

TOWNSHIP OF PEQUANNOCK

Financial Statements
with Additional Financial Information

December 31, 2014

(With Independent Auditor's Report Thereon)

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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, 2014 and 2013 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, 2014, 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, 2014 and 2013 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, 2014 and 2013 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, 2014 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 July 22, 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

Louis C. Mai, Registered Municipal Accountant
No. CR00217

July 22, 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, 2014 and 2013 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, 2014, 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 July 22, 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

Louis C. Mai, Registered Municipal Accountant
No. CR00217

July 22, 2015

FINANCIAL STATEMENTS

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Fund
Current Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Regular Fund:			
Cash	A-4	\$ 6,219,849	7,013,253
Change fund	A-23	260	260
Prepaid Expenses	A-4	292,597	—
Due from State of New Jersey for veterans' and senior citizens' deductions	A-8	<u>52,900</u>	<u>44,236</u>
		<u>6,565,606</u>	<u>7,057,749</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-6	416,914	381,038
Tax title liens	A-25	13,447	21,070
Property acquired for taxes - assessed valuation	A-12	894,293	884,650
Due from:			
Sewer Operating Fund	A-20	4,200	5,256
Water Utility Operating Fund	A-20	—	3,264
Other Trust Fund	A-20	—	59,445
General Capital Fund	A-20	48,374	—
Public Library	A-20	27,173	14,720
Dog License Fund	A-20	131	129
Revenue accounts receivable	A-9	<u>29,989</u>	<u>46,590</u>
		<u>1,434,521</u>	<u>1,416,162</u>
Deferred charges:			
Emergency Authorizations	A-24	<u>68,000</u>	<u>103,000</u>
		<u>8,068,127</u>	<u>8,576,911</u>
State and Federal Grant Fund:			
Cash		270,406	11,135
Grants receivable	A-18	183,594	120,186
Due from Current Fund	A-20	<u>79,656</u>	<u>299,004</u>
		<u>533,656</u>	<u>430,325</u>
		<u>\$ 8,601,783</u>	<u>9,007,236</u>

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Fund
Current Fund

December 31, 2014 and 2013

Liabilities, Reserves and Fund Balance	Ref.	2014	2013
Regular Fund - liabilities:			
Appropriation reserves	A-3,A-10	\$ 1,390,454	1,698,581
Reserve for encumbrances	A-7	143,807	168,267
Accounts payable	A-15	116,000	54,566
Due to County for added taxes	A-26	9,209	9,050
Prepaid taxes	A-27	132,907	124,121
Due to:			
General Capital Fund	A-20	—	660,031
Water Operating Fund	A-20	425	—
State and Federal Grant Fund	A-20	79,656	299,004
Recreation Utility Operating Fund	A-20	21,341	1,445
Other Trust Fund	A-20	31,435	—
School Taxes Payable	A-11	483,959	422,504
State of New Jersey Uniform Construction Code	A-13	—	4,693
Tax overpayments	A-16	17,728	9,142
Reserve for various purposes	A-17	2,616,408	2,100,471
		<u>5,043,329</u>	<u>5,551,875</u>
Reserve for receivables		1,434,521	1,416,162
Fund balance	A-1	1,590,277	1,608,874
		<u>8,068,127</u>	<u>8,576,911</u>
State and Federal Grant Fund:			
Accounts payable		2,244	2,244
Encumbrances	A-19	189,600	19,032
Due to Solid Waste Fund	A-21	—	25,452
Appropriated reserves	A-21	260,912	289,996
Unappropriated reserves	A-22	80,900	93,601
		<u>533,656</u>	<u>430,325</u>
		<u>\$ 8,601,783</u>	<u>9,007,236</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues and other income realized:		
Fund balance utilized	\$ 1,260,000	1,250,000
Miscellaneous revenue anticipated	3,459,455	3,581,019
Receipts from delinquent taxes	388,160	516,201
Receipts from current taxes	49,591,449	49,225,073
Non-budget revenues	108,326	75,856
Other credits to income:		
Unexpended balances of appropriation reserves	556,304	311,482
Interfunds returned	650	175,361
Health contracts	7,657	—
Accounts payable cancelled	—	89,555
Various reserves cancelled	—	52,363
Cancelled/ voided checks	9,584	—
Excess tax appeal reserve	2,770	—
Unexpended budget appropriations cancelled	3	52
Total revenue and other income	<u>55,384,358</u>	<u>55,276,962</u>
Expenditures:		
Budget and emergency appropriations:		
Operations:		
Salaries and wages	6,916,694	6,764,821
Other expenses	5,308,797	5,152,959
Capital improvements	1,185,000	1,435,000
Debt service	670,945	669,691
Deferred charges and statutory expenditures	1,506,511	1,701,350
County taxes	6,376,490	6,265,916
Local district school taxes	32,014,133	31,768,656
Municipal open space tax	132,950	132,740
Interfund advances	31,435	120,509
Total expenditures	<u>54,142,955</u>	<u>54,011,642</u>
Excess in revenue over expenditures	1,241,403	1,265,320
Fund balance, January 1	<u>1,608,874</u>	<u>1,593,554</u>
	2,850,277	2,858,874
Decreased by utilized as anticipated revenue	<u>1,260,000</u>	<u>1,250,000</u>
Fund balance, December 31	<u>\$ 1,590,277</u>	<u>1,608,874</u>
See accompanying notes to financial statements.		

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Regulatory Basis

Current Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 1,260,000	1,260,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	22,800	22,800	—
Other	21,000	30,824	9,824
Fees and permits:			
Other	110,000	103,114	(6,886)
Cable Television Franchise Fee	57,500	63,647	6,147
Payments in lieu of taxes - Senior Citizen House	82,500	82,843	343
Cable Television License Agreement - Equipment Purchase Funds	11,250	11,250	—
Fines and costs - Municipal Court	270,000	242,012	(27,988)
Interest and costs on taxes	95,000	99,221	4,221
Interest on investments and deposits	14,000	9,448	(4,552)
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	290,000	345,815	55,815
Contracts for Purchasing Agent (QPA)			
Borough of Kinnelon	2,000	2,000	—
Borough of Bloomingdale	2,000	2,000	—
Contracts for Dial-A-Ride:			
Borough of Butler	61,624	61,624	—
Borough of Kinnelon	83,768	83,768	—
Borough of Lincoln Park	86,000	86,000	—
Borough of Riverdale	29,092	29,092	—
Health Services Contract:			
Borough of Bloomingdale	88,609	88,609	—
Borough of Kinnelon	118,608	118,608	—
Borough of Riverdale	41,191	41,191	—
Borough of Florham Park	135,367	135,367	—
Field Maintenance Contract	57,000	56,571	(429)
County Road Plowing and Salting - Morris County	30,000	33,952	3,952
New Jersey Transportation Trust Fund Authority Act - Jefferson Street	185,000	185,000	—
Clean Communities Program	30,084	30,084	—
Drunk Driving Enforcement Fund	17,510	17,510	—
Municipal Alliance on Alcoholism and Drug Abuse	12,182	12,182	—
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500	2,500	—
Alcohol Education and Rehabilitation Fund	476	476	—
Mayors Wellness Campaign	3,000	3,000	—
New Jersey Seniot Citizens Disabled Residents Transportation Assistance Act	97,658	97,658	—
New Jersey Body Armor Replacement Funds	4,039	4,039	—
New Jersey Division of Highway Traffic Safety	12,410	12,410	—
New Jersey Department of Environmental Protection - Forestry Service Grant	20,000	20,000	—
Uniform Fire Code Fees	21,000	19,041	(1,959)
Uniform Fire Safety Act (offset by Fire Safety Appropriation)	20,000	17,128	(2,872)
Reserve for Public Defender Fees	8,220	8,220	—
Hotel Occupancy Tax	45,000	66,078	21,078
Reserve for flood expenses	—	—	—
Total miscellaneous revenues	<u>3,402,761</u>	<u>3,459,455</u>	<u>56,694</u>

(Continued)

TOWNSHIP OF PEQUANNOCK

Statement of Revenues

Regulatory Basis

Current Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Receipts from delinquent taxes	\$ 345,000	388,160	43,160
Amount to be raised by taxes for support of municipal budget -			
local tax for municipal purposes	11,192,884	11,680,574	487,690
Minimum Library Tax	828,180	828,180	—
Total Amount to be raised by taxes for support of municipal budget -	<u>12,021,064</u>	<u>12,508,754</u>	<u>487,690</u>
Budget totals	\$ <u>17,028,825</u>	17,616,369	<u>587,544</u>
Non-budget revenues		<u>108,326</u>	
		\$ <u>17,724,695</u>	

Analysis of Realized Revenues

Allocation of current tax collections:

Revenue from collections	\$ 49,591,449
Allocated to school, county and open space taxes	<u>38,523,573</u>
Balance for support of municipal budget appropriations	11,067,876

Add reserve for uncollected taxes

1,440,878

Amount for support of municipal budget appropriations

\$ 12,508,754

Receipts from delinquent taxes:

Tax title liens	\$ 2,033
Delinquent tax collections	<u>386,127</u>
	\$ <u>388,160</u>

Analysis of Non-budget Revenue

Refunds and prior year reimbursements	\$ 8,358
Township Clerk	20
Police Department	4,358
Tax Collector tax sale costs	9,056
Sale of surplus equipment	74,150
Finance	480
Recyclable materials	2,237
Miscellaneous	1,991
Tax Assessor	240
Court checks cancelled	560
Senior Citizen and Veterans administrative fee	2,826
DMV inspection fees	<u>4,050</u>
	\$ <u>108,326</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended December 31, 2014

General Appropriations	Expended				
	Budget	Budget after modifi- cations	Paid or charged	Reserved	Canceled
Operations-within "CAPS":					
General Government:					
Township Clerk:					
Salaries and wages	\$ 89,135	89,135	61,384	27,751	—
Other expenses	66,200	66,200	62,202	3,998	—
Township Council:					
Salaries and wages	25,200	25,200	25,200	—	—
Other expenses	9,425	9,425	7,192	2,233	—
Managers Office:					
Salaries and wages	173,895	173,895	163,527	10,368	—
Other expenses	3,000	3,000	1,302	1,698	—
Legal services and costs:					
Other expenses	114,500	114,500	77,042	37,458	—
Municipal Prosecutor Salaries and wages	24,500	24,500	24,007	493	—
Municipal Court:					
Salaries and wages	169,950	169,950	164,015	5,935	—
Other expenses	11,600	11,600	8,976	2,624	—
Public Defender (P.L. 1997, C.256):					
Salaries and wages	7,075	7,075	6,921	154	—
Audit Services	17,250	17,250	—	17,250	—
Workmen's Compensation Insurance	209,500	209,500	209,000	500	—
Insurance - General Liability	160,500	160,500	131,837	28,663	—
Group Insurance for employees	1,368,516	1,368,516	665,312	703,204	—
Unemployment Insurance	25,000	25,000	25,000	—	—
Department of Finance:					
Financial Administration:					
Salaries and wages	131,265	131,265	126,604	4,661	—
Other expenses	10,000	10,000	4,972	5,028	—
Data Processing:					
Other expenses	113,250	113,250	99,861	13,389	—
Revenue Administration- salaries and wages	88,455	88,455	82,488	5,967	—
Revenue Administration- other expenses	7,250	7,250	6,493	757	—
Tax Assessment:					
Salaries and wages	62,640	62,640	60,482	2,158	—
Other expenses	26,600	26,600	23,881	2,719	—
Department of Planning and Building:					
Planning and Building Department:					
Salaries and wages	106,550	106,550	103,513	3,037	—
Other expenses	80,600	80,600	47,539	33,061	(continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended December 31, 2014

General Appropriations	Expended				
	Budget	Budget after modifi- cations	Paid or charged	Reserved	Canceled
Municipal Land and Use Law (N.J.S.A. 40:55d-1):					
Board of Adjustment:					
Salaries and wages	\$ 11,620	11,620	10,870	750	—
Other expenses	10,300	10,300	8,761	1,539	—
Department of Parks and Recreation:					
Public buildings and grounds:					
Salaries and wages	99,770	99,770	71,909	27,861	—
Other expenses	92,400	92,400	91,584	816	—
Parks and playgrounds:					
Salaries and wages	293,346	293,346	287,693	5,653	—
Other expenses	66,500	66,500	59,002	7,498	—
Celebration of public events, holidays or anniversary:					
Other expenses	19,000	19,000	17,272	1,728	—
Dial-a-ride program:					
Salaries and wages	90,810	90,810	90,111	699	—
Other expenses	36,215	36,215	16,102	20,113	—
Recreation:					
Salaries and wages	167,320	167,320	167,069	251	—
Other expenses	24,900	24,900	14,170	10,730	—
Department of Fire:					
Other expenses:					
Clothing allowance	50,000	50,000	42,696	7,304	—
Miscellaneous other expenses	52,500	52,500	42,860	9,640	—
Office of Fire Safety:					
Salaries and wages	40,245	40,245	36,028	4,217	—
Other expenses	6,900	6,900	5,768	1,132	—
Department of Police:					
Salaries and wages	3,817,729	3,817,729	3,754,729	63,000	—
Other expenses	229,620	229,620	227,823	1,797	—
First Aid Squad - other expenses	—	—	—	—	—
Emergency Management Services:					
Salaries and wages	15,500	15,500	12,606	2,894	—
Other expenses	6,000	6,000	2,709	3,291	—
Aid to Volunteer Rescue Squad	25,000	25,000	—	25,000	—
Aid to Volunteer Fire Companies	87,000	87,000	87,000	—	(continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended December 31, 2014

General Appropriations	Budget	Budget after modifi- cations	Expended		
			Paid or charged	Reserved	Canceled
Department of Public Works:					
Road repairs and maintenance:					
Salaries and wages	\$ 220,678	220,678	200,679	19,999	—
Other expenses	98,500	98,500	87,993	10,507	—
Director of Public Works/Township Engineer:					
Salaries and wages	54,415	54,415	54,409	6	—
Other expenses	25,250	25,250	21,733	3,517	—
Street lighting and traffic control:					
Other expenses	—	—	—	—	—
Community Services Act	20,000	20,000	—	20,000	—
Vehicle Maintenance:					
Salaries and wages	75,820	75,820	75,776	44	—
Other expenses	70,000	70,000	68,580	1,420	—
Flood Advisory Committee	2,500	2,500	1,676	824	—
Department of Health:					
Salaries and wages	142,415	142,415	133,608	8,807	—
Other expenses	46,100	46,100	39,412	6,688	—
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	890	110	—
Senior Citizens Advisory Committee:					
Other expenses	1,800	1,800	163	1,637	—
Historic District Commission:					
Other expenses	850	850	58	792	—
Teen Advisory Committee:					
Other expenses	1,800	1,700	—	1,700	—
PV Mental Health Center Contribution	100	100	—	100	—
Shade Tree Commission	31,400	31,400	30,366	1,034	—
Emergency Medical Services					
Salaries and wages	500	500	—	500	—
Other expenses	500	500	—	500	—
Economic Development Committee					
Other expenses	3,000	3,100	3,007	93	—
Uniform Construction Code-Appropriations Offset by Dedicated revenues					
Uniform Construction Code Official (N.J.S.A. 52:27D-120 et seq.):					
Salaries and wages	209,885	209,885	206,031	3,854	—
Other expenses	14,600	14,600	6,810	7,790	—

(continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended December 31, 2014

General Appropriations	Expended				
	Budget	Budget after modifications	Paid or charged	Reserved	Canceled
Unclassified:					
Gasoline	\$ 179,000	161,000	150,130	10,870	—
Street Lighting	152,000	152,000	106,246	45,754	—
Electricity	113,000	101,000	50,255	50,745	—
Telephone	52,000	64,000	60,741	3,259	—
Water	4,000	4,000	1,780	2,220	—
Natural Gas	39,000	57,000	56,916	84	—
Accumulated Leave	35,000	35,000	—	35,000	—
Total Operations within "CAPS"	9,954,644	9,954,644	8,592,771	1,361,873	—
Detail:					
Salaries and wages	6,146,643	6,146,643	5,912,738	233,905	—
Other expenses	3,808,001	3,808,001	2,680,033	1,127,968	—
	9,954,644	9,954,644	8,592,771	1,361,873	—
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	310,000	310,000	292,179	17,821	—
Public Employees Retirement System	290,582	290,582	290,260	322	—
Police and Firemen's Retirement System of NJ	720,929	720,929	720,929	—	—
Unemployment Insurance	—	—	—	—	—
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	1,321,511	1,321,511	1,303,368	18,143	—
Total General Appropriations for Municipal Purposes within "CAPS":	11,276,155	11,276,155	9,896,139	1,380,016	—
Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	872,773	872,773	872,773	—	—
Fair Share Housing Act (Ch. 22 P.L. 1985):					
Fair Housing Committee:					
Salaries and wages	16,665	16,665	16,453	212	—
Other expenses	2,100	2,100	741	1,359	—
Police Dispatch/911 -salaries and wages	248,895	248,895	240,028	8,867	—
Total Other Operations - Excluded from "CAPS"	\$ 1,140,433	1,140,433	1,129,995	10,438	—

(continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended December 31, 2014

General Appropriations	Expended				
	Budget	Budget after modifi- cations	Paid or charged	Reserved	Canceled
Shared Services Agreements:					
Field Maintenance Board of Education					
Salaries and wages	\$ 31,000	30,000	30,000	—	—
Other expenses	26,000	27,000	27,000	—	—
Dial-a-ride program:					
Salaries and wages	90,716	90,716	90,716	—	—
Other expenses	169,768	169,768	169,768	—	—
Morris County Road Snow Plowing	30,000	30,000	30,000	—	—
Interlocal Health Services Agreement:					
Salaries and wages	383,775	383,775	383,775	—	—
Other expenses	—	—	—	—	—
Total Interlocal Municipal Service Agreements	<u>731,259</u>	<u>731,259</u>	<u>731,259</u>	<u>—</u>	<u>—</u>
Public and Private Programs Offset by Revenues:					
Clean Communities program	30,084	30,084	30,084	—	—
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: Other expenses	—	—	—	—	—
Drunk Driving Enforcement	17,510	17,510	17,510	—	—
Mayor's Wellness Campaign	3,000	3,000	3,000	—	—
NJ Body Armor Replacement Funds	4,039	4,039	4,039	—	—
US Dept. of Justice - Bulletproof Vest Partnership	—	—	—	—	—
NJ State Police Emergency Management Assistance	—	—	—	—	—
NJ Division of Highway Safety	12,410	12,410	12,410	—	—
New Jersey Transportation Trust Fund Authority Act: Jefferson Street	185,000	185,000	185,000	—	—
Occupant Protection program - Click it or Ticket	—	—	—	—	—
Storm Water Management Grant	—	—	—	—	—
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 Forestry Service Grant	30,000	30,000	30,000	—	—
Alcohol Education and rehabilitation Court Salaries and wages	476	476	476	—	—
Total Public and Private Programs Offset by Revenues	<u>399,155</u>	<u>399,155</u>	<u>399,155</u>	<u>—</u>	<u>(continued)</u>

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Current Fund

Year ended December 31, 2014

General Appropriations	Budget	Budget after modifi- cations	Expended		
			Paid or charged	Reserved	Canceled
Total Operations-Excluded from "CAPS"	\$ 2,270,847	2,270,847	2,260,409	10,438	—
Detail:					
Salaries and wages	771,051	770,051	760,972	9,079	—
Other expenses	1,499,796	1,500,796	1,499,437	1,359	—
	<u>2,270,847</u>	<u>2,270,847</u>	<u>2,260,409</u>	<u>10,438</u>	<u>—</u>
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	525,000	525,000	525,000	—	—
Reserve for Purchase of Fire Apparatus	160,000	160,000	160,000	—	—
Reserve for Vehicle Replacement	135,000	135,000	135,000	—	—
Reserve for Purchase of Public Works Equipment	110,000	110,000	110,000	—	—
Reserve for Flood Control Improvements	—	—	—	—	—
Reserve for Data Processing and Office Equipment	25,000	25,000	25,000	—	—
Reserve for Road Resurfacing	230,000	230,000	230,000	—	—
Total Capital Improvements Excluded from "CAPS"	<u>1,185,000</u>	<u>1,185,000</u>	<u>1,185,000</u>	<u>—</u>	<u>—</u>
Municipal Debt Service-Excluded from "CAPS":					
Payment of bond anticipation notes and capital notes	650,000	650,000	650,000	—	—
Interest on notes	20,945	20,945	20,942	—	3
Total Municipal Debt Service-Excluded from "CAPS"	<u>670,945</u>	<u>670,945</u>	<u>670,942</u>	<u>—</u>	<u>3</u>
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations - 5 years	35,000	35,000	35,000	—	—
Deferred Charges to Future Taxes:					
Ord # 2002-06	120,000	120,000	120,000	—	—
Ord # 2003-12	27,000	27,000	27,000	—	—
Ord # 2004-16	3,000	3,000	3,000	—	—
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>	<u>—</u>	<u>—</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,311,792</u>	<u>4,311,792</u>	<u>4,301,351</u>	<u>10,438</u>	<u>3</u>
Total General Appropriations-Excluded from "CAPS"	<u>4,311,792</u>	<u>4,311,792</u>	<u>4,301,351</u>	<u>10,438</u>	<u>3</u>
Subtotal General Appropriations	15,587,947	15,587,947	14,197,490	1,390,454	3
Reserve for Uncollected Taxes	1,440,878	1,440,878	1,440,878	—	—
Total General Appropriations	<u>\$ 17,028,825</u>	<u>17,028,825</u>	<u>15,638,368</u>	<u>1,390,454</u>	<u>3</u>

(continued)

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

<u>General Appropriations</u>	<u>Budget</u>	<u>Budget after modifi- cations</u>	<u>Expended</u>		
			<u>Paid or charged</u>	<u>Reserved</u>	<u>Canceled</u>
Reserve for encumbrances			\$ 127,807		
Reserve for uncollected taxes			1,440,878		
Deferred Charges			35,000		
Due to State and Federal Grant Fund			384,859		
Cash			13,649,824		
			<u>\$ 15,638,368</u>		

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Dog License Trust Fund:			
Cash	B-1	\$ 32,331	47,016
Due from State of New Jersey	B-6	<u>1</u>	<u>—</u>
		<u>32,332</u>	<u>47,016</u>
Open Space Trust Fund:			
Cash	B-1	<u>937,179</u>	<u>1,020,979</u>
		<u>937,179</u>	<u>1,020,979</u>
Other Trust Fund:			
Cash	B-1	2,266,207	2,006,146
Due from Current Fund	B-11	<u>31,435</u>	<u>—</u>
		<u>2,297,642</u>	<u>2,006,146</u>
		<u>\$ 3,267,153</u>	<u>3,074,141</u>

TOWNSHIP OF PEQUANNOCK

Balance Sheet

Trust Funds

December 31, 2014 and 2013

Liabilities and Reserves	Ref.	2014	2013
Dog License Trust Fund:			
Reserve for expenditures	B-2	\$ 25,769	38,698
Reserve for Dodge Grant	B	10	10
Reserve for donations	B-4	—	700
Due to Current Fund	B-3	131	129
Due to State of New Jersey	B-6	—	4
Prepaid licenses	B-5	6,422	7,475
		<u>32,332</u>	<u>47,016</u>
Open Space Trust Fund:			
Due to General Capital	B-13	202,074	—
Encumbrances	B-10	5,309	15,880
Reserve for Expenditures	B-10	729,796	1,005,099
		<u>937,179</u>	<u>1,020,979</u>
Other Trust Fund:			
Benefits payable - payroll	B-12	4,104	612
Encumbrances payable	B-8	15,307	3,602
Reserve for:			
Special deposits	B-9	493,129	409,883
Group insurance claims	B-7	147,275	130,737
Due to Current Fund	B-11	—	59,445
Accumulated leave	B-14	371,044	397,750
Various reserves	B-8	1,266,783	1,004,117
		<u>2,297,642</u>	<u>2,006,146</u>
		<u>\$ 3,267,153</u>	<u>3,074,141</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
General Capital Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Cash	C-2,C-3	\$ 439,658	2,663,880
Due from Current Fund	C-11	—	660,031
Due from Recreation Capital Fund	C-14	95,000	95,000
Due from Open Space	C-12	202,074	—
Grants receivable	C-13	5,444,017	6,925,946
Deferred charges to future taxation:			
Unfunded	C-4	<u>5,026,056</u>	<u>5,826,056</u>
		<u>\$ 11,206,805</u>	<u>16,170,913</u>
Liabilities, Reserves and Fund Balance			
Bond anticipation notes	C-9	\$ 2,180,000	2,830,000
Due to Current Fund	C-11	48,374	—
Due to Water Capital Fund	C-8	2,894	—
Due to Sewer Capital Fund	C-15	515,619	3,000,000
Reserve for encumbrances	C-5	973,597	535,738
Improvement authorizations:			
Funded	C-5	4,739,511	6,235,631
Unfunded	C-5	2,127,529	2,577,749
Reserve for improvements	C-7	458,824	840,400
Capital Improvement Fund	C-6	116,000	62,000
Fund balance	C-1	<u>44,457</u>	<u>89,395</u>
		<u>\$ 11,206,805</u>	<u>16,170,913</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2014 of \$2,996,056 and \$2,846,056 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance, January 1	\$ <u>89,395</u>	<u>52,876</u>
Increased by:		
Premium on bond sale and note sale	8,088	0
Cancellation of improvement authorizations	<u>31,974</u>	<u>70,519</u>
	<u>40,062</u>	<u>70,519</u>
	129,457	123,395
Decreased by appropriated to finance improvement authorizations -	<u>85,000</u>	<u>34,000</u>
Balance, December 31	\$ <u><u>44,457</u></u>	<u><u>89,395</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
Water Utility Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Operating Fund:			
Cash	D-5	\$ 535,841	656,423
Change Fund - Water Utility Collector		<u>60</u>	<u>60</u>
		535,901	656,483
Receivables with full reserves:			
Consumers' accounts receivable	D-7	<u>624,006</u>	<u>564,996</u>
		624,006	564,996
Due from Current Fund	D-21	425	—
Prepaid expense		23,570	—
Due from Sewer Utility Operating Fund	D-17	<u>88,546</u>	<u>92,690</u>
		112,541	92,690
Total Operating Fund		<u>1,272,448</u>	<u>1,314,169</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	112,037	95,184
Due from Sewer Utility Capital Fund	D-23	128,956	—
Due from Water Operating Fund	D-22	185	—
Due from General Capital Fund	D-24	2,894	—
Fixed capital	D-9	10,233,449	10,012,439
Fixed capital authorized and uncompleted	D-11	<u>4,701,371</u>	<u>2,261,371</u>
Total Capital Fund		<u>15,178,892</u>	<u>12,368,994</u>
		<u>\$ 16,472,765</u>	<u>13,704,588</u>

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
Water Utility Fund

December 31, 2014 and 2013

Liabilities, Reserves and Fund Balances	Ref.	2014	2013
Operating Fund:			
Liabilities:			
Appropriation reserves	D-3,D-10	\$ 198,356	111,565
Reserve for accrued interest on notes	D-15	3,380	2,899
Due to Current Fund	D-21	—	3,264
Due to Water Capital Fund	D-22	185	—
Reserve for encumbrances	D-3,D-10	17,089	45,603
Accounts payable	D-19	87,599	86,692
		<u>306,609</u>	<u>250,023</u>
Reserve for receivables		624,006	564,996
Fund balance	D-1	341,833	499,150
Total Operating Fund		<u>1,272,448</u>	<u>1,314,169</u>
Assessment Fund:			
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
Total Assessment Fund		<u>21,425</u>	<u>21,425</u>
Capital Fund:			
Reserve for amortization	D-13	7,024,412	6,813,402
Bond anticipation notes	D-18	780,000	910,000
Due to Sewer Operating Fund	D-25	200,000	—
Due to General Capital Fund			
Improvement authorizations:			
Funded	D-14	315,457	359,725
Unfunded	D-14	3,354,969	994,657
Deferred reserve for amortization	D-20	3,123,097	3,023,097
Capital Improvement Fund	D-12	369,999	260,049
Fund balance	D-4	10,958	8,064
Total Capital Fund		<u>15,178,892</u>	<u>12,368,994</u>
		<u>\$ 16,472,765</u>	<u>13,704,588</u>

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 of \$4,007,311 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues and other income realized:		
Fund balance utilized	\$ 250,000	580,000
Rents	2,399,071	2,461,905
Miscellaneous	38,531	28,437
Other credits to income:		
Unexpended balance of appropriation reserves	86,610	46,371
Cancellation of accrued interest	—	1,419
Total revenues and other income	<u>2,774,212</u>	<u>3,118,132</u>
Expenditures:		
Operating:		
Salaries and wages	655,967	610,585
Other expenses	1,414,200	1,193,700
Capital improvements	248,000	337,000
Debt service	136,320	137,800
Deferred charges and statutory expenditures	225,513	627,915
Additional accrued interest	895	—
Bank charges	185	—
Refund of account overpayments	449	1,354
Total expenditures	<u>2,681,529</u>	<u>2,908,354</u>
Excess in revenue	92,683	209,778
Fund balance, January 1	<u>499,150</u>	<u>869,372</u>
	591,833	1,079,150
Decreased by utilized as Water Utility Operating Fund budget revenue	<u>250,000</u>	<u>580,000</u>
Fund balance, December 31	<u>\$ 341,833</u>	<u>499,150</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues - Operating Fund
 Regulatory Basis
 Water Utility Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund balance anticipated	\$ 250,000	250,000	—
Rents	2,410,000	2,399,071	(10,929)
Miscellaneous	<u>20,000</u>	<u>38,531</u>	<u>18,531</u>
	<u>\$ 2,680,000</u>	<u>2,687,602</u>	<u>7,602</u>
 Miscellaneous:			
Interest on investments		\$ 443	
Customer Account Interest		10,397	
Connection fees		12,194	
On/off fees		5,655	
Construction Hydrant		5,073	
Returned check fees		256	
Miscellaneous		<u>4,513</u>	
		<u>\$ 38,531</u>	

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures - Operating Fund
 Regulatory Basis
 Water Utility Fund

Year ended December 31, 2014

	<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	\$ 655,967	655,967	630,009	25,958
Other expenses	1,414,200	1,414,200	1,398,296	15,904
Capital improvements:				
Capital improvement	50,000	50,000	50,000	—
Capital outlay	198,000	198,000	48,706	149,294
Debt Service:				
Payment of Bond Anticipation Notes	130,000	130,000	130,000	—
Interest on Notes	6,320	6,320	6,320	—
Deferred charges and statutory expenditures:				
Deferred charges:				
Deferred Charges to Future Rents				
Ord. 2007-14	50,000	50,000	50,000	—
Ord. 2007-13	50,000	50,000	50,000	—
Statutory expenditures:				
Public Employees Retirement System	64,851	64,851	64,851	—
Social Security System (O.A.S.I.)	50,190	50,190	50,190	—
Unemployment Compensation				
Insurance	3,272	3,272	3,272	—
Paid time off (PTO) buyback	7,200	7,200	—	7,200
	<u>\$ 2,680,000</u>	<u>2,680,000</u>	<u>2,481,644</u>	<u>198,356</u>
			\$ 2,458,235	
			6,320	
			17,089	
			<u>\$ 2,481,644</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance, January 1,	\$ 8,064	8,064
Premium on BAN Sale	<u>2,894</u>	<u>—</u>
Balance, December 31,	<u>\$ 10,958</u>	<u>8,064</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
Sewer Utility Fund

December 31, 2014 and 2013

Assets	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Operating Fund:			
Cash	E-5	\$ 801,322	922,439
Due from Sewer Assessment Fund	E-23	—	52
Due from Sewer Utility Capital Fund	E-16	569	21
Due from Water Capital fund	E-31	200,000	—
Prepaid expense	E-5	5,658	—
		<u>1,007,549</u>	<u>922,512</u>
Receivables with full reserves:			
Sewer rents receivable	E-7	532,885	537,448
Sewer Liens	E-28	302	302
		<u>533,187</u>	<u>537,750</u>
Total Operating Fund		<u>1,540,736</u>	<u>1,460,262</u>
Assessment Fund:			
Cash	E-5	805,356	740,377
Sewer assessment liens	E-29	9,643	—
Due from Sewer Utility Operating Fund	E-23	1,113	—
Assessments receivable	E-29	1,809,918	2,279,991
Deficit		413,000	413,000
Prospective assessments funded		6,400,000	6,400,000
Total Assessment Fund		<u>9,439,030</u>	<u>9,833,368</u>
Capital Fund:			
Cash	E-5	5,512,480	188,995
Due from General Capital Fund	E-34	515,619	3,000,000
Fixed capital	E-9	3,810,637	3,810,637
Fixed capital authorized and uncompleted	E-22	27,214,694	22,944,694
Total Capital Fund		<u>37,053,430</u>	<u>29,944,326</u>
		<u>\$ 48,033,196</u>	<u>41,237,956</u>

