

**BOROUGH OF KINNELON**

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**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010**

# **BOROUGH OF KINNELON**

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## **INDEPENDENT AUDITOR'S REPORT**



# VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Borough Council  
Borough of Kinnelon  
County of Morris, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Kinnelon as of December 31, 2010 and December 31, 2009, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the management of the Borough of Kinnelon. Our responsibility is to express an opinion 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; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note I, the Borough of Kinnelon prepares its financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Kinnelon as of December 31, 2010 and December 31, 2009, or the results of its operations for the years then ended.

111 Howard Boulevard  
Suite 212  
P.O. Box 397  
Mt. Arlington, NJ 07856  
Phone: 973-770-5491  
Fax: 973-770-5494  
[vm\\_associates@msn.com](mailto:vm_associates@msn.com)



However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough of Kinnelon as of December 31, 2010 and December 31, 2009, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2010, on the basis of accounting described in Note I.

In accordance with Governmental Auditing Standards, we have also issued our report dated July 14, 2011 on our consideration of the Borough of Kinnelon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Kinnelon, in the County of Morris, State of New Jersey, taken as a whole. The accompanying supplemental schedules presented in the Supplementary Data Section are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CR 000375



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

July 14 2011

SECTION A  
CURRENT FUND

## BOROUGH OF KINNELON

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
General Fund:			
Cash - Treasurer	A-4	\$ 2,906,904.23	\$ 3,200,428.90
Change Fund - Collector	A-6	580.00	580.00
Amount Due From State of New Jersey:			
Senior Citizens' and Veterans Deductions	A-7	<u>5,592.23</u>	<u>5,092.23</u>
		<u>2,913,076.46</u>	<u>3,206,101.13</u>
Receivables and Other Assets With Full Reserves :			
Delinquent Property Taxes Receivable	A-8	618,480.63	646,810.56
Tax Title Liens	A-9	829,996.63	733,954.36
Property Acquired for Taxes -			
At Assessed Valuation	A-10	32,150.00	32,150.00
Revenue Accounts Receivable	A-11	11,441.38	8,477.52
Interfund Accounts Receivable	A-12	9,094.41	24,921.28
Amount Due from Lakeland Regional			
Solid Waste Authority	A-13	19,792.72	19,792.72
Prepaid School Taxes	A-14	<u>250.00</u>	<u>337,739.00</u>
		<u>1,521,205.77</u>	<u>1,803,845.44</u>
		<u>4,434,282.23</u>	<u>5,009,946.57</u>
Federal and State Grants Fund :			
Amount Due from Current Fund	A-26	91,531.82	81,912.62
State Aid Receivable	A-27	<u>85,156.43</u>	<u>75,137.38</u>
		<u>176,688.25</u>	<u>157,050.00</u>
		<u>\$ 4,610,970.48</u>	<u>\$ 5,166,996.57</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
General Fund:			
Liabilities :			
Appropriation Reserves	A-3,15	\$ 277,250.95	\$ 756,217.65
Reserve for Encumbrances	A-16	251,717.95	179,034.79
Prepaid Taxes	A-17	177,869.22	160,639.75
Tax Overpayments	A-18	100,391.64	62,379.95
Reserve for Tax Appeals Pending	A-19	3,799.34	35,302.33
Amount Due to Federal and State Grants Fund	A-20	91,531.82	81,912.62
Interfund Accounts Payable	A-21	61,500.00	8,300.24
Amount Due to State of New Jersey -			
Marriage License Fees	A-22	445.00	130.00
Construction Code Fees	A-22	3,759.00	2,805.00
Assault Weapons Fees	A-22	40.00	40.00
Reserve for Funds - Unappropriated	A-24	218,957.00	260,996.55
Amount Due to County - Added Assessments	A-25	0.01	-
		<u>1,187,261.93</u>	<u>1,547,758.88</u>
Reserve for Receivables and Other Assets		1,521,205.77	1,803,845.44
Fund Balance	A-1	<u>1,725,814.53</u>	<u>1,658,342.25</u>
		<u>4,434,282.23</u>	<u>5,009,946.57</u>
Federal and State Grants Fund :			
Unappropriated Reserves	A-28	150.82	556.91
Appropriated Reserves	A-29	133,735.58	155,525.14
Reserve for Encumbrances	A-30	42,801.85	967.95
		<u>176,688.25</u>	<u>157,050.00</u>
		<u>\$ 4,610,970.48</u>	<u>\$ 5,166,996.57</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	A-2	\$ 1,657,000.00	\$ 1,950,000.00
Miscellaneous Revenue Anticipated	A-2	1,481,336.05	1,711,858.41
Receipts from Delinquent Taxes	A-2	639,439.75	737,985.27
Receipts from Current Taxes	A-2	45,197,096.49	44,523,650.22
Non - Budget Revenue	A-2	135,484.72	189,267.59
Payroll Account Closed	A-4	54,070.99	
Other Credits to Income :			
Prior Year Veteran's Deduction Allowed	A-7	750.00	250.00
Return of Interfund Advances	A-12	296,907.50	
Prior Year Prepaid School Taxes Applied	A-14	337,739.00	
Unexpended Balance of Appropriation Reserves	A-15	434,610.95	204,012.47
Tax Overpayments Canceled	A-18	115.30	325.90
Appropriated Reserves Canceled			8,135.60
Amount Due to Outside Lien Holders			808.99
Reserve for Reassessment			4,672.56
Reserve for Tax Sale Premium		-	12,600.00
Total Income		<u>50,234,550.75</u>	<u>49,343,567.01</u>

