	—	300,000	—	300,000
	<u>\$ 647,400</u>	<u>910,000</u>	<u>717,000</u>	<u>840,400</u>
Reserve for improvements		\$ 910,000	—	
Appropriated to finance improvement authorizations		—	717,000	
		<u>\$ 910,000</u>	<u>717,000</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to(from) Sewer Operating Fund

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	(6,835)
Increased by cash disbursed		<u>20,519</u>
		(27,354)
Decreased by cash receipts		<u>27,354</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2013

<b>Ordinance number</b>	<b>Improvement description</b>	<b>Date of original note</b>	<b>Date of issue</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Balance, Dec. 31, 2012</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2013</b>
03-16	Various Improvements/ streetscapes	Aug. 5, 2003	July 26, 2013	July 25, 2014	0.74%	\$ 90,000	—	90,000	—
04-28	Various Fire Engine/Streetscapes	Aug. 5, 2004	July 26, 2013	July 25, 2014	0.74%	250,000	120,000	250,000	120,000
05-16	Various Improvements/ streetscapes	Oct. 28, 2005	July 26, 2013	July 25, 2014	0.74%	314,000	209,000	314,000	209,000
07-08	Various Improvements/ streetscapes	Aug. 3, 2007	July 26, 2013	July 25, 2014	0.74%	435,000	350,000	435,000	350,000
08-28	Replacement Fire truck 1-2	Oct. 22, 2009	July 26, 2013	July 25, 2014	0.74%	223,000	190,000	223,000	190,000
08-35	Sanitary sewer extension	Jul. 31, 2009	July 26, 2013	July 25, 2014	0.74%	415,000	350,000	415,000	350,000
09-12	Various Improvements/ Street Sweeper	Jul. 31, 2009	July 26, 2013	July 25, 2014	0.74%	540,000	461,000	540,000	461,000
10-20	Various Improvements/West Franklin	Jul. 28, 2011	July 26, 2013	July 25, 2014	0.74%	610,000	550,000	610,000	550,000
11-26	FEMA - SRL Acquisition Grant	Jul. 25, 2013	July 26, 2013	July 25, 2014	0.74%	—	600,000	—	600,000
						<u>\$ 2,877,000</u>	<u>2,830,000</u>	<u>2,877,000</u>	<u>2,830,000</u>
					Issued	\$ —	—	—	
					Notes issued		600,000	—	
					Paid	\$ —	—	647,000	
					Renewed		<u>2,230,000</u>	<u>2,230,000</u>	
						<u>\$ 2,830,000</u>	<u>2,877,000</u>		

**TOWNSHIP OF PEQUANNOCK**

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2013

<b>Ordinance number</b>	<b>Improvement description</b>	<b>Balance, Dec. 31, 2012</b>	<b>2013 authorizations</b>	<b>Decreases</b>	<b>Balance, Dec. 31, 2013</b>
01-09	Various Projects/Road Improvements	\$ 155,000	—	155,000	—
02-08	Drainage and road improvements	433,000	—	40,000	393,000
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
08-25	2008 Greenview Park plan	76,000	—	—	76,000
08-26	2008 Sidewalk improvements	13,000	—	—	13,000
08-35	Sanitary sewer extension	501,500	—	—	501,500
11-26	2011 FEMA SRL Grant Flood Acquisition	620,000	—	600,000	20,000
12-18	2012 FEMA HMPG Flood Acquisition Grant	1,352,556	—	—	1,352,556
		<u>\$ 3,791,056</u>	<u>—</u>	<u>795,000</u>	<u>2,996,056</u>
				\$ 195,000	
				<u>600,000</u>	
				<u>\$ 795,000</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to (from) Current Fund

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	23,339
Increased by:		
Expenses paid by Current Fund		51,891
Interest earned		2,192
		<u>54,083</u>
		77,422
Decreased by:		
Interest paid to Current Fund		952
Interfund returned		3,560
Paid by Current Fund		537,941
Deferred charges raised in budget		195,000
		<u>737,453</u>
Balance, December 31, 2013 (from)	\$	<u><u>(660,031)</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from Open Space

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	30,000
Decreased by:		
Collections		<u>30,000</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	8,797,444
Decreased by collections		<u>1,871,498</u>
Balance, December 31, 2013	\$	<u><u>6,925,946</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from Recreation Fund - Capital

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by cash disbursement		<u>95,000</u>
Balance, December 31, 2013	\$	<u><u>95,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from Sewer Capital Fund

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>          —</u>
Increased by:	
Cash receipts	<u>          4,237,000</u>
	4,237,000
Decreased by cash disbursements	<u>          1,237,000</u>
Balance, December 31, 2012	\$ <u><u>          3,000,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2013

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2012	\$ 1,310,493	692,424
Increased by receipts:		
Water rents receivable	2,461,905	—
Due from Sewer Operating Fund	2,930,981	—
Due from Recreation Capital Fund	—	110,000
Deferred charge transferred	—	200,000
Miscellaneous revenue	28,437	—
Capital Improvement Fund	—	100,000
	<u>5,421,323</u>	<u>410,000</u>
	<u>6,731,816</u>	<u>1,102,424</u>
Decreased by disbursements:		
Budget appropriations	2,742,032	—
Accounts payable	18,172	—
Due from Current Fund	425	—
Refunds	1,354	—
Due from Sewer Operating Fund	2,960,157	—
Interest on notes	7,769	—
Improvement authorizations	—	1,007,240
Appropriation reserves	345,484	—
	<u>6,075,393</u>	<u>1,007,240</u>
Balance, December 31, 2013	<u>\$ 656,423</u>	<u>95,184</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Analysis of Cash - Capital Fund

Water Utility Fund

December 31, 2013

Capital Improvement Fund	\$	260,049
Fund balance		8,064
Improvement authorizations:		

<u>Ordinance number</u>	<u>Improvement description</u>	
2000-14	Development of 2 New Wells	155
2001-10	Well #2 Rehabilitation	92,735
2003-18	AMR Phase 3	(300,000)
2007-13	New Water Tank Construction	266,835
2007-14	Water Blending Facility	<u>(232,654)</u>
		<u>\$ 95,184</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Consumer Accounts Receivable -  
Operating Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 562,931
Increased by:	
Water billings and miscellaneous charges	<u>2,494,829</u>
	<u>3,057,760</u>
Decreased by:	
Water rents - collections	2,461,905
Miscellaneous	26,649
Adjustments and other	<u>4,210</u>
	<u>2,492,764</u>
Balance, December 31, 2013	<u><u>\$ 564,996</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Water Utility Fund