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
Sewer Utility Fund

December 31, 2014 and 2013

	Ref.	2014	2013
Liabilities, Reserves and Fund Balances			
Operating Fund:			
Liabilities:			
Accounts payable	E-24	\$ 13,000	13,000
Encumbrances payable	E-8	32,794	25,890
Appropriation reserves	E-3,E-11	159,418	50,544
Accrued interest on sewer bonds	E-12	46,202	50,785
Accrued interest on notes	E-13	13,241	3,903
Due to Sewer Utility Assessment Fund	E-23	1,113	—
Due to Solid Waste Utility Fund	E-25	294,915	257,838
Due to Water Utility Operating Fund	E-26	88,546	92,691
Due to Current fund	E-21	4,200	5,256
Overpayments		672	672
Reserve for maintenance bond	E-32	5,000	5,000
		<u>659,101</u>	<u>505,579</u>
Reserve for receivables		533,187	537,750
Fund balance	E-1	<u>348,448</u>	<u>416,933</u>
		<u>881,635</u>	<u>954,683</u>
Total Operating Fund		<u>1,540,736</u>	<u>1,460,262</u>
Assessment Fund:			
Reserve for assessment	-	1,819,561	2,279,991
Due to Sewer Operating Fund	E-23	—	52
Fund balance	E-27	1,219,469	1,153,325
Reserve for prospective assessments funded	-	<u>6,400,000</u>	<u>6,400,000</u>
Total Assessment Fund		<u>9,439,030</u>	<u>9,833,368</u>
Capital Fund:			
Bonds payable	E-17	5,658,000	6,208,000
Bond anticipation notes payable	E-33	12,135,000	4,237,000
Reserve for amortization	E-14	5,154,137	4,577,137
Due to Sewer Utility Operating Fund	E-16	569	21
Due to Water Utility Capital Fund	E-30	128,956	—
Improvement authorizations:			
Funded	E-18	196,894	121,716
Unfunded	E-18	10,570,151	11,726,373
Deferred reserve for amortization	E-20	3,088,194	2,898,194
Capital Improvement Fund	E-15	8,685	3,685
Fund balance	E-4	<u>112,844</u>	<u>172,200</u>
Total Capital Fund		<u>37,053,430</u>	<u>29,944,326</u>
		<u>\$ 48,033,196</u>	<u>41,237,956</u>

There were bonds and notes authorized but not issued of \$4,990,000 and \$8,835,000 at December 31, 2014 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and other income realized:		
Fund balance utilized	\$ 153,000	125,000
Rents	2,646,797	2,718,457
Miscellaneous	88,718	108,686
Assessment Trust Fund surplus	375,000	65,000
Other credits to income:		
Unexpended balance of appropriation reserves	50,042	67,209
Unexpended balance of accrued interest	—	4,375
Total revenues and other income	<u>3,313,557</u>	<u>3,088,727</u>
Expenditures:		
Operations:		
Salaries and wages	276,710	268,010
Other expenses	233,900	233,300
Two Bridges Sewer Authority	1,723,210	1,687,570
Capital improvement fund	5,000	—
Capital improvements	61,500	—
Debt service	856,879	577,299
Deferred charges and statutory expenditures	70,801	68,821
Refund overpayments	—	19,310
Refund prior year connection fee	1,042	4,311
Total expenditures	<u>3,229,042</u>	<u>2,858,621</u>
Excess in revenue (deficit)	84,515	230,106
Fund balance, January 1	<u>416,933</u>	<u>311,827</u>
	501,448	541,933
Decreased by utilized as anticipated revenue	<u>153,000</u>	<u>125,000</u>
Fund balance, December 31	<u>\$ 348,448</u>	<u>416,933</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues
 Regulatory Basis
 Sewer Utility Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance	\$ 153,000	153,000	—
Sewer rents	2,620,000	2,646,797	26,797
Miscellaneous	80,000	88,718	8,718
Assessment Fund Surplus	<u>375,000</u>	<u>375,000</u>	<u>—</u>
	<u>\$ 3,228,000</u>	<u>3,263,515</u>	<u>35,515</u>
Miscellaneous:			
Interest on investments		\$ 5,028	
Application fees		130	
Connections fees		9,475	
Customer interest		73,964	
Returned check fees		<u>121</u>	
		<u>\$ 88,718</u>	
Interest in Sewer Capital and Assessment Fund		\$ 175	
Cash		<u>88,543</u>	
		<u>\$ 88,718</u>	

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Sewer Utility Fund

Year ended December 31, 2014

	Appropriations		Expended	
	Budget	Budget after modifications	Paid or charged	Reserved
Operating:				
Salaries and wages	\$ 276,710	276,710	191,286	85,424
Other expenses	233,900	233,900	196,206	37,694
Payment to Two Bridges Sewer Authority	1,723,210	1,723,210	1,723,210	—
Capital Improvements:				
Capital Improvement Fund	5,000	5,000	5,000	—
Capital Outlay	61,500	61,500	25,200	36,300
Debt service:				
Payment of bond principal	550,000	550,000	550,000	—
Payment of bond anticipation and capital notes	27,000	27,000	27,000	—
Interest on bonds	239,187	239,187	239,187	—
Interest on notes	40,692	40,692	40,692	—
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	27,783	27,783	27,783	—
Social Security System (O.A.S.I.)	21,170	21,170	21,170	—
Unemployment Compensation Insurance	1,848	1,848	1,848	—
	<u>\$ 3,228,000</u>	<u>3,228,000</u>	<u>3,068,582</u>	<u>159,418</u>
Cash			\$ 2,767,109	
Accrued interest on bonds			239,187	
Accrued interest on notes			40,692	
Encumbrances payable			<u>21,594</u>	
			<u>\$ 3,068,582</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance, January 1,	\$ <u>172,200</u>	<u>254,200</u>
Increased by:		
Premium on sale of bonds	51,752	—
Improvement authorizations cancelled	43,273	—
Premium on sale of notes due from General Capital Fund	<u>15,619</u>	<u>—</u>
	<u>110,644</u>	<u>—</u>
	282,844	254,200
Decreased by:		
Appropriated to finance improvement authorization	<u>170,000</u>	<u>82,000</u>
Balance, December 31,	<u><u>112,844</u></u>	<u><u>172,200</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
Solid Waste Utility Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Cash	F-4	\$ 598,271	394,599
Receivables with full reserves:			
Consumers' accounts receivable	F-5	<u>147,009</u>	<u>136,848</u>
		745,280	531,447
Due from State and Federal Grant Fund	F-6	—	25,451
Due from Sewer Utility Operating Fund	F-8	<u>294,916</u>	<u>257,839</u>
		<u>\$ 1,040,196</u>	<u>814,737</u>
Liabilities, Reserves and Fund Balance			
Appropriation reserves	F-3, F-7	\$ 319,777	179,060
Reserve for encumbrances	F-3, F-7	2,439	8,474
Accounts Payable	F-10	41,476	41,476
Reserve for recycling tonage grant	F-9	<u>26,370</u>	<u>21,976</u>
		<u>390,062</u>	<u>250,986</u>
Reserve for receivables		147,009	136,848
Fund balance	F-1	<u>503,125</u>	<u>426,903</u>
		<u>650,134</u>	<u>563,751</u>
		<u>\$ 1,040,196</u>	<u>814,737</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and other income realized:		
Fund balance utilized	\$ 107,000	144,000
Utility billings	1,593,265	1,522,934
Miscellaneous	9,587	10,324
Recycling Tonnage Grant	21,976	25,451
Other credits to income:		
Cancelled/voided checks	—	5,864
Unexpended balance of appropriation reserves	62,394	54,823
Total income	<u>1,794,222</u>	<u>1,763,396</u>
Expenditures:		
Operations:		
Salaries and wages	186,240	177,765
Other expenses	1,341,265	1,332,943
Capital improvements	45,000	60,000
Statutory expenditures	34,495	34,447
Reserve for accumulated absences	4,000	1,845
Total expenditures	<u>1,611,000</u>	<u>1,607,000</u>
Excess in revenue	183,222	156,396
Fund balance, January 1	<u>426,903</u>	<u>414,507</u>
	610,125	570,903
Decreased by utilized as anticipated revenue	<u>107,000</u>	<u>144,000</u>
Fund balance, December 31	<u><u>\$ 503,125</u></u>	<u><u>426,903</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues
 Regulatory Basis
 Solid Waste Utility Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund balance	\$ 107,000	107,000	—
User fees	1,475,000	1,593,265	118,265
Miscellaneous	7,024	9,587	2,563
Recycling Tonnage Grant	<u>21,976</u>	<u>21,976</u>	<u>—</u>
	<u>\$ 1,611,000</u>	<u>1,731,828</u>	<u>120,828</u>
Cash		\$ 1,602,852	
Reserve for Recycling Tonnage		21,976	
Fund balance anticipated		<u>107,000</u>	
		<u>\$ 1,731,828</u>	
Interest on investment		\$ 296	
Due from Sewer Utility Fund		<u>9,291</u>	
		<u>\$ 9,587</u>	

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Solid Waste Utility Fund

Year ended December 31, 2014

	<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	\$ 186,240	186,240	178,100	8,140
Other expenses	1,341,265	1,341,265	1,078,628	262,637
Capital Improvements:				
Capital Outlay	45,000	45,000	—	45,000
Statutory expenditures - contribution to:				
Public Employees' Retirement System	18,428	18,428	18,428	—
Social Security System (O.A.S.I.)	14,020	14,020	14,020	—
Unemployment Compensation Insurance	2,047	2,047	2,047	—
Paid time off (PTO) buyback	4,000	4,000	—	4,000
	<u>\$ 1,611,000</u>	<u>1,611,000</u>	<u>1,291,223</u>	<u>319,777</u>
Cash			\$ 1,288,784	
Encumbrances payable			<u>2,439</u>	
			<u>\$ 1,291,223</u>	

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Balance Sheet
Regulatory Basis
Recreation Utility Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Assets			
Operating Fund:			
Cash	G-4	\$ 81,630	145,540
Prepaid expenses		3,295	—
Due from Current Fund	G-6	21,341	1,445
Due from Recreation Capital	G-6	<u>1</u>	<u>—</u>
Total Operating Fund		<u>106,267</u>	<u>146,985</u>
Capital Fund:			
Cash	G-4	13,819	1,318
Fixed capital	G-7	134,682	134,682
Fixed capital authorized and uncompleted	G-12	<u>2,318</u>	<u>2,318</u>
Total Capital Fund		<u>150,819</u>	<u>138,318</u>
		<u>\$ 257,086</u>	<u>285,303</u>
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Appropriation reserves	G-3, G-8	\$ 20,389	10,152
Encumbrances payable	G-9	2,606	10,402
Accounts payable	G-16	6,240	5,662
Prepaid program registration		<u>110</u>	<u>110</u>
		29,345	26,326
Fund balance	G-1	<u>76,922</u>	<u>120,659</u>
Total Operating Fund		<u>106,267</u>	<u>146,985</u>
Capital Fund:			
Reserve for amortization	G-13	47,000	37,000
Improvement authorizations - unfunded	G-11	2,318	2,318
Due to Recreation Operating Fund	G-6	1	—
Due to General Capital fund	G-15	95,000	95,000
Capital improvement fund	G-14	<u>6,500</u>	<u>4,000</u>
Total Capital Fund		<u>150,819</u>	<u>138,318</u>
		<u>\$ 257,086</u>	<u>285,303</u>

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 of \$90,000 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and other income realized:		
Fund balance utilized	\$ 50,000	40,000
Program fees	449,212	469,308
Miscellaneous	6,425	8,859
Other credits to income		
Unexpended balance of appropriation reserve	<u>10,626</u>	<u>7,761</u>
Total revenues and other income	<u>516,263</u>	<u>525,928</u>
Expenditures:		
Operations		
Salaries and wages	286,575	247,790
Other expenses	201,000	196,900
Capital improvements:	2,500	1,000
Deferred charges and statutory expenditures:		
Deferred charges:		
Emergency appropriation	10,000	6,000
Statutory expenditures - contributions to:		
Public Employee's Retirement System	7,000	3,500
Social Security System (O.A.S.I.)	2,000	4,500
Unemployment Compensation Insurance	925	310
Clear bank reconciliation item	<u>—</u>	<u>20</u>
Total expenditures	<u>510,000</u>	<u>460,020</u>
Excess (deficit) revenue over expenditures	6,263	65,908
Fund balance, January 1	<u>120,659</u>	<u>94,751</u>
	126,922	160,659
Decreased by utilized as anticipated revenue	<u>50,000</u>	<u>40,000</u>
Fund balance, December 31	<u><u>\$ 76,922</u></u>	<u><u>120,659</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Revenues
 Regulatory Basis
 Recreation Utility Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Operating surplus anticipated	\$ 50,000	50,000	—
Facilities/membership fees	120,000	105,928	(14,072)
Activity fees	335,000	343,284	8,284
Miscellaneous	<u>5,000</u>	<u>6,425</u>	<u>1,425</u>
	<u>\$ 510,000</u>	<u>505,637</u>	<u>(4,363)</u>
Cash		\$ 455,636	
Fund balance anticipated		<u>50,000</u>	
		<u>\$ 505,637</u>	
Interest		\$ 161	
Concession payment		4,426	
Sale of stove to Senior Citizen		<u>1,837</u>	
		6,424	
Due from Recreation Capital		<u>1</u>	
		<u>\$ 6,425</u>	

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of Expenditures
Regulatory Basis
Recreation Utility Fund

Year ended December 31, 2014

	<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	\$ 278,575	286,575	285,153	1,422
Other expenses	201,000	201,000	191,033	9,967
Capital improvements:				
Capital improvement fund	2,500	2,500	2,500	—
Deferred charges and statutory expenditures:				
Deferred charges:				
Deferred Charges Unfunded Ord. 2003	10,000	10,000	10,000	—
Statutory expenditures:				
Public Employee's Retirement System	7,000	7,000	—	7,000
Social Security System (O.A.S.I.)	10,000	2,000	—	2,000
Unemployment Compensation Insurance	925	925	925	—
	<u>\$ 510,000</u>	<u>510,000</u>	<u>489,611</u>	<u>20,389</u>
			\$ 487,005	
			<u>\$ 2,606</u>	
			<u>\$ 489,611</u>	

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Statement of General Fixed Assets

General Fixed Assets Account Group

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land and buildings	\$ 28,740,064	26,717,435
Machinery and equipment	2,239,705	1,945,617
Furniture and fixtures	1,948,073	1,925,960
Vehicles	<u>5,171,114</u>	<u>4,941,154</u>
	<u>\$ 38,098,956</u>	<u>35,530,166</u>
Investment in General Fixed Assets	<u>\$ 38,098,956</u>	<u>35,530,166</u>

See accompanying notes to financial statements.

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

(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, Public Library 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, 2014

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

Basis of Accounting

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

Revenues

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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

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, 2014

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, 2014

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 in all State-sponsored pension systems except SACT. The cost of living increases for

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

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 additional 1% phased-in over 7 years; PFRS active member rates increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

- 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 6.92% 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, 2014, 2013, 2012 and 2011 contribution to PERS was \$401,322, \$428,394, \$428,972, and \$316,397 and PFRS was \$720,929, \$792,742, \$736,299 and \$770,039 respectively.

(3) Long-term Debt

Summary of Municipal Debt (Excluding Type II School Debt)

	2014	2013	2012
Issued:			
General bonds, notes and loans	\$ 2,180,000	2,830,000	2,877,000
Water Utility bonds and notes	780,000	910,000	1,040,000
Sewer Utility bonds and notes	17,793,000	10,445,000	7,981,000
Total Issued	<u>20,753,000</u>	<u>14,185,000</u>	<u>11,898,000</u>
Authorized but not issued:			
General bonds and notes	11,643,500	2,996,056	3,791,056
Water Utility bonds and notes	4,007,311	1,527,311	1,587,311
Recreation Utility bonds and notes	90,000	100,000	106,000
Sewer Utility bonds and notes	4,990,000	8,835,000	11,855,000
Total authorized but not issued	<u>20,730,811</u>	<u>13,458,367</u>	<u>17,339,367</u>
Bonds and notes issued and authorized but not issued	<u>\$ 41,483,811</u>	<u>27,643,367</u>	<u>29,237,367</u>

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

General bonds and notes include \$8,797,444 of authorized to finance grants receivable. This amount is not shown on the capital fund balance sheet per state regulations.