Expenditures

Budgetary and Emergency Appropriations :

Appropriations Within "CAP"

Operations:

    Salaries and Wages A-3 3,318,484.00 3,311,497.00

    Other Expenses A-3 3,673,227.00 3,824,203.00

Statutory Expenditures A-3 776,205.44 769,236.00

Appropriations Excluded from "CAP"

Operations:

    Salaries and Wages A-3 33,000.00 33,000.00

    Other Expenses A-3 1,010,894.48 1,012,075.33

Capital Improvements A-3 75,000.00 75,000.00

Debt Service A-3 1,278,077.41 1,231,079.04

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS  
(CONCLUDED)

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Refund of Prior Year Revenue		\$ -	\$ 38,338.65
Interfund Advance	A-12	281,020.18	
Prepaid School Taxes	A-14	250.00	337,739.00
Prepaid Taxes Adjustment			5,701.79
Prior Year Appeals Granted	A-18	16,032.45	
Prior Year Grant Receivable Canceled		-	1,600.00
County Taxes	A-25	4,890,358.07	4,799,956.59
County Open Space Taxes	A-25	536,415.44	803,972.50
County Share of Added Taxes	A-25	5,348.13	2,023.38
Local School District Taxes	A-25	32,450,594.50	31,781,722.50
Municipal Open Space Tax	A-25	165,171.37	250,100.44
		<u>38,345,190.14</u>	<u>38,021,154.85</u>
Total Expenditures		<u>48,510,078.47</u>	<u>48,277,245.22</u>
Excess in Revenue		1,724,472.28	1,066,321.79
Fund Balance January 1	A	<u>1,658,342.25</u>	<u>2,542,020.46</u>
		3,382,814.53	3,608,342.25
Decreased by :			
Utilization as Anticipated Revenue	A-2	<u>1,657,000.00</u>	<u>1,950,000.00</u>
Fund Balance December 31	A	<u>\$ 1,725,814.53</u>	<u>\$ 1,658,342.25</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Budget Anticipated	Added by 40A: 4-87	Realized	Excess or (Deficit)
		\$	\$	\$	\$
Fund Balance Anticipated	A-1	1,657,000.00	-	1,657,000.00	-
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-11	1,300.00		1,619.00	319.00
Other	A-2	-		17,585.00	17,585.00
Fees and Permits :					
Construction Code Official	A-11	110,000.00		122,583.00	12,583.00
Other	A-2	98,000.00		95,327.97	(2,672.03)
Fines and Costs					
Municipal Court	A-11	120,000.00		138,536.24	18,536.24
Interest and Costs on Taxes	A-11	130,000.00		175,102.61	45,102.61
Consolidated Municipal Property Tax Relief Aid	A-11	26,559.00		26,027.76	(531.24)
Energy Receipts Tax	A-11	531,435.00		531,435.00	-
Garden State Trust	A-24	260,544.00		260,996.55	452.55
Public and Private Programs Offset by Revenues :					
Clean Communities Program	A-20	16,792.61		16,792.61	-
Body Armor Replacement Grant	A-20	1,447.60	1,682.71	3,130.31	-
Historical Commission Grant	A-20	1,500.00		1,500.00	-
Charlotteburg Dam and Reservoir	A-20	-	56,700.00	56,700.00	-
Click It or Ticket	A-20	-	4,000.00	4,000.00	-
Other Special Items					
General Capital Surplus	A-11	30,000.00		30,000.00	-
Total Miscellaneous Revenues	A-1	1,327,578.21	62,382.71	1,481,336.05	91,375.13
Receipts from Delinquent Taxes	A-1,2	574,000.00		639,439.75	65,439.75
Amount to be Raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	8,263,705.36	-	8,868,921.34	605,215.98
Budget Totals	A-1,2	11,822,283.57	62,382.71	12,646,697.14	762,030.86
Non-Budget Revenues				135,484.72	135,484.72
	Ref.	\$ 11,822,283.57	\$ 62,382.71	\$ 12,782,181.86	\$ 897,515.58
		A-3	A-3		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>		
Allocation of Current Tax Collections :			
2010 Taxes Collected in 2009	A-8	\$ 160,639.75	
2010 Taxes Collected in 2010	A-8	44,958,456.74	
State's Share of Senior Citizens' and Veterans' Deductions	A-8	<u>78,000.00</u>	
	A-1	45,197,096.49	
Allocated to School and County Taxes	A-25	<u>38,047,887.51</u>	
		7,149,208.98	
Add : Reserve for Uncollected Taxes	A-3	<u>1,719,712.36</u>	
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 8,868,921.34</u>
Delinquent Tax Collections:			
Taxes Receivable	A-2,8	638,767.07	
Tax Title Liens Receivable	A-9	<u>672.68</u>	
	A-2		<u>\$ 639,439.75</u>
Licenses - Other:			
Clerk	A-2,11		<u>\$ 17,585.00</u>
Fees and Permits - Other :			
Board of Health	A-11	\$ 5,550.00	
Plumbing Inspector	A-11	35,216.00	
Fire Inspector	A-11	13,915.00	
Electrical Inspector	A-11	28,146.00	
Planning Board	A-11	150.00	
Board of Adjustment	A-11	4,750.00	
Public Defender	A-11	2,209.50	
Tax Searches	A-11	262.00	
Fire Safety - Inspections	A-11	<u>5,129.47</u>	
	A-2		<u>\$ 95,327.97</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
(CONCLUDED)