December 31, 2013

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

**TOWNSHIP OF PEQUANNOCK**

Schedule of Fixed Capital - Capital Fund

Water Utility Fund

Year ended December 31, 2013

<b>Account number</b>	<b>Account</b>	<b>Balance, Dec. 31, 2012</b>	<b>Increased</b>	<b>Balance, Dec. 31, 2013</b>
284	Reserve for Amortization	\$ 57,442	—	57,442
343	Distribution mains and accessories	2,089,520	—	2,089,520
345	House service	283,102	3,895	286,997
346	Meters	860,505	15,862	876,367
348	Hydrants	95,402	14,643	110,045
394	General equipment - trucks	787,322	—	787,322
391	Office furniture and equipment	63,246	—	63,246
390	Structures and improvements	167,315	127,893	295,208
395	Wells and pumping station	3,364,431	—	3,364,431
395	Well #2 chlorinator	9,936	—	9,936
395	Blending facility	—	2,070,000	2,070,000
343	New water tank construction	1,500	425	1,925
		<u>\$ 7,779,721</u>	<u>2,232,718</u>	<u>10,012,439</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Appropriation Reserves - Operating Fund

Water Utility Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Encum- brances</b>	<b>Balance after transfers</b>	<b>Paid or charged</b>	<b>Unexpended balance lapsed</b>
Salaries and wages	\$ 29,916	—	29,916	—	29,916
Other expenses	298,349	15,872	314,221	311,333	2,888
Capital outlay	62,683	5,282	67,965	54,398	13,567
	<u>\$ 390,948</u>	<u>21,154</u>	<u>412,102</u>	<u>365,731</u>	<u>46,371</u>
		Accounts Payable		\$ 20,247	
		Cash		<u>345,484</u>	
				<u>\$ 365,731</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Fixed Capital Authorized  
and Uncompleted - Capital Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	4,191,371
Increased by ordinances		<u>140,000</u>
		4,331,371
Decreased by:		
Transfer to fixed capital		<u>2,070,000</u>
Balance, December 31, 2013	\$	<u><u>2,261,371</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Capital Improvement  
Fund - Capital Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	160,049
Increased by:		
Budget appropriation		<u>100,000</u>
Balance, December 31, 2013	\$	<u><u>260,049</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Amortization -  
Capital Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>6,520,684</u>
Increased by improvements funded	
Budgeted capital outlay	162,718
Bond anticipation note paydown from budget	<u>130,000</u>
	<u>292,718</u>
Balance, December 31, 2013	\$ <u><u>6,813,402</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Water Utility Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Amount	Balance, December 31, 2012		Authorizations	Expended	Balance, December 31, 2013	
			Funded	Unfunded			Funded	Unfunded
00-14	Development of 2 New Wells	\$ 1,800,000	155	—	—	—	155	—
01-10	Well #2 Rehabilitation	180,000	92,735	—	—	—	92,735	—
07-13	New water tank construction	1,105,000	174,670	920,000	—	7,835	266,835	820,000
07-14	Water blending facility	2,030,000	626,751	367,311	—	959,405	—	34,657
08-13	Various Improvements	150,000	—	—	—	—	—	—
13-19	West Franklin Water Main	140,000	—	—	140,000	—	—	140,000
11-24	Extension of Water Supply Main	40,000	40,000	—	—	40,000	—	—
			<u>\$ 934,311</u>	<u>1,287,311</u>	<u>140,000</u>	<u>1,007,240</u>	<u>359,725</u>	<u>994,657</u>
					Capital Improvement Fund \$ —			
					Authorized Not Issued <u>140,000</u>			
					<u>140,000</u>			

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accrued Interest on Water Bonds -  
Operating Fund

Water Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 4,287
Increased by:	
Budget appropriation	<u>7,800</u>
	<u>12,087</u>
Decreased by:	
Cancelled	1,419
Cash disbursed	<u>7,769</u>
	<u>9,188</u>
Balance, December 31, 2013	<u><u>\$ 2,899</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Water Utility Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
03-18	AMR Phase 3	\$ 300,000	—	—	300,000
13-19	Water Mains	—	140,000	—	140,000
07-13	New water tank construction	920,000	—	100,000	820,000
07-14	Water blending facility	367,311	—	100,000	267,311
		<u>\$ 1,587,311</u>	<u>140,000</u>	<u>200,000</u>	<u>1,527,311</u>
	Funded by budget appropriation			<u>\$ 200,000</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from Sewer Operating Fund  
Operating Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	63,514
Increased by cash disbursements		<u>2,960,157</u>
		3,023,671
Decreased by cash receipts		<u>2,930,981</u>
Balance, December 31, 2013	\$	<u><u>92,690</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Bond Anticipation Notes  
 Capital Fund  
 Water Utility Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of original note</u>	<u>Date of issue</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
09-15	Village Area Water Mains	Jul. 29, 2010	Jul. 26, 2013	Jul. 25, 2014	0.74%	\$ 1,040,000	910,000	1,040,000	910,000
						<u>\$ 1,040,000</u>	<u>910,000</u>	<u>1,040,000</u>	<u>910,000</u>
					Paid		\$ —	130,000	
					Renewed		<u>910,000</u>	<u>910,000</u>	
							<u>\$ 910,000</u>	<u>1,040,000</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accounts Payable -  
Operating Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	84,617
Increased by transfer from appropriation reserves		<u>20,247</u>
		104,864
Decreased by payments		<u>18,172</u>
Balance, December 31, 2013	\$	<u><u>86,692</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Deferred Reserve for Amortization  
Capital Fund

Water Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 2,823,097
Increased by:	
Funded by budget appropriation	<u>200,000</u>
Balance, December 31, 2013	<u>\$ 3,023,097</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to (from) Current Fund

Water Utility Fund

Year ended December 31, 2013

	<u>Water Operating</u>	<u>Water Capital</u>
Balance, December 31, 2012	\$ 3,689	—
Increased by cash receipt	<u>—</u>	<u>—</u>
	3,689	—
Decreased by cash disbursements	<u>425</u>	<u>—</u>
Balance, December 31, 2013	<u>\$ 3,264</u>	<u>—</u>