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition at December 31, 2014 which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.200%

	Gross Debt	Deductions	Net Debt
School district debt	\$ 15,410,000	15,410,000	—
Sewer Utility debt	22,783,000	22,783,000	—
Recreation Utility debt	90,000	90,000	—
General debt	13,823,500	8,797,444	5,026,056
Water Utility debt	4,787,311	4,787,311	—
	\$ 56,893,811	51,867,755	5,026,056

Net debt of \$5,026,056 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,508,492,043 equals 0.200%

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

3-1/2% of equalized valuation basis (municipal)	\$	87,797,221
Net debt		5,026,056
Remaining borrowing power	\$	82,771,165

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, 2014:

Sewer Utility Serial Bonds—		
Sewer utility bond issued Oct. 15, 2007; through Oct 15, 2023	\$	5,658,000

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

Bond debt service requirements at December 31, 2014 were as follows:

<u>Year</u>	<u>Sewer Utility Capital Fund</u>		
	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	775,396	650,000	125,396
2020-2023	2,809,006	2,558,000	251,006
\$	<u>6,759,404</u>	<u>5,658,000</u>	<u>1,101,404</u>

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, 2014 and 2013, the Township had authorized but not issued General Capital Fund debt of \$11,643,500 and \$3,791,056 Sewer Capital Fund debt of \$4,990,000 and 8,835,000, Water Capital Fund debt of \$4,077,311 and \$1,527,311 and Recreation Capital Fund debt of \$90,000 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, 2014 and 2013, the Township had \$2,180,000 and \$2,830,000 outstanding bond anticipation notes in the General Capital Fund, \$4,007,311 and \$910,000 in the Water Utility Fund and \$12,135,000 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:

	<u>Balance, December 31, 2014</u>	<u>2015 Budget Appropriation</u>
Current Fund:		
Special emergencies	\$ 68,000	35,000

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

(6) Fund Balance Appropriated

Fund balance appropriated and included as anticipated revenue in the 2015 budgets are:

Current Fund	\$	1,250,000
Water Utility Fund		109,000
Sewer Utility Fund		170,000
Recreation Utility Fund		40,000
Solid Waste Utility Fund		107,000

(7) Accrued Sick and Vacation Benefits

The Township permits employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. The estimated current cost of such unpaid compensation at December 31, 2014 and 2013 is approximately \$307,757 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, 2014 and 2013, the Township has a reserve of \$371,044 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 \$2,222,892 and \$1,747,358 at December 31, 2014 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, 2014 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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

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 \$2,009,422.

The total contribution by employees towards the cost of health benefits was \$198,794 in 2014.

(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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

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, 2014 and 2013 the Township's bank deposits, of \$19,388,760 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.

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, 2013	Additions	Dispositions	Balance Dec. 31, 2014
General Fixed Assets				
Land and buildings	\$ 26,717,435	2,022,629	—	28,740,064
Machinery and equipment	1,945,617	294,088	—	2,239,705
Furniture and fixtures	1,925,960	22,133	—	1,948,073
Vehicles	4,941,154	420,090	190,130	5,171,114
	<u>\$ 35,530,166</u>	<u>2,758,920</u>	<u>190,130</u>	<u>38,098,956</u>
Water Utility:				
Res for amortization	\$ 57,442	—	—	57,442
Dist Mains and accessories	2,089,520	221,010	—	2,310,530
House services	286,997	—	—	286,997
Meters	876,367	—	—	876,367
Hydrants	110,045	—	—	110,045
General equip and trucks	787,322	—	—	787,322
Office furniture and equip	63,246	—	—	63,246
Structures and improvement	295,208	—	—	295,208
Wells and pumping stations	3,364,431	—	—	3,364,431
Well #2 chlorinator	9,936	—	—	9,936
Blending facility	2,070,000	—	—	2,070,000
New water tank construction	1,925	—	—	1,925
	<u>\$ 10,012,439</u>	<u>221,010</u>	<u>—</u>	<u>10,233,449</u>

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

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	\$ <u>134,682</u>	<u>—</u>	<u>—</u>	<u>134,682</u>

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

	<u>Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u>
	<u>Dec. 31, 2012</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
Dist mains and accessories	2,089,520	—	—	2,089,520
House services	283,102	3,895	—	286,997
Meters	860,505	15,862	—	876,367
Hydrants	95,402	14,643	—	110,045
General equip and trucks	787,322	—	—	787,322
Office furniture and equip	63,246	—	—	63,246
Structures and improvement	167,315	127,893	—	295,208
Wells and pumping stations	3,364,431	—	—	3,364,431
Well #2 chlorinator	9,936	—	—	9,936
Blending facility	—	2,070,000	—	2,070,000
New water tank construction	1,500	425	—	1,925
	<u>\$ 7,779,721</u>	<u>2,232,718</u>	<u>—</u>	<u>10,012,439</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, 2014

(12) Interfunds

The following is a schedule of interfunds at December 31, 2014:

	From	To
Current Fund		
State and Federal Grant Fund	\$	79,656
Recreation Fund		21,341
Other Trust Fund		31,435
Animal Control	131	
Sewer Operating Fund	4,200	
Water Operating Fund		425
General Capital Fund	48,374	
State and Federal Grant Fund		
Current	79,656	
Trust Fund:		
Open Space Trust Fund:		
General Capital Fund		202,074
Animal Control Fund		
Current Fund		131
Cash Other Trust		
Current Fund	31,435	
General Capital Fund:		
Current Fund		48,374
Open Space Fund	202,074	
Water Capital Fund		2,894
Sewer Capital Fund		515,619
Recreation Capital Fund	95,000	
Water Operating Fund		
Current Fund	425	
Sewer Operating Fund	88,546	
Water Capital Fund		185,000
Water Capital Fund		
General Capital	2,894	
Water Operating Fund	185,000	
Sewer Operating Fund		200,000
Sewer Capital Fund	128,956	
Sewer Operating Fund		
Sewer Assessment Fund		1,113
Sewer Capital Fund	569	
Solid Waste Fund		294,915
Water Operating Fund		88,546
Water Capital Fund	200,000	
Current Fund		4,200

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

(12) Interfunds (continued)

The following is a schedule of interfunds at December 31, 2014:

	From	To
Sewer Assessment Fund		
Sewer Operating Fund	\$ 1,113	
Sewer Capital Fund		
Water Capital Fund		128,956
Sewer Operating Fund		569
General Capital	515,619	
Solid Waste Fund		
Sewer Utility Operating Fund	294,916	
Recreation Operating Fund		
Current Fund	21,341	
Recreation Capital Fund	1	
Recreation Capital Fund		
Recreation Operating Fund		1
Water Capital Fund		95,000

(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

(12) Interfunds (continued)

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

(Continued)

TOWNSHIP OF PEQUANNOCK

Notes to Financial Statements

December 31, 2014

	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, 2014

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 2014 the Township expended approximately \$331,641 for retired employees with the retired employees contributing \$34,450 or a net cost to the Township of approximately \$297,191.

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, 2014 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, 2014 is \$1,395,506.

At December 31, 2014 the Actuarial Accrued Liability of \$18,183,916 is based upon a 4.5% 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 39 retirees and spouses and 125 active employees and spouses.

ADDITIONAL FINANCIAL INFORMATION

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>7,013,253</u>
Receipts:	
Tax Collector	50,415,121
Revenue accounts receivable	3,089,892
Miscellaneous revenue not anticipated	108,326
Senior Citizens' and Veterans' deductions	141,298
Tax overpayments	69,031
Various reserves	498,194
Tax title liens	2,033
Cancelled/ Voided checks	9,584
Due to Water Operating	3,689
Due from Recreation Trust Fund	19,896
Due to Sewer Utility Operating Fund	120,011
Due from Builders Escrow Trust Fund	220,751
Due from Library	535,536
Due from State and Federal Grant Fund	323,046
Health contracts	21,255
Due to New Jersey Uniform Construction Code	<u>19,467</u>
	<u>55,597,130</u>
	<u>62,610,383</u>
Disbursements:	
Budget appropriations	13,649,824
Appropriation reserves	1,229,260
Local district school tax	31,952,678
Tax overpayments	60,445
County taxes	6,376,331
Open Space Trust Fund	132,950
Due from General Capital Fund	708,361
Due from Library	536,721
Due from Builders Escrow Trust Fund	203,800
Due from State and Federal Grant Fund	542,394
Due from Sewer Operating Fund	118,955
Due to New Jersey Uniform Construction Code	24,160
Accounts payable	19,850
Various reserves	542,208
Prepaid expenses	<u>292,597</u>
	<u>56,390,534</u>
Balance, December 31, 2014	\$ <u><u>6,219,849</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Collector

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u> —</u>
Increased by receipts:	
Taxes receivable	50,282,214
Prepaid taxes	<u>132,907</u>
	<u>50,415,121</u>
	50,415,121
Decreased by disbursements:	
Paid treasurer by direct deposit	<u>50,415,121</u>
Balance, December 31, 2014	\$ <u><u> —</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Taxes Receivable and Analysis of
Property Tax Levy

Current Fund

Year ended December 31, 2014

Year	Balance, Dec. 31, 2013	2014 Levy	Added Taxes	Collections		Remitted, abated, cancelled	Transferred to tax title liens	Balance, Dec. 31, 2014
				2013	2014			
2010	\$ 3,998	—	—	—	3,998	—	—	—
2011	7,833	—	—	—	7,833	—	—	—
2012	7,896	—	—	—	7,896	—	—	—
2013	361,311	—	5,089	—	366,400	—	—	—
	381,038	—	5,089	—	386,127	—	—	—
2014	—	50,551,357	72,971	124,121	50,046,049	33,191	4,053	416,914
	<u>\$ 381,038</u>	<u>50,551,357</u>	<u>78,060</u>	<u>124,121</u>	<u>50,432,176</u>	<u>33,191</u>	<u>4,053</u>	<u>416,914</u>
Cash				\$	50,282,214			
Senior Citizens' and Veterans' deductions					149,962			
				\$	<u>50,432,176</u>			
Prepaid taxes applied to taxes				\$	124,121			
Collections					50,046,049			
Collections reserved for tax appeals					(578,721)			
Revenue from current tax collections				\$	<u>49,591,449</u>			

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 50,551,357
Added taxes (54:4-63.1 et seq.)	<u>72,971</u>
	<u>\$ 50,624,328</u>
Tax levy:	
Local district school tax	\$ 32,014,133
Municipal open space tax	132,740
Municipal open space tax - added	210
County taxes	6,114,076
County open space	253,205
Due county for added and omitted taxes	<u>9,209</u>
	38,523,573
Local tax for municipal purposes	12,021,064
Add additional tax levied	<u>79,691</u>
	<u>\$ 50,624,328</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>168,267</u>
Increased by:	
Appropriations encumbered	127,807
Reserve for tax appeals encumbered	<u>16,000</u>
	<u>143,807</u>
	<u>312,074</u>
Decreased by:	
Transferred to accounts payable	44,850
Transferred to appropriation reserves	<u>123,417</u>
	<u>168,267</u>
Balance, December 31, 2014	\$ <u><u>143,807</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, 2014

Balance, December 31, 2013	\$ <u>44,236</u>
Increased by:	
Senior Citizens' deductions per tax billings	29,000
Veterans' deductions per tax billings	126,750
Senior Citizens' deductions allowed by Tax Collector	<u>2,500</u>
	<u>158,250</u>
	<u>202,486</u>
Decreased by:	
Senior Citizens' deductions disallowed by tax collector	
Current year	8,288
Received in cash from state	<u>141,298</u>
	<u>149,586</u>
Balance, December 31, 2014	\$ <u><u>52,900</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2014

<u>Description</u>	<u>Balance, Dec. 31, 2013</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance, Dec. 31, 2014</u>
Municipal Clerk - licenses:				
Alcoholic beverages	\$ —	22,800	22,800	—
Other	—	30,824	30,824	—
Fees and permits:				
Other	—	103,114	103,114	—
Cable Television Franchise Fee	—	63,647	63,647	—
Payments in lieu of taxes - Senior Citizen House	—	82,843	82,843	—
Cable Television License Agreement	—	11,250	11,250	—
Fines and costs - Municipal Court	18,388	241,314	242,012	17,690
Interest and costs on taxes	—	99,221	99,221	—
Interest on investments and deposits	—	9,448	9,448	—
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	—	345,815	345,815	—
Contracts for Purchasing Agent (QPA)				
Borough of Kinnelon	—	2,000	—	2,000
Borough of Bloomingdale	—	2,000	2,000	—
Contracts for Dial-A-Ride:				
Borough of Butler	—	61,624	61,624	—
Borough of Kinnelon	—	83,768	83,768	—
Borough of Lincoln Park	21,074	86,000	107,074	—
Borough of Riverdale	7,128	29,092	36,220	—
Health Services Contract:				
Borough of Bloomingdale	—	88,609	88,609	—
Borough of Kinnelon	—	118,608	118,608	—
Borough of Riverdale	—	41,191	30,892	10,299
Borough of Florham Park	—	135,367	135,367	—
Field Maintenance Contract	—	56,571	56,571	—
Uniform Fire Safety Act	—	17,128	17,128	—
Uniform Fire Code fees	—	19,041	19,041	—
Hotel Occupancy Tax	—	66,078	66,078	—
Reserve for Public Defender Fees	—	8,220	8,220	—
County Road Plowing and Salting - Morris County	—	33,952	33,952	—
	<u>\$ 46,590</u>	<u>3,073,898</u>	<u>3,090,499</u>	<u>29,989</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2014

	Balance		Transfers	Balance after transfers	Paid or charged	Balance lapsed
	Reserved	Encumbrances				
Salaries and wages:						
Township Clerk	\$ 7,045	—	—	7,045	—	7,045
Managers Office	2,877	—	—	2,877	—	2,877
Municipal Prosecutor	16	—	—	16	—	16
Financial administration	459	—	—	459	—	459
Revenue Administration	7,776	—	—	7,776	—	7,776
Tax Assessment	5,243	—	—	5,243	—	5,243
Planning and Building Department	13,507	—	—	13,507	—	13,507
Board of Adjustment	4,625	—	(500)	4,125	—	4,125
Public buildings and grounds	3,687	—	—	3,687	—	3,687
Parks and playgrounds	14,618	—	—	14,618	—	14,618
Recreation	328	—	—	328	—	328
Office of Fire Safety	1,331	—	—	1,331	—	1,331
Police	75,853	—	—	75,853	—	75,853
Emergency Management Services	3,006	—	—	3,006	—	3,006
Road repairs and maintenance	73,734	—	(3,000)	70,734	—	70,734
Director of Public Works/Township Engineer	5,768	—	—	5,768	—	5,768
Vehicle Maintenance	43	—	—	43	—	43
Municipal Court	1,015	—	—	1,015	—	1,015
Public defender	13	—	—	13	—	13
Emergency Medical Services	500	—	—	500	—	500
Department of Health	9,859	—	—	9,859	—	9,859
Uniform Construction Official	11,753	—	—	11,753	—	11,753
Fair Housing Committee	636	—	—	636	—	636
Police Dispatch/911	1,950	—	—	1,950	—	1,950
Other expenses:						
Township Clerk	8,630	1,245	—	9,875	2,575	7,300
Township Council	4,738	631	—	5,369	601	4,768
Manager's office	234	1,825	—	2,059	1,861	198
Legal services and costs	43,182	—	—	43,182	7,737	35,445
Audit Services	—	17,250	—	17,250	17,250	—
Insurance - General Liability	19,704	3,468	—	23,172	6,722	16,450
Group Insurance for employees	942,964	125	—	943,089	940,000	3,089
Financial administration	1,293	220	—	1,513	220	1,293
Data processing	24,153	2,830	—	26,983	13,934	13,049
Tax Assessment	5,663	—	—	5,663	1,100	4,563
Planning and Building Department	25,981	1,907	—	27,888	7,236	20,652
Board of Adjustment	261	13,628	500	14,389	13,308	1,081
Revenue Administration	4,050	—	—	4,050	133	3,917
Public buildings and grounds	11,857	3,223	—	15,080	7,607	7,473
Parks and playgrounds	852	916	1,000	2,768	1,630	1,138
Celebration of public events, holidays or anniversaries	2,705	283	—	2,988	2,690	298
Recreation	5,819	1,089	—	6,908	1,106	5,802
Fire - clothing allowance	1,975	2,803	—	4,778	3,030	1,748
Fire - miscellaneous other expenses	6,836	6,685	—	13,521	7,860	5,661
Office of Fire Safety	1,181	—	—	1,181	—	1,181
Department of Police	25,886	25,967	—	51,853	30,601	21,252
Municipal Court	3,639	311	—	3,950	678	3,272
Emergency Management Services	219	—	—	219	—	219
Road repairs and maintenance	22,864	7,236	—	30,100	29,987	113
Director of Public Works/Township Engineer	2,820	9,855	—	12,675	12,454	221
Street lighting	31,359	—	—	31,359	21,915	9,444
Community Services Act	20,000	—	—	20,000	14,515	5,485
Vehicle Maintenance	9,070	3,373	2,000	14,443	12,186	2,257
Department of Health	7,878	6,898	—	14,776	6,711	8,065
Environmental Protection Commission	141	400	—	541	521	20

(Continued)