## TOWNSHIP OF PEQUANNOCK

## Schedule of Cash - Treasurer

## Sewer Utility Fund

Year ended December 31, 2013

	<u>Operating</u>	<u>Capital</u>	<u>Assessment</u>
Balance, December 31, 2012	\$ 442,374	279,580	—
Increased by receipts:			
Sewer rents receivable	2,718,457	—	
Due to Solid Waste Utility Fund	257,838	—	
Due from Water Utility Operating Fund	29,176	—	
Assessment Fund Balance	65,000	—	
Due to Sewer Operating Fund	—	19,972	52
Assessments receivable	—	—	972,711
Due to Current Fund	43,172	—	390,614
Due from assessment Fund	390,000		
Funded ordinance from Operating Fund	—	20,000	
Sewer Capital Fund	19,695	—	
	<u>3,523,338</u>	<u>39,972</u>	<u>1,363,377</u>
	<u>3,965,712</u>	<u>319,552</u>	<u>1,363,377</u>
Decreased by disbursements:			
Budget appropriations	2,495,467	—	—
Appropriation reserves	4,884	—	—
Accrued interest on bonds	264,770	—	—
Accrued interest on notes	9,519	—	—
Due to Solid Waste Utility Fund	230,644	—	—
Miscellaneous revenue	1,331	—	—
Refund overpayments	19,311	—	—
Accounts payable	6,200	—	—
Due from General Capital Fund	6,835	—	—
Notes paid	—	—	233,000
Refund prior year connection fee	4,311	—	—
Due to Sewer Operating Fund	—	—	390,000
Improvement authorizations	—	130,557	—
	<u>3,043,272</u>	<u>130,557</u>	<u>623,000</u>
Balance, December 31, 2013	\$ <u>922,439</u>	<u>188,995</u>	<u>740,377</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Analysis of Cash - Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

Due to Sewer Operating Fund	\$	21
Capital improvement fund		3,685
Due from General Capital Fund Fund		(3,000,000)
Fund balance		172,200

Improvement authorizations:

<b>Ordinance</b>	<b>Improvement description</b>	
<b>number</b>		
97-17	Industrial Road sewers	1
02-07	Purchase of sewer jet	(59,444)
06-14	Purchase of TBSA capacity	(835,509)
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	3,525,730
13-13	Purchase sewer equipment	37,712
13-18	W Franklin Sewer stubs	15,000
		<u>188,995</u>
		<u>\$ 188,995</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Consumer Accounts Receivable -  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 596,187
Increased by sewer charges	<u>2,660,051</u>
	<u>3,256,238</u>
Decreased by:	
Collections	2,718,457
Cancellations	<u>333</u>
	<u>2,718,790</u>
Balance, December 31, 2013	<u><u>\$ 537,448</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Encumbrances Payable - Operating Fund

Sewer Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 18,174
Increased by transfer from current budget and others	<u>14,690</u>
	<u>32,864</u>
Decreased by:	
Transfer to appropriation reserve	1,675
Paid	<u>5,299</u>
	<u>6,974</u>
Balance, December 31, 2013	<u><u>\$ 25,890</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Fixed Capital - Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2013</b>	<b>Balance, Dec. 31, 2011</b>
	<u>2013</u>	<u>2011</u>
Capacity	\$ 3,163,500	3,163,500
Treatment plant	298,300	298,300
Trunk lines	241,971	241,971
Transportation equipment	3,300	3,300
Equipment	<u>103,566</u>	<u>103,566</u>
	<u>\$ 3,810,637</u>	<u>3,810,637</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Prospective Assessments  
Assessment Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>6,400,000</u>
Balance, December 31, 2013	\$ <u>6,400,000</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Appropriation Reserves -  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Balance after transfers</b>	<b>Paid or charged</b>	<b>Unexpended balance lapsed</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Salaries and wages	\$ 23,095	23,095	—	23,095
Other expenses	58,524	60,198	16,084	44,114
	<u>\$ 81,619</u>	<u>83,293</u>	<u>16,084</u>	<u>67,209</u>
Appropriation Reserve		81,619		
Encumbrances		<u>1,675</u>		
		<u>83,294</u>		
Cash			\$ 4,884	
Accounts payable			<u>11,200</u>	
			<u>\$ 16,084</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accrued Interest on Sewer Bonds -  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 55,160
Increased by:	
Budget appropriation	<u>264,770</u>
	<u>319,930</u>
Decreased by:	
Cancelled	4,375
Cash disbursed	<u>264,770</u>
	<u>269,145</u>
Balance, December 31, 2013	<u><u>\$ 50,785</u></u>

**Analysis of Balance**

	<u>Balance</u>	<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$	6,208,000	Various	Oct. 15, 2013	Dec. 31, 2013	2.5 months	<u><u>\$ 50,785</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accrued Interest on Sewer Notes -  
Operating Fund

Sewer Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 3,893
Increased by:	
Budget appropriation	<u>9,529</u>
	13,422
Decreased by:	
Cash disbursements	<u>9,519</u>
Balance, December 31, 2013	<u><u>\$ 3,903</u></u>

**Analysis of Balance**

	<u>Balance</u>	<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$	246,000	0.74%	July 25, 2013	July 25, 2014	169 days	\$ 776
	375,000	0.74%	July 25, 2013	July 25, 2014	169 days	1,184
	116,000	0.74%	July 25, 2013	July 25, 2014	169 days	365
	500,000	0.74%	July 25, 2013	July 25, 2014	169 days	<u>1,578</u>
						<u><u>\$ 3,903</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Amortization - Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>4,041,137</u>
Increased by:	
Bonds paid	<u>536,000</u>
	<u>536,000</u>
Balance, December 31, 2013	\$ <u><u>4,577,137</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Capital Improvement Fund - Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>3,685</u>
Balance, December 31, 2013	\$ <u>3,685</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to (from) Sewer Utility Operating Fund -  
Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ (19,951)
Increased by:	
Interest collected	<u>277</u>
	(19,674)
Decreased by:	
Refunded	<u>19,695</u>
Balance, December 31, 2013	\$ <u><u>21</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Serial Bonds Payable - Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

<u>Purpose</u>	<u>Date of original issue</u>	<u>Original amount of issue</u>	<u>Maturities of bonds outstanding December 31, 2013</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2012</u>	<u>Paid</u>	<u>Balance, Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Utility Bonds (Bonds maturing on or after Oct. 15, 2018 are subject to redemption)	Oct. 15, 2007	\$ 8,983,000	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%			
						\$ 6,733,000	525,000	6,208,000
						<u>\$ 6,733,000</u>	<u>525,000</u>	<u>6,208,000</u>
							Paid by Operating Budget	\$ 292,000
							Paid by Assessment Budget	<u>233,000</u>
								<u>\$ 525,000</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Sewer Utility Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Amount	Balance, December 31, 2012		2013 authori- zations	Expended	Balance, December 31, 2013	
			Funded	Unfunded			Funded	Unfunded
97-17	Industrial Road sewers	\$ 170,000	\$ 1	—	—	—	1	—
02-07	Purchase Sewer Jet	130,000	—	556	—	—	—	556
06-14	Purchase of TBSA capacity	915,000	—	14,491	—	—	—	14,491
07-12	Purchase of TBSA capacity	1,055,000	43,273	—	—	—	43,273	—
08-27	Sewer Design	400,000	—	311	—	—	—	311
08-38	Sanitary Sewer extension project	710,000	—	286,015	—	—	—	286,015
10-22	Village area sewers	12,000,000	126,999	11,425,000	—	101,269	25,730	11,425,000
13-13	Purchase Sewer Equipment	67,000	—	—	67,000	29,288	37,712	—
13-18	W Franklin Sewer Stubs	15,000	—	—	15,000	—	15,000	—
			<u>\$ 170,273</u>	<u>11,726,373</u>	<u>82,000</u>	<u>130,557</u>	<u>121,716</u>	<u>11,726,373</u>
						Cash	130,557	
						Encumbrances payable	0	
							<u>130,557</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Bonds and Notes Authorized but not Issued

Sewer Utility Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance, Dec. 31, 2012</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
02-07	Purchase Sewer Jet	\$ 70,000	10,000	60,000
06-14	Purchase of TBSA capacity	860,000	10,000	850,000
10-22	Village area sewers	<u>10,925,000</u>	<u>3,000,000</u>	<u>7,925,000</u>
		<u>\$ 11,855,000</u>	<u>3,020,000</u>	<u>8,835,000</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Deferred Reserve for  
Amortization - Capital Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>2,796,194</u>
Increased by:	
Down payments	82,000
Paid by budget appropriation	<u>20,000</u>
	<u>102,000</u>
Balance, December 31, 2013	\$ <u><u>2,898,194</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from Current Fund  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$	37,916
Decreased by:		
Collected Current Fund		<u>43,172</u>
Balance, December 31, 2013 (Due to)	\$	<u><u>(5,256)</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Fixed Capital - Authorized  
and Uncompleted - Capital Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 22,862,694
Increased by Ordinances	<u>82,000</u>
Balance, December 31, 2013	<u><u>\$ 22,944,694</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012 (Due to)	\$ <u>325,000</u>
Increased by:	
Anticipated fund balance	65,000
Interest	<u>52</u>
	<u>65,052</u>
	390,052
Decreased by:	
Assessments collected from Current Fund	<u>390,000</u>
	<u>390,000</u>
Balance, December 31, 2013	\$ <u><u>52</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accounts Payable -  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 8,000
Increased by transfer from appropriation reserve	<u>11,200</u>
	19,200
Decreased by payments	<u>6,200</u>
Balance, December 31, 2013	<u><u>\$ 13,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to Solid Waste Utility Fund -  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 230,644
Increased by cash receipts	<u>257,838</u>
	488,482
Decreased by cash disbursements	<u>230,644</u>
Balance, December 31, 2013	<u><u>\$ 257,838</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to Water Utility Operating Fund -  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance due to, December 31, 2012	\$	63,515
Increased by:		
Collections		<u>29,176</u>
Balance due to, December 31, 2013	\$	<u><u>92,691</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Assessment Fund Balance  
Assessment Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$ 478,614
Increased by:	
Assessments collected	<u>972,711</u>
	<u>1,451,325</u>
Decreased by:	
Payment of notes	233,000
Anticipated revenue	<u>65,000</u>
	<u>298,000</u>
Balance, December 31, 2013	<u><u>\$ 1,153,325</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Sewer Liens  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>302</u>
Balance, December 31, 2012	\$ <u>302</u>

## TOWNSHIP OF PEQUANNOCK

Schedule of Assessments Receivable -  
Assessment FundSewer Utility Fund  
Year ended December 31, 2013

<b>Description</b>	<b>Confirmation Date</b>	<b>Balance, Dec. 31, 2012</b>	<b>Assessments Confirmed</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2013</b>
Mountain Avenue/ Mead Place	June 24, 2003	\$ 6,663	—	6,667	(4)
Lincoln Park Road	June 24, 2003	1,343	—	1,343	—
Phase II Sewers	March 23, 2004	123,454	—	97,675	25,779
Munson / Farm roads	August 27, 2012	556,537	—	98,784	457,753
Pequannock Avenue	September 24, 2012	2,564,705	—	768,242	1,796,463
		\$ 3,252,702	—	972,711	2,279,991

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due from Current Fund  
Assessment Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$	390,614
Decreased by:		
Cash received		<u>390,614</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to General Capital Fund  
Operating Fund

Sewer Utility Fund  
Year ended December 31, 2013

Balance, December 31, 2012	\$	6,835
Decreased by disbursements		<u>6,835</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Maintenance Bond  
Operating Fund

Sewer Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>5,000</u>
Balance, December 31, 2013	\$ <u>5,000</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes

Sewer Capital Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Purpose</u>	<u>Original date of issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2013</u>
2005-13	Sanitary Sewer	7/31/2009	7/25/2013	7/25/2014	0.74%	\$ 250,000	246,000	250,000	246,000
2008-27	Sanitary Sewer Design - Village Area	7/31/2009	7/25/2013	7/25/2014	0.74%	380,000	375,000	380,000	375,000
2008-38	Sanitary Sewer Extension	10/23/2009	7/25/2013	7/25/2014	0.74%	118,000	116,000	118,000	116,000
2010-22	Village Area Sewers	7/28/2011	7/25/2013	7/25/2014	0.74%	500,000	500,000	500,000	500,000
2010-22	Village Area Sewers	7/25/2013	7/25/2013	7/25/2014	0.74%	\$ —	3,000,000	—	3,000,000
						<u>\$ 1,248,000</u>	<u>4,237,000</u>	<u>1,248,000</u>	<u>4,237,000</u>
					Renewed		\$ 1,237,000	1,237,000	
					BANS issued		3,000,000	—	
					Paid by Sewer Assessment Fund		—	11,000	
							<u>\$ 4,237,000</u>	<u>1,248,000</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Cash - Treasurer