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2014

	Balance		Transfers	Balance after transfers	Paid or charged	Balance lapsed
	Reserved	Encum- brances				
Historic District Commission	810	—	—	810	125	685
PV Mental Health Center Contribution	100	—	—	100	—	100
Shade Tree Commission	10,151	149	—	10,300	453	9,847
Teen Advisory Committee	1,651	—	—	1,651	—	1,651
Economic Development Committee	225	—	—	225	—	225
Flood Advisory Committee	2,500	—	—	2,500	753	1,747
Emergency Medical Committee	500	—	—	500	—	500
Uniform Construction Code	6,676	187	—	6,863	188	6,675
Gasoline	10,734	—	—	10,734	10,380	354
Electricity	38,699	—	(9,000)	29,699	16,025	13,674
Telephone	5,609	5,469	9,000	20,078	10,448	9,630
Water	1,731	—	—	1,731	781	950
Natural Gas	21,973	—	—	21,973	11,165	10,808
First Aid Squad	28,000	—	—	28,000	28,000	—
Dog Regulation	15,000	—	—	15,000	—	15,000
Social Security System (O.A.S.I.)	43,653	—	—	43,653	—	43,653
Fair Housing Committee	1,983	—	—	1,983	15	1,968
Field Maintenance Board of Education	—	2,604	—	2,604	2,375	229
Dail-a-Ride	26,990	2,840	—	29,830	18,818	11,012
	<u>\$ 1,698,581</u>	<u>123,417</u>	<u>—</u>	<u>1,821,998</u>	<u>1,265,694</u>	<u>556,304</u>
Accounts payable					\$ 36,434	
Cash					<u>1,229,260</u>	
					<u>\$ 1,265,694</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Local District School
Taxes Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	422,504
Increased by 2014 levy		<u>32,014,133</u>
		32,436,637
Decreased by payments		<u>31,952,678</u>
Balance, December 31, 2014	\$	<u><u>483,959</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Property Acquired for Taxes
(at Assessed Valuation)

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	884,650
Increased by:		
Transferred from tax title liens		<u>9,643</u>
Balance, December 31, 2014	\$	<u><u>894,293</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to State of New Jersey Uniform Construction Code

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 4,693
Increased by cash receipts	<u>19,467</u>
	24,160
Decreased by:	
Cash disbursements	<u>24,160</u>
Balance, December 31, 2014	<u><u>\$ —</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Open Space Tax

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by levy		<u>132,950</u>
		<u>132,950</u>
Decreased by:		
Disbursements		<u>132,950</u>
Balance, December 31, 2014	\$	<u><u>—</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>54,566</u>
Increased by:	
Transfer from appropriation reserves	36,434
Prior year encumbrances	<u>44,850</u>
	<u>81,284</u>
	135,850
Decreased:	
Disbursed	<u>19,850</u>
Balance, December 31, 2014	\$ <u><u>116,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	9,141
Increased by over payments		<u>69,031</u>
		78,172
Decreased by:		
Refunds		<u>60,445</u>
Balance, December 31, 2014	\$	<u><u>17,727</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Various Reserves

Current Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Transfer from collections and budget	Encumbered	Transfer to revenue	Cash disbursed	Balance, Dec. 31, 2014
Dial a Ride refunds	\$ 34,072	—	—	—	—	34,072
Health contract refunds	187,853	37,095	—	—	79,102	145,846
Tax Title Lien redemption	4,831	391,228	—	—	378,689	17,370
Tax map	34,995	—	—	—	—	34,995
Flood expenses	91,072	69,871	—	—	—	160,943
Police programs	290	—	—	—	—	290
Pending tax appeals	<u>1,747,358</u>	<u>578,721</u>	<u>16,000</u>	<u>2,770</u>	<u>84,417</u>	<u>2,222,892</u>
	<u>\$ 2,100,471</u>	<u>1,076,915</u>	<u>16,000</u>	<u>2,770</u>	<u>542,208</u>	<u>2,616,408</u>
		\$ 498,194	Cash			
		<u>578,721</u>	Tax appeal offset			
		<u>\$ 1,076,915</u>				

TOWNSHIP OF PEQUANNOCK

Schedule of State and Federal Grants Receivable

State and Federal Grant Fund

Year ended December 31, 2014

Purpose	Balance, Dec. 31, 2013	2014 Budget Revenue	Cancelled	Received	Balance, Dec. 31, 2014
Municipal Drug Alliance - 2013	\$ 14,118	—	—	10,794	3,324
Municipal Drug Alliance - 2014	—	14,682	—	6,730	7,952
Municipal Drug Alliance - 2011	4,081	—	—	—	4,081
Municipal Drug Alliance - 2012	2,512	—	—	—	2,512
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2014	—	97,658	—	73,243	24,415
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2010	(4)	—	—	—	(4)
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - 2013	24,415	—	—	24,415	—
Alcohol Education and Rehabilitation Drunk Driving Enforcement Fund	—	476	—	476	—
Drunk Driving Enforcement Fund	—	17,510	—	17,510	—
Morris County Historic Preservation Trust	45,355	—	—	—	45,355
Green Communities Grant	2,000	—	—	—	2,000
NJDEP Recreational Trails Program	633	—	—	—	633
NJ Div. of Highway Safety - You Drink, You Drive, You Lose	—	12,410	—	12,410	—
NJ Department of Justice Body Armor Replacement Grant Bulletproof Vest Partnership Grant - 2013	—	4,039	—	4,039	—
Federal Body Armor Fund	6,780	—	—	—	6,780
Clean Communities Grant 2009	—	—	—	—	—
Clean Communities Grant	—	30,084	—	30,084	—
NJ Highlands Grant Initial Assessment	15,000	—	—	—	15,000
NJ Highlands Grant Plan Conformance	5,296	—	—	—	5,296
NJDEP - Forestry Managemetn Grant	—	20,000	—	—	20,000
NJ DOT - Transportation Trust Fund (Jefferspm 2013)	—	185,000	—	138,750	46,250
	<u>\$ 120,186</u>	<u>384,859</u>	<u>—</u>	<u>321,451</u>	<u>183,594</u>
Unappropriated reserves				\$ 67,520	
Due from Current Fund				<u>253,931</u>	
				<u>\$ 321,451</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances

State and Federal Grant Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 19,032
Increased by Appropriated Reserves for Grants	<u>189,600</u>
	208,632
Decreased by: Encumbrances cancelled	<u>19,032</u>
Balance, December 31, 2014	<u><u>\$ 189,600</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Interfunds

Current Fund

Year ended December 31, 2014

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>General Capital</u>	<u>Library</u>
Balance due (to)/from, December 31, 2013	\$ 3,264	5,256	(660,031)	14,720
Increased/decreased by:				
Cash receipts	(3,689)	(120,011)	—	(535,536)
Cash disbursements	—	118,955	708,361	536,721
Interest and other revenue earned	—	—	44	—
Appropriation transfers	—	—	—	—
Budgeted revenue	—	—	—	—
Unappropriated grant receipts deposited in Current Fund	—	—	—	—
Expenditures made for other funds by Current Fund	—	—	—	11,268
	<u>(3,689)</u>	<u>(1,056)</u>	<u>708,405</u>	<u>12,453</u>
Balance due (to)/from, December 31, 2014	\$ <u>(425)</u>	<u>4,200</u>	<u>48,374</u>	<u>27,173</u>

(Continued)

TOWNSHIP OF PEQUANNOCK

Schedule of Interfunds

Current Fund

Year ended December 31, 2014

	<u>Other Trust</u>	<u>Recreation Operating</u>	<u>Dog Trust</u>	<u>State & Federal Grant Fund</u>	<u>Total</u>
Balance due (to)/from, December 31, 2013	\$ 59,445	(1,445)	129	(299,004)	(877,666)
Increased/decreased by:					
Cash receipts	(220,751)	(19,896)	—	(268,227)	(1,168,110)
Cash disbursements	203,800	—	—	299,004	1,866,841
Interest earned	2	—	2	—	48
Appropriation transfers	—	—	—	(384,859)	(384,859)
Budgeted revenue	—	—	—	384,859	384,859
Unappropriated grant receipts deposited in Current Fund	—	—	—	(54,819)	(54,819)
Expenditures made for other funds by Current Fund	(73,931)	—	—	243,390	180,727
	<u>(90,880)</u>	<u>(19,896)</u>	<u>2</u>	<u>219,348</u>	<u>824,687</u>
Balance due (to)/from, December 31, 2014	\$ <u><u>(31,435)</u></u>	<u><u>(21,341)</u></u>	<u><u>131</u></u>	<u><u>(79,656)</u></u>	<u><u>(52,979)</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Encumbrances cancelled	Transferred from 2014 budget appropriation	Expended	Encumbered	Balance, Dec. 31, 2014
Clean Communities Grant - 2011	\$ 5,844	600	—	600	—	5,844
Clean Communities Grant - 2014	—	—	30,084	2,400	1,000	26,684
Clean Communities Grant - 2012	26,028	—	—	27,176	—	(1,148)
Clean Communities Grant - 2009	5,036	7,154	—	8,337	—	3,853
Clean Communities Grant - 2010	10,363	7,586	—	7,586	—	10,363
Clean Communities Grant - 2013	25,621	—	—	8,989	—	16,632
Smart Growth Program - 2008 Local	750	—	—	—	—	750
Municipal Drug Alliance - 2012	664	—	—	—	—	664
Municipal Drug Alliance - 2011	3,921	600	—	—	600	3,921
Municipal Drug Alliance - 2013	4,632	—	—	4,632	—	—
Municipal Drug Alliance - 2012 supplemental	630	—	—	—	—	630
Municipal Drug Alliance - 2010	2,051	—	—	176	—	1,875
Municipal Drug Alliance - 2014	—	—	12,182	7,726	—	4,456
Municipal Drug Alliance - 2010 supplement	274	—	—	—	—	274
Municipal Drug Alliance - 2014 supplement	—	—	2,500	2,500	—	—
Municipal Alliance - local - 2012	1,420	—	—	—	—	1,420
Municipal Alliance - local - 2010	2,234	—	—	—	—	2,234
Municipal Alliance - local - 2011	271	—	—	70	—	201
Municipal Alliance - local - 2013	2,408	—	—	2,408	—	—
Municipal Alliance - local - 2014	—	—	4,296	3,182	—	1,114
NJDOH County Bioterrorism Grant	2,000	—	—	—	—	2,000
NJDOT Trans Trust (Jefferson 2013)	—	—	185,000	—	185,000	—
NJDOT Trans Trust (Sunset Road))	11,269	—	—	—	—	11,269
NJDOT Trans Trust (Sunset Rd. 2008)	5,658	—	—	—	—	5,658
Public Health Priority Funding - 2007	593	—	—	—	—	593
Public Health Priority Funding - 2006	1,021	—	—	—	—	1,021
Mayor's Wellness Campaign	812	92	—	92	—	812
Mayor's Wellness Campaign	—	—	3,000	2,000	—	1,000
NJ Dept of Health Cancer Control Grant 2010	(739)	—	—	—	—	(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	3,327	—	—	—	—	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	—	—
NJ Body Armor Funds 2014	—	—	4,039	4,039	—	—
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 - 2014	—	—	97,658	97,658	—	—
Stormwater Management Grant 2009	5,694	—	—	—	—	5,694
TASE - Tobacco Enforcement	735	—	—	—	—	735
TASE - Tobacco Enforcement	1,313	—	—	—	—	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	856	—	—	856	—	—
Drunk Driving Enforcement - 2009	5,364	—	—	—	—	5,364
Drunk Driving Enforcement - 2014	—	—	17,510	838	—	16,672
DHTS - Over the Limit Under Arrest	342	—	12,410	12,752	—	—
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

(continued)

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Encumbrances cancelled	Transferred from 2014 budget appropriation	Expended	Encumbered	Balance, Dec. 31, 2014
Alcohol Education & Rehabilitation Funds - 2011	53	—	—	—	—	53
Alcohol Education & Rehabilitation Funds - 2008	338	—	—	—	—	338
Alcohol Education & Rehabilitation Funds - 2014	—	—	476	—	—	476
Alcohol Education & Rehabilitation Funds - 2010	201	—	—	—	—	201
Alcohol Education & Rehabilitation Funds - 2012	485	—	—	—	—	485
NJ Div of Forestry	—	3,000	—	—	3,000	—
NJ Highlands Council Initial Assessment Grant 2009	17,436	—	—	—	—	17,436
NJDEP River Desnagging Grant	78,154	—	—	48,764	—	29,390
NJDEP River Desnagging Grant	13,000	—	—	10,000	—	3,000
NJDEP Forestry Management Grant	—	—	30,000	—	—	30,000
	<u>\$ 289,996</u>	<u>19,032</u>	<u>399,155</u>	<u>257,671</u>	<u>189,600</u>	<u>260,912</u>
			Transferred from budget \$ 384,859			
			Local share <u>14,296</u>			
			<u>\$ 399,155</u>			

TOWNSHIP OF PEQUANNOCK

Schedule of Unappropriated Reserves for State and Federal Grants

State and Federal Grant Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Transfer to 2014 Budget	Received	Balance, Dec. 31, 2014
Alcohol Education and Rehabilitation Fund	\$ 477	476	1,004	1,005
Drunk Driving Enforcement Program	17,511	17,510	14,453	14,454
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act	1,267	—	—	1,267
NJ Body Armor Replacement Fund	4,040	4,040	3,115	3,115
Public Health Priority Funds	426	—	—	426
NJDOH Comprehensive Cancer Control Grant 2008	20,386	—	—	20,386
Clean communities	30,084	30,084	28,211	28,211
Mayor's Wellness Campaign	3,000	3,000	—	—
NJ Highway Safety - Police	12,410	12,410	8,036	8,036
NJLOM Education Foundation	2,000	—	—	2,000
NJ Division of Forestry - Forestry Management Plan	2,000	—	—	2,000
	<u>\$ 93,601</u>	<u>67,520</u>	<u>54,819</u>	<u>80,900</u>
Budget appropriation		<u>67,520</u>		
		<u>\$ 67,520</u>		

TOWNSHIP OF PEQUANNOCK

Schedule of Change Fund

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>260</u>
Balance, December 31, 2014	<u>260</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Emergency Authorizations

Current Fund

Year ended December 31, 2014

<u>Date</u>	<u>Description</u>	<u>Balance, Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
<u>Special emergency:</u>				
	Reassessment	<u>103,000</u>	<u>35,000</u>	<u>68,000</u>
	Total	<u>\$ 103,000</u>	<u>35,000</u>	<u>68,000</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	21,070
Increased by:		
Transfer from taxes receivable		4,053
		25,123
Decreased by:		
Cash receipt		2,033
Transfer to sewer assessment liens		9,643
		11,676
Balance, December 31, 2014	\$	13,447

TOWNSHIP OF PEQUANNOCK

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>9,050</u>
Increased by:	
Levy	6,114,076
County open space preservation	253,205
Added county tax levy	<u>9,209</u>
	<u>6,376,490</u>
	6,385,540
Decreased by:	
Payments	<u>6,376,331</u>
Balance, December 31, 2014	\$ <u><u>9,209</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	124,121
Increased by prepayments		<u>132,907</u>
		257,028
Decreased by transfer to taxes		<u>124,121</u>
Balance, December 31, 2014	\$	<u><u>132,907</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Trust Cash - Treasurer

Trust Funds

Year ended December 31, 2014

	<u>Dog License</u>	<u>Other</u>	<u>Open Space</u>
Balance, December 31, 2013	\$ 47,016	2,006,146	1,020,979
Increased by receipts:			
Dog license fees	28,454	—	—
Late fees and other charges	19,734	—	—
Benefits payable	—	4,104	—
Prepaid license fees	6,422	—	—
Receipts for State fees	1,957	—	—
Due from Current Fund	—	129,871	643,008
Due from General Capital	—	—	2,168,855
Interest earned	50	—	476
Various reserves	—	718,146	—
Deposits received	—	185,986	—
Reserve for employee group insurance claims	—	3,167,147	—
	<u>56,617</u>	<u>4,205,254</u>	<u>2,812,339</u>
	<u>103,633</u>	<u>6,211,400</u>	<u>3,833,318</u>
Decreased by disbursements:			
Dog administration expenses	68,240	—	—
Due from State	2,314	—	—
Due from Current Fund	48	220,751	—
Reserve for donations	700	—	—
Due from General Capital	—	—	1,966,781
Accumulated leave	—	26,706	—
Benefits payable	—	612	—
Open Space	—	—	929,358
Deposits returned	—	102,740	—
Various reserves	—	443,775	—
Reserve for employee group insurance claims	—	3,150,609	—
	<u>71,302</u>	<u>3,945,193</u>	<u>2,896,139</u>
Balance, December 31, 2014	<u>\$ 32,331</u>	<u>2,266,207</u>	<u>937,179</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Expenditures -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>38,698</u>
Increased by:	
Dog license fees	28,454
Transfer of prior year pre-paid licenses	7,123
Adoption reimbursement	9,749
Cat Licenses	8,586
Late fees and other charges	1,399
	<u>55,311</u>
	<u>94,009</u>
Decreased by cash disbursed	
Cash disbursed	<u>68,240</u>
	<u>68,240</u>
Balance, December 31, 2014	\$ <u><u>25,769</u></u>