Solid Waste Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>376,749</u>
Increased by:	
Consumer accounts receivable collections	1,522,934
Miscellaneous revenue	10,324
Recycling tonnage grant	21,976
Cancelled/Voided checks	5,864
Due from Sewer Operating Fund	<u>1,509,246</u>
	<u>3,070,344</u>
	<u>3,447,093</u>
Decreased by:	
Budget appropriations	1,419,466
Appropriation reserves	78,243
Due to Current Fund	4,580
Due to Sewer Operating Fund	1,536,441
Accounts payable disbursement	<u>13,764</u>
	<u>3,052,494</u>
Balance, December 31, 2013	\$ <u><u>394,599</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Consumer Accounts Receivable

Solid Waste Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 138,815
Increased by garbage collection billings	<u>1,534,839</u>
	<u>1,673,654</u>
Decreased by	
Collections	1,522,934
Interest and miscellaneous	10,058
Cancellations	<u>3,814</u>
	<u>1,536,806</u>
Balance, December 31, 2013	\$ <u><u>136,848</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to Current Fund  
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	4,580
Decreased by expenditures paid for Current fund		<u>4,580</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Appropriation Reserves

Solid Waste Utility Fund

Year ended December 31, 2013

	<b>Balance Dec. 31, 2012</b>	<b>Encum- brances</b>	<b>Balance after transfers</b>	<b>Paid or charged</b>	<b>Unexpended balance lapsed</b>
Operating:					
Salaries and wages	\$ 3,772	—	3,772	—	3,772
Other expenses	29,733	57,622	87,355	56,153	31,202
Capital Improvements:					
Capital Outlay	410	29,590	30,000	29,590	410
Statutory expenditures - contributions to					
Public Employees Retirement System	18,764	—	18,764	—	18,764
Social Security System (O.A.S.I.)	675	—	675	—	675
	<u>\$ 53,354</u>	<u>87,212</u>	<u>140,566</u>	<u>85,743</u>	<u>54,823</u>

Accounts Payable	\$ 7,500
Disbursed	<u>78,243</u>
	<u>\$ 85,743</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Solid Waste Interfunds -  
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2013

	<b>Sewer Operating Fund</b>
	<u>          </u>
Balance due from, December 31, 2012	\$ 230,644
Increased by cash disbursed	<u>1,536,441</u>
	1,767,085
Decreased by cash receipts	<u>1,509,246</u>
Balance due from, December 31, 2013	\$ <u><u>257,839</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for Recycling Tonnage Grant

Solid Waste Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by grant award received		<u>21,976</u>
Balance, December 31, 2013	\$	<u><u>21,976</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accounts Payable -

Solid Waste Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 47,740
Increased by charges to appropriation reserve	<u>7,500</u>
	55,240
Decreased by cash disbursed	<u>13,764</u>
Balance, December 31, 2013	<u><u>\$ 41,476</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Cash - Treasurer

Recreation Utility Fund

Year ended December 31, 2013

	<b>Operating Fund</b>	<b>Capital Fund</b>
	<u>          </u>	<u>          </u>
Balance, December 31, 2012	\$ 81,670	7,318
Increased by:		
Program fees	469,308	—
Miscellaneous	8,859	—
Prepaid program registration	70	—
Due to Current fund	89,912	—
Due to General Capital fund	—	95,000
Capital Improvement fund appropriation	—	1,000
Due to Recreation Operating Fund	—	8,000
	<u>568,149</u>	<u>104,000</u>
	<u>649,819</u>	<u>111,318</u>
Decreased by:		
Budget appropriation	433,446	—
Appropriation reserve	6,403	—
Due from Payroll	—	110,000
Due to Recreation Operating Fund	8,000	—
Due to Current Fund	56,410	—
Clear bank reconciliation item	20	—
	<u>504,279</u>	<u>110,000</u>
Balance, December 31, 2013	\$ <u>145,540</u>	<u>1,318</u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Analysis of Cash - Capital Fund

Recreation Utility Fund

December 31, 2013

Capital Improvement Fund	\$	4,000
Due to General Capital		95,000

Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
2003-19	PV Park Pavilion	<u>(97,682)</u>
		\$ <u><u>1,318</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Recreation Interfunds - Operating Fund

Recreation Utility Fund

Year ended December 31, 2013

	<u>Current Fund</u>	<u>Recreation Capital</u>
Balance due from (to), December 31, 2012	\$ 34,947	(2,000)
Increased by:		
Cash disbursed	<u>56,410</u>	<u>8,000</u>
	<u>91,357</u>	<u>6,000</u>
Decreased by:		
Budgeted deferred charge	—	6,000
Cash receipts	<u>89,912</u>	<u>—</u>
	<u>89,912</u>	<u>6,000</u>
Balance due (to) from, December 31, 2013	<u><u>\$ 1,445</u></u>	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Fixed Capital  
Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 134,682

**TOWNSHIP OF PEQUANNOCK**

Schedule of Appropriation Reserves

Recreation Utility Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Encum- brances</b>	<b>Balance, After Transfers</b>	<b>Paid or Charged</b>	<b>Unexpended Balance Lapsed</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating:					
Salaries and wages	\$ 2,466	—	2,466	—	2,466
Other expenses	5,024	5,436	10,460	9,165	1,295
Deferred charges and statutory expenditures:					
Public Employees' Retirement System	2,000	—	2,000	—	2,000
Social Security System (O.A.S.I.)	2,000	—	2,000	—	2,000
	<u>\$ 11,490</u>	<u>5,436</u>	<u>16,926</u>	<u>9,165</u>	<u>7,761</u>
			Cash	\$ 6,403	
			Accounts payable	<u>2,762</u>	
				<u>\$ 9,165</u>	

**TOWNSHIP OF PEQUANNOCK**

Schedule of Encumbrances Payable

Recreation Utility Fund

Year ended December 31, 2013

	<b><u>Operating Fund</u></b>
Balance, December 31, 2012	\$ 5,436
Increased by:	
Transfer from budget	<u>10,402</u>
	15,838
Decreased by:	
Transfer to appropriation reserve	<u>5,436</u>
Balance, December 31, 2013	\$ <u><u>10,402</u></u>

**TOWNSHIP OF PEQUANNOCK**

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

Recreation Utility Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget</u>	<u>Balance Dec. 31, 2013</u>
03-19	PV Park Pavilion	\$ <u>106,000</u>	<u>6,000</u>	<u>100,000</u>
		\$ <u><u>106,000</u></u>	<u><u>6,000</u></u>	<u><u>100,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Improvement Authorizations - Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Amount</u>	<u>Balance, December 31, 2012</u>		<u>Balance, December 31, 2013</u>	
			<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
03-19	PV Park Pavilion	\$ 137,000	—	2,318	—	2,318
			\$ —	2,318	—	2,318

**TOWNSHIP OF PEQUANNOCK**

Schedule of Fixed Capital Authorized  
and Uncompleted - Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012 and 2013

\$ 2,318

**TOWNSHIP OF PEQUANNOCK**

Schedule of Reserve for  
Amortization - Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	31,000
Increased by:		
Deferred charge paid by budget		<u>6,000</u>
Balance, December 31, 2013	\$	<u><u>37,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Capital Improvement  
Fund - Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	3,000
Increased by:		
Budget appropriation		<u>1,000</u>
Balance, December 31, 2013	\$	<u><u>4,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Due to Water Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

Balance due to December 31, 2012	\$	110,000
Decreased by cash disbursements		<u>110,000</u>
Balance due to, December 31, 2013	\$	<u><u>—</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Recreation Interfunds - Capital Fund

Recreation Utility Fund

Year ended December 31, 2013

Balance due to December 31, 2012	\$	—
Increased by:		
Cash received		<u>95,000</u>
Balance due to (from), December 31, 2013	\$	<u><u>95,000</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Accounts Payable

Recreation Utility Fund

Year ended December 31, 2013

Balance due to December 31, 2012	\$	2,900
Increased by:		
Transfer from appropriation Reserves		<u>2,762</u>
Balance due to (from), December 31, 2013	\$	<u><u>5,662</u></u>

**TOWNSHIP OF PEQUANNOCK**

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2013

<b>Category</b>	<b>Balance Dec. 31, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance Dec. 31, 2013</b>
Land and buildings	\$ 22,666,293	4,051,142	—	26,717,435
Machinery and equipment	1,867,625	99,772	21,780	1,945,617
Furniture and fixtures	1,915,548	10,412	—	1,925,960
Vehicles	4,936,212	147,856	142,914	4,941,154
	<u>\$ 31,385,678</u>	<u>4,309,182</u>	<u>164,694</u>	<u>35,530,166</u>

## SUPPLEMENTARY DATA

**TOWNSHIP OF PEQUANNOCK**

Supplementary Data

**Comparative Schedule of Tax Rate Information**

		<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate (per hundred)	\$	<u>2.080</u>	<u>2.100</u>	<u>1.727</u>
Apportionment of tax rate:				
Municipal		0.508	0.502	0.401
County		0.259	0.278	0.225
Local school		1.313	1.320	1.101
Assessed valuations:				
	2013	\$	2,419,695,800	
	2012		2,415,789,200	
	2011		2,893,667,291	

**Comparison of Tax Levies and Collection Currently**

<u>Year</u>		<u>Tax levy</u>	<u>Currently</u>	
			<u>Cash collections</u>	<u>Percentage of collection</u>
2013	\$	50,280,583	49,843,201	99.13 %
2012		50,824,110	50,766,744	99.88
2011		49,922,147	49,064,948	98.28
2010		49,753,279	49,100,525	98.69
2009		48,477,948	47,909,235	98.83

**Delinquent Taxes and Tax Title Liens**

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

<u>Dec.31,</u>		<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2013	\$	21,070	381,038	402,108	0.80 %
2012		12,672	522,970	535,642	1.05
2011		12,457	486,720	499,177	1.00
2010		3,575	449,658	453,233	0.91
2009		—	358,770	358,770	0.74

**TOWNSHIP OF PEQUANNOCK**

Supplementary Data

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2013	\$ 884,650
2012	884,650
2011	884,650
2010	884,650
2009	884,650

**Comparison of Water Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2013	\$ 2,494,829	2,461,905
2012	2,666,279	2,464,720
2011	1,662,992	1,665,620
2010	1,837,546	1,761,024
2009	1,595,317	1,497,156

**Comparison of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2013	\$ 2,660,051	2,718,457
2012	2,678,610	2,632,039
2011	2,618,488	2,600,688
2010	2,557,634	2,432,116
2009	2,624,411	2,604,364

**Comparison of Solid Waste Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2013	\$ 1,534,839	1,522,934
2012	1,455,655	1,437,476
2011	1,383,368	1,411,500
2010	1,941,416	1,930,064
2009	2,133,247	2,119,149

**TOWNSHIP OF PEQUANNOCK**

Supplementary Data

**Comparative Schedule of Fund Balances**

	<b>Year</b>	<b>Balance, Dec. 31</b>	<b>Utilized in budget of succeeding year</b>
<b>Current:</b>			
	2013	\$ 1,608,874	1,260,000
	2012	1,593,554	1,250,000
	2011	1,678,121	1,230,000
	2010	1,579,765	1,300,000
	2009	1,432,684	1,350,000
<b>Water Utility Operating:</b>			
	2013	499,150	250,000
	2012	869,372	580,000
	2011	988,203	450,000
	2010	670,567	200,000
	2009	516,607	75,000
<b>Sewer Utility Operating:</b>			
	2013	426,903	125,000
	2012	311,827	125,000
	2011	278,803	75,000
	2010	123,883	—
	2009	189,756	81,000
<b>Solid Waste Utility Operating:</b>			
	2013	426,903	107,000
	2012	414,507	144,000
	2011	459,554	117,000
	2010	381,466	110,000
	2009	434,356	85,000
<b>Recreation Utility Operating:</b>			
	2013	89,395	50,000
	2012	94,751	40,000
	2011	62,471	31,000
	2010	102,403	41,000
	2009	72,044	18,000

**TOWNSHIP OF PEQUANNOCK**

Supplementary Data

**Officials in Office and Surety Bonds**

The following officials were in office on December 31, 2013.

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Richard Phelan	Mayor	
Melisa Florance-Lynch	Deputy Mayor	
Catherine Winterfield	Councilwoman	
David Kohle	Councilman	
Joel D. Vanderhoff	Councilman	
David Hollberg	Township Manager	\$ 35,000
David Hollberg	Chief Financial Officer/Treasurer	100,000
Joseph J. Delaney Jr.	Township Clerk	1,000
Lorraine Tarnogursky	Tax Collector	203,000
Hollis J. Gilbert	QPA/ Principal Accountant	35,000
Evelyn Roosma	Utility Collector	208,000
Linda Zacharenko	Planning Board Secretary	35,000
Robert Oostdyk	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.