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013 (Due to)	\$ <u>(129)</u>
Increased by:	
Cash disbursement	<u>48</u>
	<u>48</u>
	<u>(81)</u>
Decreased by:	
Interest earned	<u>50</u>
	<u>50</u>
Balance, December 31, 2014 (Due to)	\$ <u><u>(131)</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Donations
Dog License Trust Fund

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>700</u>
Decreased by cash disbursements	<u>700</u>
Balance, December 31, 2014	\$ <u>—</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Prepaid Licenses -
Dog License Trust Fund

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ 7,475
Increased by	<u>6,422</u>
	<u>13,897</u>
Decreased by:	
Transfer to reserve	7,123
Transfer to due to State	<u>352</u>
	<u>7,475</u>
Balance, December 31, 2014	<u><u>\$ 6,422</u></u>

Analysis of Balance

Reserve for Dog expenditures	\$ 6,096
Due to State	<u>326</u>
	<u><u>\$ 6,422</u></u>

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013 (Due to)	\$ (4)
Increased by cash disbursements	<u>2,314</u>
	<u>2,310</u>
Decreased by cash receipts	
Cash receipts	1,957
Prepaid licenses	<u>352</u>
	<u>2,309</u>
Balance, December 31, 2014 from	<u><u>\$ 1</u></u>

TOWNSHIP OF PEQUANNOCK

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

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ 130,737
Increased by cash receipts	<u>3,167,147</u>
	3,297,884
Decreased by cash disbursements	<u>3,150,609</u>
Balance, December 31, 2014	<u><u>\$ 147,275</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Various Reserves - Other Trust Fund

Trust Funds

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Increased	Decreased	Balance, Dec. 31, 2014
Affordable housing	\$ 100	—	—	100
Tax sale premium	508,500	203,800	300,500	411,800
Unemployment trust	58,369	39,932	13,037	85,264
Youth development	21,609	—	400	21,209
Greenview Park	227	—	225	2
Permits	20,786	6,409	6,474	20,721
Celebrations	215	—	—	215
POAA	868	26	—	894
Sewer line	8,817	—	—	8,817
Crestwood Pk Maint	6,056	—	—	6,056
Development Fees (COAH)	67,893	1,544	—	69,437
Public Defender	38,120	9,616	8,920	38,816
Fire Safety	25,468	2,274	6,353	21,389
Payroll Net/Agency Account	106,655	443,151	106,655	443,151
Snow Removal	137,733	—	—	137,733
Insurance Refunds	2,275	11,394	12,916	753
Peq Area Sewer Assessment Trust	426	—	—	426
	<u>\$ 1,004,117</u>	<u>718,146</u>	<u>455,480</u>	<u>1,266,783</u>
			15,307	
			(3,602)	
		Cash disbursed	<u>443,775</u>	
			<u>459,082</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Special Deposits - Other Trust Fund

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$	409,883
Increased by deposits received		<u>185,986</u>
		595,869
Decreased by deposits refunded		<u>102,740</u>
Balance, December 31, 2014	\$	<u><u>493,129</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Open Space

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>1,005,099</u>
Increased by:	
Open Space tax levied	132,950
Green Acres Grant	510,058
Prior year encumbrance	15,880
Interest	<u>476</u>
	<u>659,364</u>
	<u>1,664,463</u>
Decreased by:	
Encumbrances	5,309
Disbursements	<u>929,358</u>
	<u>934,667</u>
Balance, December 31, 2014	\$ <u><u>729,796</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from (to) Current Fund

Trust Funds

Year ended December 31, 2014

	<u>Other Trust</u>	<u>Open Space</u>	<u>Total Trust</u>
Balance due from (to), December 31, 2013	\$ (59,445)	—	(59,445)
Decreased by:			
Taxes levied	—	132,950	132,950
Green Acres Grant	—	510,058	510,058
Disbursements	<u>220,751</u>	<u>—</u>	<u>220,751</u>
	161,306	643,008	804,314
Increased by:			
Receipts	<u>129,871</u>	<u>643,008</u>	<u>772,879</u>
	<u>129,871</u>	<u>643,008</u>	<u>772,879</u>
Balance due from (to), December 31, 2014	<u><u>\$ 31,435</u></u>	<u><u>—</u></u>	<u><u>31,435</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Benefits Payable - Payroll

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$	612
Increased by receipts		<u>4,104</u>
		4,716
Decreased by cash disbursements		<u>612</u>
Balance, December 31, 2014	\$	<u><u>4,104</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to General Capital
Open Space Trust Fund

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u> —</u>
Increased by cash received	<u> 2,168,855</u>
	2,168,855
Decreased by expenditures for General Capital	<u> 1,966,781</u>
Balance, December 31, 2014	\$ <u><u> 202,074</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Accumulated leave

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>397,750</u>
Decreased by disbursements	<u>26,706</u>
Balance, December 31, 2014	\$ <u><u>371,044</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>2,663,880</u>
Increased by receipts:	
Capital Improvement Fund	525,000
Reserve for improvements	660,000
Due to Current Fund	1,400,558
Due to Water Capital Fund	2,894
Grants collected	1,481,929
Due to Sewer Capital Fund	15,619
Premium on note sale	<u>8,088</u>
	<u>4,094,088</u>
	<u>6,757,968</u>
Decreased by disbursements:	
Improvement authorizations	3,074,083
Due to Sewer Capital Fund	2,500,000
Due from Open Space	202,074
Due to Current Fund	<u>542,153</u>
	<u>6,318,310</u>
Balance, December 31, 2014	\$ <u><u>439,658</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of General Capital Cash

General Capital Fund

December 31, 2014

Reserve for improvements	\$	458,824
Capital Improvement Fund		116,000
Due from Open Space Trust Fund		(202,074)
Due from Current Fund		48,374
Grants receivable		(5,444,017)
Due to Water Capital Fund		2,894
Due to Recreation Operating Fund		(95,000)
Due to Sewer Capital Fund		515,619
Reserve for encumbrances		973,597
Fund balance		44,457
Improvement authorizations:		

<u>Ordinance number</u>	<u>Improvement description</u>	
02-08	Drainage and road improvements	(228,568)
03-12	Refunding bond ordinance	293
03-16	2004 Capital equipment and vehicles	77,817
04-28	2004 Various capital projects/Fire engine & streetscape	54,828
05-04	2005 Various improvements/streetscape	37,689
06-11	2006 Var. projects streetscapes and sidewalks	(591,022)
07-08	2007 Var. projects streetscapes and walkways	46,316
08-25	2008 Greenview Park plan	(488,000)
08-26	2008 Sidewalk improvements	(68,442)
08-35	Sanitary sewer extension	(26,500)
09-13	2009 Various capital projects	2,000
09-28	2009 Park Improvements (Reappropriated 00-12)	140
10-18	2010 Various capital projects	50,868
10-19	2010 Equipment & vehicles	30,972
11-18	2011 Various Capital Projects/CIF	38,357
11-26	2011 FEMA SRL Grant Flood Acquisition	1,535,594
12-12	2012 Various Capital Projects/CIF	157,223
12-18	2012 FEMA HMPG Flood Acquisition Grant	3,004,476
13-09	2013 Various Capital Projects/CIF	67,973
13-10	2013 Equipment & Vehicles	30,504
13-12	2013 Park & Ballfield Improvemets	20,592
14-15	2014 Various Capital Projects/CIF	158,249
14-16	2014 Equipment & Vehicles	109,625
		\$ 439,658

TOWNSHIP OF PEQUANNOCK
 Schedule of Improvement Authorizations
 General Capital Fund
 Year ended December 31, 2014

Ordinance number	Improvement description	Date	Amount	Balance, December 31, 2013		2014 authorizations	Expended	Canceled	Balance, December 31, 2014	
				Funded	Unfunded				Funded	Unfunded
02-08	Drainage and road improvements	May 28, 2002	\$ 841,500	—	44,432	—	—	—	—	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	—	50,015	—	12,326	—	—	37,689
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	—	33,006	—	14,028	—	—	18,978
07-08	2007 Var. projects streetscapes and walkways	Apr 24, 2007	670,000	—	191,223	—	144,907	—	—	46,316
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	—	10,433	—	—	7,558
08-35	Sanitary sewer extension	Dec 9, 2008	710,000	—	614	—	614	—	—	—
09-13	2009 Various capital projects	May 26, 2009	526,000	41,679	—	—	15,679	24,000	2,000	—
09-28	2009 Park Improvements (Reappropriated 00-12)	Dec 22, 2009	72,419	2,437	—	—	2,297	—	140	—
10-18	2010 Various capital projects	Aug. 24, 2010	620,000	118,229	—	—	67,361	—	50,868	—
10-19	2010 Equipment & vehicles	Aug. 24, 2010	197,000	41,277	—	—	10,305	—	30,972	—
10-20	2010 West Franklin/Washington Park	Aug. 24, 2010	72,419	—	209,356	—	209,356	—	—	—
11-18	2011 Various Capital Projects/CIF	Jul 26, 2011	423,000	63,625	—	—	25,268	—	38,357	—
11-26	2011 FEMA SRL Grant Flood Acquisition	Dec. 13, 2011	5,600,000	1,766,134	620,000	—	830,540	—	935,594	620,000
12-12	2012 Various Capital Projects/CIF	Jun. 12, 2012	589,000	393,076	—	—	235,853	—	157,223	—
12-13	2012 Equipment & Vehicles	Jun. 12, 2012	330,000	34,694	—	—	2,720	31,974	—	—
12-18	2012 FEMA HMPG Flood Acquisition Grant	Jun 26, 2012	5,200,000	3,495,949	1,352,556	—	491,473	—	3,004,476	1,352,556
13-07	2013 Purchase EMS Support Vehicle	May 14, 2013	180,000	10,424	—	—	—	10,424	—	—
13-09	2013 Various Capital Projects/CIF	May. 28, 2013	232,000	85,973	—	—	18,000	—	67,973	—
13-10	2013 Equipment & Vehicles	May. 28, 2013	571,000	59,895	—	—	29,391	—	30,504	—
13-12	2013 Park & Ballfield Improvements	Jun 11, 2013	261,000	43,972	—	—	23,380	—	20,592	—
14-15	2014 Various Capital Projects/CIF	Jul 22, 214	495,000	—	—	495,000	336,751	—	158,249	—
14-16	2014 Equipment & Vehicles	Jul 22, 214	1,137,000	—	—	1,137,000	1,027,375	—	109,625	—
				<u>\$ 6,235,631</u>	<u>2,577,749</u>	<u>1,632,000</u>	<u>3,511,942</u>	<u>66,398</u>	<u>4,739,511</u>	<u>2,127,529</u>
	Reserve for Improvements					\$ 1,052,000		\$ 10,424		
	Capital Improvement Fund					495,000		24,000		
	Fund balance					<u>85,000</u>		<u>31,974</u>		
						<u>\$ 1,632,000</u>		<u>\$ 66,398</u>		
	Prior year encumbrances					\$ (535,738)				
	Current year encumbrances					973,597				
	Cash					<u>3,074,083</u>				
						<u>\$ 3,511,942</u>				

TOWNSHIP OF PEQUANNOCK
 Schedule of Capital Improvement Fund
 General Capital Fund
 Year ended December 31, 2014

Balance, December 31, 2013		\$	<u>62,000</u>
Increased by:			
Budget appropriation			525,000
Improvement authorization canceled			<u>24,000</u>
			<u>549,000</u>
			611,000
Decreased by:			
Appropriated to finance improvement authorizations			<u>495,000</u>
Balance, December 31, 2014		\$	<u><u>116,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Improvements

General Capital Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Increases	Decreases	Balance, Dec. 31, 2014
Vehicles	\$ 99,900	145,424	115,500	129,824
Public works equipment	27,500	110,000	106,500	31,000
Road resurfacing	15,000	230,000	236,000	9,000
Fire apparatus	339,000	160,000	499,000	—
Data/Office Equip	59,000	25,000	34,000	50,000
Flood control improvements	300,000	—	61,000	239,000
	<u>\$ 840,400</u>	<u>670,424</u>	<u>1,052,000</u>	<u>458,824</u>
Reserve for improvements		\$ 660,000	—	
Cancellation of improvement authorization		10,424	—	
Appropriated to finance improvement authorizations		—	1,052,000	
		<u>\$ 670,424</u>	<u>1,052,000</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by:		
BAN premium		<u>2,894</u>
Balance, December 31, 2014	\$	<u><u>2,894</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2014

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance, Dec. 31, 2013</u>	<u>Decreases</u>	<u>Balance, Dec. 31, 2014</u>
02-08	Drainage and road improvements	\$ 393,000	120,000	273,000
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	20,000	—	20,000
12-18	2012 FEMA HMPG Flood Acquisition Grant	1,352,556	—	1,352,556
		<u>\$ 2,996,056</u>	<u>150,000</u>	<u>2,846,056</u>
			Budget appropriation \$ <u>150,000</u>	
			\$ <u>150,000</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013 (from)	\$ <u>(660,031)</u>
Increased by:	
Fema returned	727,941
Budget appropriations	670,941
Interest earned	<u>1,676</u>
	<u>1,400,558</u>
	<u>740,527</u>
Decreased by:	
Interest paid to Current Fund	1,632
Interfund returned	19,579
Paid by Current Fund	520,942
Deferred charges raised in budget	<u>150,000</u>
	<u>692,153</u>
Balance, December 31, 2014	\$ <u><u>48,374</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Open Space

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by:		
Cash disbursement		<u>202,074</u>
Balance, December 31, 2014	\$	<u><u>202,074</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	6,925,946
Decreased by collections		<u>1,481,929</u>
Balance, December 31, 2014	\$	<u><u>5,444,017</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Recreation Fund - Capital

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	95,000
Increased by cash disbursement		<u>—</u>
Balance, December 31, 2014	\$	<u><u>95,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from/ (to) Sewer Capital Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ (3,000,000)
Increased by:	
Cash receipts	<u>15,619</u>
	(3,015,619)
Decreased by cash disbursements	<u>2,500,000</u>
Balance, December 31, 2014	<u><u>\$ (515,619)</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2014

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 656,423	95,184
Increased by receipts:		
Water rents receivable	2,399,071	—
Due from Sewer Operating Fund	2,442,171	200,000
Deferred charge transferred	—	100,000
Miscellaneous revenue	38,531	—
Capital Improvement Fund	—	50,000
	<u>4,879,773</u>	<u>350,000</u>
	<u>5,536,196</u>	<u>445,184</u>
Decreased by disbursements:		
Budget appropriations	2,458,235	—
Accounts payable	16,682	—
Due from Current Fund	3,689	—
Prepaid expense	23,570	—
Refunds	449	—
Due to Water Operating Fund	—	185
Due to Sewer Capital Fund	—	128,956
Due from Sewer Operating Fund	2,438,027	—
Interest on notes	6,734	—
Improvement authorizations	—	204,006
Appropriation reserves	52,969	—
	<u>5,000,355</u>	<u>333,147</u>
Balance, December 31, 2014	\$ <u>535,841</u>	<u>112,037</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Water Utility Fund

December 31, 2014

Capital Improvement Fund	\$ 369,999
Fund balance	10,958
Due to Sewer Operating Fund	200,000
Due from Sewer Capital	(128,956)
Due from General Capital Fund	(2,894)
Due to Water Operating Fund	(185)
Improvement authorizations:	

<u>Ordinance number</u>	<u>Improvement description</u>	
2000-14	Development of 2 New Wells	155
2001-10	Well #2 Rehabilitation	267
2003-18	AMR Phase 3	(300,000)
2007-13	New Water Tank Construction	315,035
2007-14	Water Blending Facility	(212,342)
13-19	West Franklin Water Main	<u>(140,000)</u>
		<u>\$ 112,037</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable -
Operating Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	564,996
Increased by:		
Water billings		<u>2,458,081</u>
		<u>3,023,077</u>
Decreased by:		
Water rents - collections		<u>2,399,071</u>
Balance, December 31, 2014	\$	<u><u>624,006</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, 2014