SINGLE AUDIT

## ***LOUIS C. MAI CPA & ASSOCIATES***

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

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

### **Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and NJ OMB Circular 04-04**

#### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal and State Program**

We have audited the compliance of the Township of Pequannock, New Jersey (the Township) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of Township's major federal and State programs for the year ended December 31, 2013. The Township's major federal and State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township's major federal and State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and NJ OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or State program occurred. An audit includes examining, on a test basis, evidence about Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal or State program. However, our audit does not provide a legal determination of the Township's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and State programs for the year ended December 31, 2013.

### **Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing

based on the requirements of OMB Circular A-133 and NJ OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and NJ OMB Circular 04-04**

We have audited the financial statements of the Township of Pequannock, New Jersey as of and for the year ended December 31, 2013, and have issued our report thereon dated January 20, 2015 which contained an unmodified opinion on those financial statements on a regulatory basis. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and State financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ OMB Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and State financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

*Louis C. Mai CPA & Associates*  
*Louis C. Mai*

Louis C. Mai, Registered Municipal Accountant  
No. CR00217

January 20, 2015

**TOWNSHIP OF PEQUANNOCK**

Schedule of Findings and Questioned Costs

Year ended December 31, 2013

**(1) Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

- (a) The type of report issued on the financial statements:  
**Adverse opinion in accordance with accounting principles generally accepted in the United States of America.**

**Unmodified opinion on the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.**

- (b) Significant deficiencies in internal control were disclosed by the audit of the Financial Statements:  
**None reported**                      Material weaknesses: **No**

- (c) Noncompliance which is material to the financial statements: **No**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

- (d) Significant deficiencies in internal control over Federal and State of New Jersey major programs:  
Federal - **None**                                      Material weaknesses: **No**  
State - **None**                                         Material weaknesses: **No**

- (e) The type of report issued on compliance for Federal and State of New Jersey major programs:  
**Unmodified**

- (f) Any audit findings which are required to reported under Section 510(a) of OMB Circular A-133 or State of New Jersey OMB Circular 04-04: **No**

- (g) Major programs:

Federal:  
**#97.110            Severe Repetitive Loss Grant**

State of New Jersey:  
**#4800-727-042            Green Trust – Land Acquisition**

- (h) Dollar threshold used to distinguish between Type A and Type B programs:

Federal:            **\$300,000**  
State:                **\$300,000**

- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:  
None**

**(3) Findings and Questioned Costs Relating to Federal Awards and State of New Jersey Awards:  
Federal Awards – None  
State Financial Assistance - None**

**TOWNSHIP OF PEQUANNOCK**

Summary Schedule of Prior Year Federal and State  
Single Audit Findings  
December 31, 2013

Not applicable, no prior year Single Audit required.

## TOWNSHIP OF PEQUANNOCK

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2013

Grantor/ Program Title	Federal CFDA Number	State Account Number/Program Code	Program or Award Amount	Funds Received from State FYE 12/31/13	Funds Available 12/31/202	Net Disbursement Charges	Funds Available 12/31/13	(Unaudited) Total Expenditures	Grant Period	
									From	To
Department of Health and Human Services (Passed through the State of New Jersey Dept of Health and Sr Services) and Senior Services)										
Public Health Emergency Preparedness CY2006	93.069	100-046-4230-101	\$ 15,780	—	1,021	—	1,021	1,021	1/1/2006	12/31/2006
CY2007			3,060	—	593	—	593	593	1/1/2007	12/31/2007
CY2009			132,430	—	1,521	—	1,521	1,521	1/1/2009	12/31/2009
CY2009			2,500	—	36	—	36	36	1/1/2009	12/31/2009
				—	3,171	—	3,171	3,171		
Department of Transportation (Passed through the State of New Jersey Department of Environmental Protection)										
Recreation Trails Grant	20.219	4875-100-205	10,905	—	6,571	3,244	3,327	3,327	1/1/2006	12/31/2006
(Passed through the State of New Jersey Department of Transportation)										
Highway Planning and Construction	20.205	480-078-6320-XXX								
Sunset Road Phase II			140,000	—	11,269	—	11,269	11,269	1/1/2007	12/31/2008
Sunset Road Phase III			155,000	—	5,658	—	5,658	5,658	1/1/2008	12/31/2009
Sunset Road Phase IV			160,000	40,000	51,056	51,056	—	—	1/1/2012	12/31/2013
				40,000	67,983	51,056	16,927	16,927		
(Passed through the State of New Jersey Department of Law and Public Safety)										
Safety Belt Performance Grant	20.609	1160-100-132	4,000	—	226	—	226	3,774	1/1/2007	12/31/2007
Drunk Driving Enforcement										
2007	20.601	1160-100-057	5,000	—	342	—	342	4,658	1/1/2007	12/31/2007
2008			10,531	—	5,697	—	5,697	4,834	1/1/2008	12/31/2008
2009			5,364	—	5,364	—	5,364	—	1/1/2009	12/31/2009
2011			1,049	—	1,049	193	856	193	1/1/2011	12/31/2011
				—	12,452	193	12,259	9,685		
Total Department of Transportation				40,000	87,232	54,493	32,739	33,713		
Department of Homeland Security (Passed through the NJ Office of Emergency Management)										
Severe Repetive Loss Grant	97.110									
HPGP 4021-NJ-0007			3,847,444	—	3,847,444	350,470	3,496,974	350,470	12/13/2011	12/13/2014
FY2011			4,950,000	1,871,498	4,592,475	2,860,639	1,731,836	3,218,164	9/13/2011	12/12/2014
				1,871,498	8,439,919	3,211,109	5,228,810	3,568,634		
(Passed through the N.J. Department of Law and Public Safety)										
Disaster Grants - Public Assistance Hurricane Irene (declaration 4021)	97.036	1200-100-	966,529	36,680	—	—	—	966,529	1/1/2011	12/31/2012
				36,680	—	—	—	966,529		
Total Department of Homeland Security				1,908,178	8,439,919	3,211,109	5,228,810	4,535,163		
Total Federal Awards			\$	1,948,178	8,530,322	3,265,602	5,264,720	4,572,047		

See accompanying notes to schedule of expenditures of awards.