Account number	Account	Balance, Dec. 31, 2013	Increased	Balance, Dec. 31, 2014
284	Reserve for Amortization	\$ 57,442	—	57,442
343	Distribution mains and accessories	2,089,520	221,010	2,310,530
345	House service	286,997	—	286,997
346	Meters	876,367	—	876,367
348	Hydrants	110,045	—	110,045
394	General equipment - trucks	787,322	—	787,322
391	Office furniture and equipment	63,246	—	63,246
390	Structures and improvements	295,208	—	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	1,925	—	1,925
		<u>\$ 10,012,439</u>	<u>221,010</u>	<u>10,233,449</u>
	Capital outlay appropriations paid		\$ 48,706	
	Capital outlay appropriation reserve paid		32,304	
	transfer from fixed capital authorized and uncompleted		<u>140,000</u>	
			<u>\$ 221,010</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves - Operating Fund

Water Utility Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Encum- brances	Balance after transfers	Paid or charged	Unexpended balance lapsed
Salaries and wages	\$ 6,783	—	6,783	—	6,783
Other expenses	6,928	17,927	24,855	24,115	740
Capital outlay	97,854	27,676	125,530	46,443	79,087
	<u>\$ 111,565</u>	<u>45,603</u>	<u>157,168</u>	<u>70,558</u>	<u>86,610</u>
		Accounts Payable		\$ 17,589	
		Cash		<u>52,969</u>	
				<u>\$ 70,558</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital Authorized
and Uncompleted - Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	2,261,371
Increased by ordinances		<u>2,580,000</u>
		4,841,371
Decreased by:		
Transfer to fixed capital		<u>140,000</u>
Balance, December 31, 2014	\$	<u><u>4,701,371</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement
Fund - Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>260,049</u>
Increased by:	
Improvement authorization canceled	59,950
Budget appropriation	<u>50,000</u>
	<u>109,950</u>
Balance, December 31, 2014	\$ <u><u>369,999</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Amortization -
Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>6,813,402</u>
Increased by improvements funded	
Budgeted capital outlay	81,010
Bond anticipation note paydown from budget	<u>130,000</u>
	<u>211,010</u>
Balance, December 31, 2014	\$ <u><u>7,024,412</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Water Utility Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Amount	Balance, December 31, 2013		Authorizations	Expended	Authorizations Cancelled	Balance, December 31, 2014	
			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	—	—	32,518	59,950	267	—
07-13	New water tank construction	1,105,000	266,835	820,000	—	1,800	—	315,035	770,000
07-14	Water blending facility	2,030,000	—	34,657	—	29,688	—	—	4,969
08-13	Various Improvements	150,000	—	—	—	—	—	—	—
13-19	West Franklin Water Main	140,000	—	140,000	—	140,000	—	—	—
14-18	Elevated Water Tank	2,270,000	—	—	2,270,000	—	—	—	2,270,000
14-29	Water Sunset Water Main	310,000	—	—	310,000	—	—	—	310,000
			<u>\$ 359,725</u>	<u>994,657</u>	<u>2,580,000</u>	<u>204,006</u>	<u>59,950</u>	<u>315,457</u>	<u>3,354,969</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Water Bonds -
Operating Fund

Water Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>2,899</u>
Increased by:	
Additional accrual for new bonds	895
Budget appropriation	<u>6,320</u>
	<u>7,215</u>
	10,114
Decreased by:	
Cash disbursed	<u>6,734</u>
Balance, December 31, 2014	\$ <u><u>3,380</u></u>

TOWNSHIP OF PEQUANNOCK

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

Water Utility Fund

Year ended December 31, 2014

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
03-18	AMR Phase 3	\$ 300,000	—	—	300,000
13-19	Water Mains	140,000	—	—	140,000
07-13	New water tank construction	820,000	—	50,000	770,000
07-14	Water blending facility	267,311	—	50,000	217,311
14-18	Elevated Water Tank	—	2,270,000	—	2,270,000
14-29	Water Sunset Water Main	—	310,000	—	310,000
		<u>\$ 1,527,311</u>	<u>2,580,000</u>	<u>100,000</u>	<u>1,427,311</u>
	Funded by budget appropriation			<u>\$ 100,000</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Operating Fund
Operating Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	92,690
Increased by billings collected in Sewer Operating Fund		<u>2,438,027</u>
		2,530,717
Decreased by cash receipts		<u>2,442,171</u>
Balance, December 31, 2014	\$	<u><u>88,546</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes
 Capital Fund
 Water Utility Fund

Year ended December 31, 2014

<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. 25, 2014	Jul. 24, 2015	1.00%	\$ 910,000	780,000	910,000	780,000
						<u>\$ 910,000</u>	<u>780,000</u>	<u>910,000</u>	<u>780,000</u>
					Paid		\$ —	130,000	
					Renewed		<u>780,000</u>	<u>780,000</u>	
						<u>\$ 780,000</u>	<u>910,000</u>		

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -
Operating Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	86,692
Increased by transfer from appropriation reserves		<u>17,589</u>
		104,281
Decreased by payments		<u>16,682</u>
Balance, December 31, 2014	\$	<u><u>87,599</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Reserve for Amortization
Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 3,023,097
Increased by:	
Funded by budget appropriation	<u>100,000</u>
Balance, December 31, 2014	<u>\$ 3,123,097</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to (from) Current Fund

Water Utility Fund

Year ended December 31, 2014

	<u>Water Operating</u>
Balance, December 31, 2013	\$ 3,264
Decreased by cash disbursements	<u>3,689</u>
Balance, December 31, 2014	\$ <u><u>(425)</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund
Operating Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by bank charges		<u>185</u>
Balance, December 31, 2014	\$	<u><u>185</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Sewer Capital Fund
Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by cash disbursed		<u>128,956</u>
Balance, December 31, 2014	\$	<u><u>128,956</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due From General Capital Fund -
Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by Ban Premium		<u>2,894</u>
Balance, December 31, 2014	\$	<u><u>2,894</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Sewer Operating Fund -
Capital Fund

Water Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by:		
Cash receipt		<u>200,000</u>
Balance, December 31, 2014	\$	<u><u>200,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Sewer Utility Fund

Year ended December 31, 2014

	<u>Operating</u>	<u>Capital</u>	<u>Assessment</u>
Balance, December 31, 2013	\$ 922,439	188,995	740,377
Increased by receipts:			
Sewer rents receivable	2,646,797	—	—
Miscellaneous revenue	88,543	—	—
Due to Solid Waste Utility Fund	1,615,873	—	—
Due from Water Utility Operating Fund	2,438,027	—	—
Due to Sewer Operating Fund	—	569	788
Due to Water Capital Fund	—	2,500,000	—
Assessments receivable	—	—	450,787
Premium on sale of notes	—	51,752	—
Due from assessment Fund	375,773	—	—
Funded ordinance from Operating Fund	—	20,000	—
Sewer Capital Fund	21	—	—
Bond anticipation notes issued	—	7,925,000	—
Capital Improvement Fund	—	5,000	—
	<u>7,165,034</u>	<u>10,502,321</u>	<u>451,575</u>
	<u>8,087,473</u>	<u>10,691,316</u>	<u>1,191,952</u>
Decreased by disbursements:			
Budget appropriations	2,767,109	—	—
Appropriation reserves	3,993	—	—
Accrued interest on bonds	243,770	—	—
Accrued interest on notes	31,354	—	—
Due to Solid Waste Utility Fund	1,578,796	—	—
Due to Current Fund	1,056	—	—
Due to Water Utility Capital Fund	200,000	—	—
Due from Water Utility Operating Fund	2,442,172	—	—
Refund vacated assessment	—	—	9,643
Accounts payable	11,200	—	—
Refund prior year connection fee	1,042	—	—
Due to Sewer Operating Fund	—	21	376,953
Prepaid expense	5,658	—	—
Improvement authorizations	—	5,178,815	—
	<u>7,286,150</u>	<u>5,178,836</u>	<u>386,596</u>
Balance, December 31, 2014	\$ <u><u>801,322</u></u>	<u><u>5,512,480</u></u>	<u><u>805,356</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Sewer Utility Fund

Year ended December 31, 2014

Due to Sewer Operating Fund	\$ 569
Capital improvement fund	8,685
Due to Water Utility Capital Fund	128,956
Due from General Capital Fund Fund	(515,619)
Fund balance	112,844

Improvement authorizations:

Ordinance

<u>number</u>	<u>Improvement description</u>	
97-17	Industrial Road sewers	1
02-07	Purchase of sewer jet	(49,444)
06-14	Purchase of TBSA capacity	(825,509)
08-27	Sewer Design	311
08-38	Sanitary Sewer extension project	286,015
10-22	Village area sewers	6,168,778
13-13	Purchase sewer equipment	26,893
13-18	W Franklin Sewer stubs	<u>170,000</u>
		<u>\$ 5,512,480</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ 537,448
Increased by sewer charges	<u>2,661,593</u>
	<u>3,199,041</u>
Decreased by:	
Collections	2,665,966
Cancellations	<u>190</u>
	<u>2,666,156</u>
Balance, December 31, 2014	<u><u>\$ 532,885</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances Payable - Operating Fund

Sewer Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 25,890
Increased by transfer from current budget and others	<u>21,594</u>
	47,484
Decreased by:	
Transfer to appropriation reserve	<u>14,690</u>
Balance, December 31, 2014	<u><u>\$ 32,794</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Capital Fund

Sewer Utility Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2014	Balance, Dec. 31, 2013
	<u>2014</u>	<u>2013</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, 2014

Balance, December 31, 2013	\$ <u>6,400,000</u>
Balance, December 31, 2014	\$ <u>6,400,000</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

	Balance, Dec. 31, 2013	Balance after transfers	Paid or charged	Unexpended balance lapsed
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Salaries and wages	\$ 12,829	12,829	—	12,829
Other expenses	37,715	52,406	15,193	37,213
	<u>\$ 50,544</u>	<u>65,235</u>	<u>15,193</u>	<u>50,042</u>
Appropriation Reserve		50,544		
Encumbrances		<u>14,690</u>		
		<u>65,234</u>		
Cash			\$ 3,993	
Accounts payable			<u>11,200</u>	
			<u>\$ 15,193</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Sewer Bonds -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ 50,785
Increased by:	
Budget appropriation	<u>239,187</u>
	289,972
Decreased by:	
Cash disbursed	<u>243,770</u>
Balance, December 31, 2014	<u><u>\$ 46,202</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Accrued Interest on Sewer Notes -
Operating Fund

Sewer Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 3,903
Increased by:	
Budget appropriation	<u>40,692</u>
	44,595
Decreased by:	
Cash disbursements	<u>31,354</u>
Balance, December 31, 2014	<u><u>\$ 13,241</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Amortization - Capital Fund

Sewer Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	4,577,137
Increased by:		
Bonds paid		<u>577,000</u>
Balance, December 31, 2014	\$	<u><u>5,154,137</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement Fund - Capital Fund

Sewer Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	3,685
Increased by:		
Budget appropriation		<u>5,000</u>
Balance, December 31, 2014	\$	<u><u>8,685</u></u>

TOWNSHIP OF PEQUANNOCK

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

Sewer Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	21
Increased by:		
Interest collected		<u>569</u>
		590
Decreased by:		
Refunded		<u>21</u>
Balance, December 31, 2014	\$	<u><u>569</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Sewer Utility Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Amount	Balance, December 31, 2013		2014 authorizations	Expended	Canceled	Balance, December 31, 2014	
			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	25,730	11,425,000	—	5,281,952	—	—	6,168,778
13-13	Purchase Sewer Equipment	67,000	37,712	—	—	10,819	—	26,893	—
13-18	W Franklin Sewer Stubs	15,000	15,000	—	—	15,000	—	—	—
14-02	Village area sewers, amended	4,100,000	—	—	4,100,000	—	—	—	4,100,000
14-17	Sled Mounted Sewer Vacuum	170,000	—	—	170,000	—	—	170,000	—
			<u>\$ 121,716</u>	<u>11,726,373</u>	<u>4,270,000</u>	<u>5,307,771</u>	<u>43,273</u>	<u>196,894</u>	<u>10,570,151</u>
				Cash		5,178,815			
				Due to Water Capital Fund		128,956			
						<u>5,307,771</u>			

TOWNSHIP OF PEQUANNOCK

Schedule of Bonds and Notes Authorized but not Issued

Sewer Utility Fund

Year ended December 31, 2014

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance, Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
02-07	Purchase Sewer Jet	\$ 60,000	—	10,000	50,000
06-14	Purchase of TBSA capacity	850,000	—	10,000	840,000
14-02	Village area sewers - amended	—	4,100,000	—	4,100,000
10-22	Village area sewers	<u>7,925,000</u>	<u>—</u>	<u>7,925,000</u>	<u>—</u>
		<u>\$ 8,835,000</u>	<u>4,100,000</u>	<u>7,945,000</u>	<u>4,990,000</u>
	Issued			\$ 7,925,000	
	Funded by budget appropriation			<u>20,000</u>	
				<u>\$ 7,945,000</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Deferred Reserve for
Amortization - Capital Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>2,898,194</u>
Increased by:	
Down payments	170,000
Paid by budget appropriation	<u>20,000</u>
	<u>190,000</u>
Balance, December 31, 2014	\$ <u><u>3,088,194</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Current Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$	(5,256)
Increased by:		
Cash disbursed		<u>1,056</u>
Balance, December 31, 2014 (Due to)	\$	<u><u>(4,200)</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital - Authorized
and Uncompleted - Capital Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ 22,944,694
Increased by Ordinances	<u>4,270,000</u>
Balance, December 31, 2014	<u><u>\$ 27,214,694</u></u>

TOWNSHIP OF PEQUANNOCK

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

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013 (Due to)	\$ <u>52</u>
Increased by:	
Anticipated fund balance	375,000
Interest	<u>788</u>
	<u>375,788</u>
	<u>375,840</u>
Decreased by:	
Cash received	375,773
Refund	<u>1,180</u>
	<u>376,953</u>
Balance, December 31, 2014	\$ <u><u>(1,113)</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ 13,000
Increased by transfer from appropriation reserve	<u>11,200</u>
	24,200
Decreased by payments	<u>11,200</u>
Balance, December 31, 2014	<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, 2014

Balance, December 31, 2013	\$ 257,838
Increased by cash receipts	<u>1,615,873</u>
	1,873,711
Decreased by cash disbursements	<u>1,578,796</u>
Balance, December 31, 2014	<u><u>\$ 294,915</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Utility Operating Fund -
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance due to, December 31, 2013	\$	92,691
Increased by:		
Collections		<u>2,438,027</u>
		2,530,718
Decreased by cash disbursements		<u>2,442,172</u>
Balance due to, December 31, 2014	\$	<u><u>88,546</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Assessment Fund Balance
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ 1,153,325
Increased by:	
Assessments collected	<u>450,787</u>
	<u>1,604,112</u>
Decreased by:	
Refund of vacated assessment	9,643
Anticipated revenue	<u>375,000</u>
	<u>384,643</u>
Balance, December 31, 2014	\$ <u><u>1,219,469</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Sewer Liens
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>302</u>
Balance, December 31, 2014	\$ <u>302</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Assessments Receivable -
Assessment Fund

Sewer Utility Fund
Year ended December 31, 2014

<u>Description</u>	<u>Confirmation Date</u>	<u>Balance, Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
Mountain Avenue/ Mead Place	June 24, 2003	\$ (4)	—	(4)
Phase II Sewers	March 23, 2004	25,779	25,775	4
Munson / Farm roads	August 27, 2012	457,753	115,572	342,181
Pequannock Avenue	September 24, 2012	1,796,463	328,726	1,467,737
		<u>\$ 2,279,991</u>	<u>470,073</u>	<u>1,809,918</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due to Water Capital Fund
Capital Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by disbursement paid by Capital Fund		<u>128,956</u>
Balance, December 31, 2014	\$	<u><u>128,956</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from Water Capital Fund
Operating Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by:		
Cash disbursement		<u>200,000</u>
Balance, December 31, 2014	\$	<u><u>200,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Maintenance Bond
Operating Fund

Sewer Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>5,000</u>
Balance, December 31, 2014	\$ <u>5,000</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Bond Anticipation Notes

Sewer Capital Fund

Year ended December 31, 2014

<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, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2014</u>
2005-13	Sanitary Sewer	7/31/2009	7/25/2014	7/24/2015	1.00%	\$ 246,000	241,000	246,000	241,000
2008-27	Sanitary Sewer Design - Village Area	7/31/2009	7/25/2014	7/24/2015	1.00%	375,000	365,000	375,000	365,000
2008-38	Sanitary Sewer Extension	10/23/2009	7/25/2014	7/24/2015	1.00%	116,000	114,000	116,000	114,000
2010-22	Village Area Sewers	7/28/2011	7/25/2014	7/24/2015	1.00%	500,000	490,000	500,000	490,000
2010-22	Village Area Sewers	7/25/2013	7/25/2014	7/24/2015	1.00%	3,000,000	3,000,000	3,000,000	3,000,000
2010-22	Village Area Sewers	10/22/2014	10/22/2014	10/22/2015	1.25%	—	7,925,000	—	7,925,000
						<u>\$ 4,237,000</u>	<u>12,135,000</u>	<u>4,237,000</u>	<u>12,135,000</u>
					Renewed		\$ 4,210,000	4,210,000	
					BANS issued		7,925,000	—	
					Budget appropriations		—	27,000	
							<u>\$ 12,135,000</u>	<u>4,237,000</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Due from General Capital Fimnd
Capital Fund

Sewer Utility Fund
Year ended December 31, 2014

Balance, December 31, 2013	\$ 3,000,000
Increased by:	
Premium on notes	<u>15,619</u>
	3,015,619
Increased by	
Cash receipts	<u>2,500,000</u>
Balance, December 31, 2014	<u><u>\$ 515,619</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Solid Waste Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>394,599</u>
Increased by:	
Miscellaneous revenue	296
Due from State and Federal Grant Fund	25,451
Recycling tonnage grant	26,370
Due from Sewer Operating Fund	<u>1,565,479</u>
	<u>1,617,596</u>
	<u>2,012,195</u>
Decreased by:	
Budget appropriations	1,288,784
Appropriation reserves	117,640
Accounts payable disbursement	<u>7,500</u>
	<u>1,413,924</u>
Balance, December 31, 2014	\$ <u><u>598,271</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Consumer Accounts Receivable

Solid Waste Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>136,848</u>
Increased by:	
Consumer billing	1,603,074
Consumer interest and fees	9,643
	<u>1,612,717</u>
	<u>1,749,565</u>
Decreased by	
Collections due from sewer Utility Fund	1,593,265
Interest and miscellaneous due from sewer Utility	<u>9,291</u>
	<u>1,602,556</u>
Balance, December 31, 2014	\$ <u><u>147,009</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Due from State and Federal Grant Fund

Solid Waste Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	25,451
Decreased by cash received		<u>25,451</u>
Balance, December 31, 2014	\$	<u><u>—</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Solid Waste Utility Fund

Year ended December 31, 2014

	Balance Dec. 31, 2013	Encum- brances	Balance after transfers	Paid or charged	Unexpended balance lapsed
Operating:					
Salaries and wages	\$ 17,982	—	17,982	—	17,982
Other expenses	159,575	7,500	167,075	124,166	42,909
Capital Improvements:					
Capital Outlay	824	974	1,798	974	824
Statutory expenditures - contributions to Social Security System (O.A.S.I.)	679	—	679	—	679
	<u>\$ 179,060</u>	<u>8,474</u>	<u>187,534</u>	<u>125,140</u>	<u>62,394</u>

Accounts Payable	\$ 7,500
Disbursed	<u>117,640</u>
	<u>\$ 125,140</u>

TOWNSHIP OF PEQUANNOCK

Schedule of Solid Waste Interfunds -
Operating Fund

Solid Waste Utility Fund

Year ended December 31, 2014

	Sewer Operating Fund
	<u> </u>
Balance due from, December 31, 2013	\$ 257,839
Increased by collections	<u>1,602,556</u>
	1,860,395
Decreased by cash receipts	<u>1,565,479</u>
Balance due from, December 31, 2014	\$ <u><u>294,916</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for Recycling Tonnage Grant

Solid Waste Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	21,976
Increased by grant award received		<u>26,370</u>
		48,346
Decreased by grant anticipated		<u>21,976</u>
Balance, December 31, 2014	\$	<u><u>26,370</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable -

Solid Waste Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	41,476
Increased by charges to appropriation reserve		<u>7,500</u>
		48,976
Decreased by cash disbursed		<u>7,500</u>
Balance, December 31, 2014	\$	<u><u>41,476</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Cash - Treasurer

Recreation Utility Fund

Year ended December 31, 2014

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2013	\$ 145,540	1,318
Increased by:		
Program fees	449,212	—
Miscellaneous	6,424	—
Deferred charge funded by recreation Operating Fund	—	10,000
Capital Improvement fund appropriation	—	2,500
Interest Due to Recreation Operating Fund	—	1
	<u>455,636</u>	<u>12,501</u>
	<u>601,176</u>	<u>13,819</u>
Decreased by:		
Budget appropriation	487,005	—
Accounts payable	2,762	—
Appropriation reserve	6,588	—
Due to Current Fund	19,896	—
Prepaid expense	3,295	—
	<u>519,546</u>	<u>—</u>
Balance, December 31, 2014	\$ <u><u>81,630</u></u>	<u><u>13,819</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Analysis of Cash - Capital Fund

Recreation Utility Fund

December 31, 2014

Capital Improvement Fund	\$ 6,500
Due to General Capital	95,000
Due to Recreation Operating Fund	1

Improvement authorizations:

<u>Ordinance number</u>	<u>Improvement description</u>	
2003-19	PV Park Pavilion	<u>(87,682)</u>
		\$ <u><u>13,819</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Recreation Interfunds - Operating Fund

Recreation Utility Fund

Year ended December 31, 2014

	<u>Current Fund</u>	<u>Recreation Capital</u>
Balance due from (to), December 31, 2013	\$ 1,445	—
Increased by:		
Interest	—	1
Cash disbursed	<u>19,896</u>	<u>—</u>
	<u>19,896</u>	<u>1</u>
Balance due (to) from, December 31, 2014	\$ <u><u>21,341</u></u>	<u><u>1</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Fixed Capital
Capital Fund

Recreation Utility Fund

Year ended December 31, 2014

Balance, December 31, 2014 and 2013

\$ 134,682

TOWNSHIP OF PEQUANNOCK

Schedule of Appropriation Reserves

Recreation Utility Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Encum- brances	Balance, After Transfers	Paid or Charged	Unexpended Balance Lapsed
Operating:					
Salaries and wages	\$ 405	—	405	—	405
Other expenses	9,747	10,402	20,149	9,928	10,221
	<u>\$ 10,152</u>	<u>10,402</u>	<u>20,554</u>	<u>9,928</u>	<u>10,626</u>
			Cash	\$ 6,588	
			Accounts payable	<u>3,340</u>	
				<u>\$ 9,928</u>	

TOWNSHIP OF PEQUANNOCK

Schedule of Encumbrances Payable

Recreation Utility Fund

Year ended December 31, 2014

	<u>Operating Fund</u>
Balance, December 31, 2013	\$ 10,402
Increased by:	
Transfer from budget	<u>2,606</u>
	13,008
Decreased by:	
Transfer to appropriation reserve	<u>10,402</u>
Balance, December 31, 2014	\$ <u><u>2,606</u></u>

TOWNSHIP OF PEQUANNOCK

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

Recreation Utility Fund

Year ended December 31, 2014

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Balance Dec. 31, 2013</u>	<u>Funded by Budget</u>	<u>Balance Dec. 31, 2014</u>
03-19	PV Park Pavilion	\$ <u>100,000</u>	<u>10,000</u>	<u>90,000</u>
		\$ <u><u>100,000</u></u>	<u><u>10,000</u></u>	<u><u>90,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Improvement Authorizations - Capital Fund

Recreation Utility Fund

Year ended December 31, 2014

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Amount</u>	<u>Balance, December 31, 2013</u>		<u>Balance, December 31, 2014</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, 2014

Balance, December 31, 2013 and 2014

\$ 2,318

TOWNSHIP OF PEQUANNOCK

Schedule of Reserve for
Amortization - Capital Fund

Recreation Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	37,000
Increased by:		
Deferred charge funded by budget		<u>10,000</u>
Balance, December 31, 2014	\$	<u><u>47,000</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Capital Improvement
Fund - Capital Fund

Recreation Utility Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	4,000
Increased by:		
Budget appropriation		<u>2,500</u>
Balance, December 31, 2014	\$	<u><u>6,500</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Recreation Interfunds - Capital Fund

Recreation Utility Fund

Year ended December 31, 2014

Balance due to December 31, 2014 and 2013	\$ <u>95,000</u>
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TOWNSHIP OF PEQUANNOCK

Schedule of Accounts Payable

Recreation Utility Fund

Year ended December 31, 2014

Balance due to December 31, 2013	\$	5,662
Increased by:		
Transfer from appropriation Reserves		3,340
		<hr/>
		9,002
Decreased by cash disbursements		<hr/>
		2,762
Balance due to (from), December 31, 2014	\$	<u><u>6,240</u></u>

TOWNSHIP OF PEQUANNOCK

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2014

Category	Balance Dec. 31, 2013	Additions	Deletions	Balance Dec. 31, 2014
Land and buildings	\$ 26,717,435	2,022,629	—	28,740,064
Machinery and equipment	1,945,617	294,088	—	2,239,705
Furniture and fixtures	1,925,960	22,113	—	1,948,073
Vehicles	4,941,154	420,090	190,130	5,171,114
	<u>\$ 35,530,166</u>	<u>2,758,920</u>	<u>190,130</u>	<u>38,098,956</u>

SUPPLEMENTARY DATA

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate (per hundred) \$	<u>2.090</u>	<u>2.080</u>	<u>2.100</u>
Apportionment of tax rate:			
Municipal	0.502	0.508	0.502
County	0.264	0.259	0.278
Local school	1.324	1.313	1.320
Assessed valuations:			
2014	\$ 2,418,725,200		
2013	2,419,695,800		
2012	2,415,789,200		

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>
2014	\$ 50,551,357	50,170,170	99.25 %
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

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>
2014	\$ 13,447	416,914	430,361	0.85 %
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

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>
2014	\$ 894,293
2013	884,650
2012	884,650
2011	884,650
2010	884,650

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2014	\$ 2,458,081	2,399,071
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

Comparison of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2014	\$ 2,661,593	2,665,966
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

Comparison of Solid Waste Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2014	\$ 1,603,074	1,593,265
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

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Comparative Schedule of Fund Balances

	Year	Balance, Dec. 31	Utilized in budget of succeeding year
Current:			
	2014	\$ 1,621,712	1,250,000
	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
Water Utility Operating:			
	2014	341,833	109,000
	2013	499,150	250,000
	2012	869,372	580,000
	2011	988,203	450,000
	2010	670,567	200,000
Sewer Utility Operating:			
	2014	348,448	170,000
	2013	416,933	153,000
	2012	311,827	125,000
	2011	278,803	75,000
	2010	123,883	—
Solid Waste Utility Operating:			
	2014	503,125	107,000
	2013	426,903	107,000
	2012	414,507	144,000
	2011	459,554	117,000
	2010	381,466	110,000
Recreation Utility Operating:			
	2014	76,922	40,000
	2013	120,659	50,000
	2012	94,751	40,000
	2011	62,471	31,000
	2010	102,403	41,000

TOWNSHIP OF PEQUANNOCK

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office on December 31, 2014:

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Melisa Florance-Lynch	Mayor	
Catherine Winterfield	Deputy Mayor	
Richard Phelan	Councilman	
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

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Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedules of Expenditures of Federal Awards 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 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 program for the year ended December 31, 2014. The Township's major federal program 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major federal program 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 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 program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on Each Major Federal 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 programs for the year ended December 31, 2014.

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 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 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 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 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 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 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, 2014, and have issued our report thereon dated July 22, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and NJ OMB Circular 04-04 and is 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 is 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

July 22, 2015

TOWNSHIP OF PEQUANNOCK

Schedule of Findings and Questioned Costs

Year ended December 31, 2014

(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 FINANCIAL ASSISTANCE

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

- (e) The type of report issued on compliance for Federal major programs:
Unmodified

- (f) Any audit findings which are required to reported under Section 510(a) of OMB Circular A-133:
No

- (g) Major programs:
Federal:
#97.110 Severe Repetitive Loss Grant

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

TOWNSHIP OF PEQUANNOCK

Summary Schedule of Prior Year Federal and State
Single Audit Findings
December 31, 2014

Not applicable, there were no prior year Single Audit Findings.

TOWNSHIP OF PEQUANNOCK

Schedule of Expenditures of Federal Awards

Year ended December 31, 2014

Grantor/ Program Title	Federal CFDA Number	State Account Number/Program Code	Program or Award Amount	Funds Received from State FYE 12/31/14	Funds Available 12/31/13	Grant Awarded	Net Disbursement Charges	Funds Available 12/31/14	(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	—	3,327	—	—	3,327	3,327	1/1/2006	12/31/2006
(Passed through the State of New Jersey Department of Transportation)											
Highway Planning and Construction Sunset Road Phase II	20.205	480-078-6320-XXX	140,000	—	11,269	—	—	11,269	128,731	1/1/2007	12/31/2008
Sunset Road Phase III			155,000	—	5,658	—	—	5,658	149,342	1/1/2008	12/31/2009
				—	16,927	—	—	16,927	278,073		
(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	—	4,000	1/1/2007	12/31/2007
National Priority Safety Program	20.616	1160-100-157	8,036	8,036	—	8,036	—	—	8,036	1/1/2014	12/31/2014
Drunk Driving Enforcement											
2007	20.601	1160-100-057	5,000	—	342	—	342	—	5,000	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
2014			17,510	—	—	17,510	838	16,672	838	1/1/2014	12/31/2014
2013			12,410	—	—	12,410	12,410	—	12,410	1/1/2013	12/31/2013
2011			1,049	—	856	—	856	—	1,049	1/1/2011	12/31/2011
				—	12,259	29,920	14,446	27,733	24,131		
Total Department of Transportation				8,036	32,739	37,956	14,672	47,987	317,567		
Department of Homeland Security (Passed through the NJ Office of Emergency Management)											
Severe Repetive Loss Grant HMGP 4021-NJ-0007	97.110	4021-NJ-0007	3,847,444	—	3,496,974	—	708,828	2,788,146	1,059,298	12/13/2011	7/13/2015
SR1 2011-006		2011-006	4,950,000	1,481,929	1,731,836	—	626,784	1,105,052	3,844,948	9/13/2011	12/12/2014
				1,481,929	5,228,810	—	1,335,612	3,893,198	4,904,246		
(Passed through the N.J. Department of Law and Public Safety)											
Disaster Grants - Public Assistance Hurricane Sandy	97.036	1200-100-	—	69,871	—	—	—	—	—	1/1/2011	12/31/2012
				69,871	—	—	—	—	—		
Total Department of Homeland Security				1,551,800	5,228,810	—	1,335,612	3,893,198	4,904,246		
Total Federal Awards			\$	1,559,836	5,264,720	37,956	1,350,284	3,944,356	5,224,984		

See accompanying notes to schedule of expenditures of awards.

TOWNSHIP OF PEQUANNOCK

Notes to Schedules of Expenditures of Awards

December 31, 2014

(1) General

The accompanying schedules of expenditures of Federal 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>
Current/ Grant Fund	\$ 35,910
Trust Fund	<u>1,335,612</u>
	\$1,350,284

(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

The Township has no subrecipients.

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

Year ended December 31, 2014

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

December 31, 2014

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 7, 2014 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, 2014

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>
2014	5
2013	7
2012	6

The tax sale was held on September 10, 2014.

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) There is no formal approval of the waiving of fees for recreation programs.*
- (6) The General Ledger is not maintained in a timely manner.
- (7) Minutes were not completed since April.
- (8) The recreation software used for registrations is not reconciled to the daily cash deposits, and down loaded to excel for transmittal to accounting for comparison to the general ledger.
- (9) Utility charges for other services are allocated to the individual funds by the computer software vendor upon notification from the Township.
- (10) Business Entity Disclosure forms are not obtained for purchases between \$17,500 and the bid threshold.
- (11) The amounts used to satisfy health benefit deduction requirements from accumulated absences are not reported on W-2s.
- (12) Tax title liens in the Current Fund also include the liens for the utilities.
- (13) Bank reconciling items including deposits in transit and interfund transactions are not cleared monthly.
- (14) The Qualified Purchasing Agent and bid threshold were authorized by resolution but not established in the Township code by ordinance.
- (15) There are old grant receivables and reserves.
- (16) The health claims account is not recorded in the general ledger.

TOWNSHIP OF PEQUANNOCK

General Comments and Recommendations

December 31, 2014

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) There should be a formal process established for the waiving of recreation program fees.
- (6) The General Ledger should be maintained currently with all interfunds reconciled.
- (7) Minutes should be maintained on a current basis.
- (8) Daily cash deposits should be reconciled to the recreation software and reports transmitted to accounting should be downloaded in PDF.
- (9) The utility software should be modified to allow for other charges to be allocated to the individual funds.
- (10) Business Entity Disclosure forms should be obtained for purchases between \$17,500 and the bid threshold.
- (11) The proper payroll reporting of amounts used to satisfy health benefit deduction requirements from accumulated absences should be determined.
- (12) The amounts of utility liens included in tax title liens should be determined and accounted for in the utility funds.
- (13) Bank reconciling items including deposits in transit and interfund transactions should be cleared monthly.
- (14) The Qualified Purchasing Agent should be established in the Township code by ordinance.
- (15) The old grant receivables and reserves should be reviewed for appropriate disposition.
- (16) The health claims account should be established in the general ledger.