TOWNSHIP OF PEQUANNOCK

Schedule of Expenditures of State Awards

Year ended December 31, 2013

Grantor/ Program Title	State Account Number	Program or Award Amount	(Unaudited) Total Expenditures	Funds Received	Funds Available 12/31/12	Grants Awarded	Net Disbursement Charges	Funds Available 12/31/13	Grant Period	
									From	To
Department of Treasury										
NJ Highlands Council	2078-106-033									
Initial Assessment		15,000	—	—	15,000	—	—	15,000	1/1/2009	12/31/2009
Plan Performance		50,000	47,564	—	2,436	—	—	2,436	1/1/2009	12/31/2009
			47,564	—	17,436	—	—	17,436		
Total Department of Treasury			47,564	—	17,436	—	—	17,436		
Department of Environmental Protection										
Stormwater Management Grant	4840-150-057-500	10,207	4,513	—	5,694	—	—	5,694	1/1/2007	12/31/2007
Shore Protection Fund Projects - HR-6 Flood Control	4895-100-130	353,244	275,090	178,244	148,950	—	70,796	78,154	1/1/2011	12/31/2011
Forstery Management Grant		3,000	—	—	3,000	—	—	3,000	1/1/2009	12/31/2009
Green Trust - Land Acquisition	4800-727-042	2,331,564	422,500	972,589	981,564	—	972,589	8,975	3/27/2013	3/26/2014
Clean Communities Entitlement	4900-765-042-4900-004									
2009		17,323	5,133	—	12,190	—	—	12,190	1/1/2009	12/31/2009
2010		22,149	4,200	—	17,949	—	—	17,949	1/1/2010	12/31/2010
2011		23,139	16,695	—	14,589	—	8,145	6,444	1/1/2011	12/31/2011
2012		26,028	—	26,028	26,028	—	—	26,028	1/1/2012	12/31/2012
2013		25,621	—	—	—	25,621	—	25,621	1/1/2013	12/31/2013
			26,028	26,028	70,756	25,621	8,145	88,232		
Recycling Grant	4900-752-042-4900-001-V42Y-6020									
2004-05		9,812	9,755	—	57	—	—	57	7/1/2004	6/30/2005
CY2004		10,400	9,491	—	909	—	—	909	1/1/2004	12/31/2004
CY2010		25,685	—	25,685	25,685	—	—	25,685	1/1/2010	12/31/2010
CY2008		11,532	6,922	—	4,610	—	—	4,610	1/1/2008	12/31/2008
			26,168	25,685	31,261	—	—	31,261		
Total Dept. of Environmental Protection			754,299	1,202,546	1,241,225	25,621	1,051,530	215,316		
Department of Health and Senior Services										
Comprehensive Cancer Control	4230-100-434									
FY2010		65,000	65,000	—	22,663	—	22,663	—	9/1/2010	8/31/2011
FY2010		65,000	65,739	—	8,960	—	9,699	(739)	9/1/2010	8/31/2011
FY2008		31,677	31,677	—	833	—	833	—	9/1/2007	8/31/2008
			162,416	—	32,456	—	33,195	(739)		
Tobacco Age of Sale Enforcement Program	4230-100-046-4754-414-J002-6120									
4/1/05-3/31/06		4,800	4,065	—	735	—	—	735	4/1/2005	3/31/2006
4/1/06-3/31/07		2,580	597	—	1,983	—	—	1,983	4/1/2006	3/31/2007
4/1/07-3/31/08		2,820	—	—	2,820	—	—	2,820	4/1/2007	3/31/2008
4/1/08-3/31/09		3,060	—	—	3,060	—	—	3,060	4/1/2008	3/31/2009
			4,662	—	—	—	—	8,598		
Total Department of Health and Senior Services			167,078	—	32,456	—	33,195	7,859		

(Continued)



**TOWNSHIP OF PEQUANNOCK**

Notes to Schedules of Expenditures of Awards

December 31, 2013

**(1) General**

The accompanying schedules of expenditures of Federal and State of New Jersey awards present the activity of Federal and State of New Jersey awards programs of the Township of Pequannock. The Township is defined in Note 1 to the Township's financial statements. Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies are included on the schedule of expenditures of Federal awards.

**(2) Basis of Accounting**

The accompanying schedules of expenditures awards are presented using the budgetary basis of accounting. The basis of accounting is described in Note 1 to the Township's financial statements.

**(3) Relationship to General Purpose Financial Statements**

Amounts reported in the accompanying schedules agree with or are reconcilable to amounts reported in the Township's financial statements. Expenditures of awards are reported in the Township's financial statements as follows:

	<u>Federal</u>	<u>State</u>
Current/ Grant Fund	\$ 35,910	\$ 127,628
Trust Fund	—	972,589
General Capital	<u>5,228,810</u>	<u>          </u>
	\$5,264,720	\$1,100,217

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

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the cash basis.

**(5) Subrecipient programs**

Certain Federal programs have various subrecipients but obtaining those amounts is not practical.

**TOWNSHIP OF PEQUANNOCK**

General Comments and Recommendations

Year ended December 31, 2013

# TOWNSHIP OF PEQUANNOCK

## General Comments and Recommendations

December 31, 2013

### **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 3, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

# TOWNSHIP OF PEQUANNOCK

## General Comments and Recommendations

December 31, 2013

### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Number of tax title liens</u>
2013	7
2012	6
2011	4

The tax sale was held on September 11, 2013.

### Status of Prior Year Recommendations

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

### Comments and Recommendation

#### Other Comments

- (1) Several trust related transactions are not recorded completely in the general ledger. \*
- (2) Many interfunds exist at year end as a result of yearend adjustments and reconciliations\*.
- (3) Cash account reconciliations have minor reconciling items and outstanding checks in excess of one year.\*
- (4) Not all payroll time sheets are manually signed by the employee and/or Department Supervisor.\*
- (5) Adjustments resulting from the prior year audit were not recorded.\*
- (6) There is no formal approval of the waiving of fees for recreation programs.\*
- (7) The General Ledger is not maintained in a timely manner.

#### Recommendations

- (1) That all trust related transactions be completely recorded in the general ledger.
- (2) Efforts should be made to limit the number of interfund transactions.
- (3) Cash account reconciliations should be reviewed on a monthly basis and all reconciling items and old outstanding checks cleared.
- (4) All payroll time sheets should be manually signed by both employee and Department Supervisor.
- (5) All adjustments resulting from the prior year audit should be recorded.
- (6) There should be a formal process established for the waiving of recreation program fees.
- (7) The General Ledger should be maintained currently with all interfunds reconciled.