	<u>Ref.</u>	
<u>Analysis of Non-Budget Revenue</u>		
Interfund Accounts Receivable:		
Interest on Savings and Investments	A-12	\$ 2,148.83
Treasurer :		
Interest on Savings and Investments		\$ 39,012.54
Board of Health Fees		2,223.00
Cable Television Franchise Fee		35,632.00
Combe Settlement		4,838.59
Division of Motor Vehicles Fines		5,064.50
Outside Employment Administration Fee		5,945.29
Police Department		2,640.50
Zoning Ordinances		20.25
Copies		128.07
Senior Citizen and Veterans Administration Fee		1,565.00
Miscellaneous State		80.00
Assessor's Lists		260.00
Land Use Ordinances & Maps		53.50
Return Check Fees		400.00
Void Checks Canceled		18,377.18
Miscellaneous Due from Other Funds		15,245.47
Other		<u>1,850.00</u>
	A-4	<u>133,335.89</u>
	A-2	<u>\$ 135,484.72</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
<b>OPERATIONS WITHIN "CAP"</b>							
<b>GENERAL GOVERNMENT :</b>							
General Administration							
Salaries and Wages		\$ 113,750.00	\$ 101,750.00	\$ 101,355.15	\$ 394.85		\$ -
Other Expenses							
Mayor and Council							
Salaries and Wages		19,500.00	19,500.00	19,499.52	0.48		
Other Expenses		2,500.00	2,500.00	2,496.10	3.90		
Municipal Clerk							
Salaries and Wages		102,595.00	105,295.00	104,227.15	1,067.85		
Other Expenses		5,250.00	5,250.00	5,154.32	95.68		
Financial Administration							
Salaries and Wages		77,900.00	80,400.00	48,319.31	32,080.69		
Other Expenses		100.00	100.00	28.90	71.10		
Auditing Services							
Other Expenses		27,500.00	27,500.00	27,500.00	-		
Collection of Taxes							
Salaries and Wages		58,500.00	58,500.00	47,823.03	10,676.97		
Other Expenses		6,850.00	6,850.00	6,640.57	209.43		
Assessment of Taxes							
Salaries and Wages		53,327.00	53,327.00	51,871.52	1,455.48		
Other Expenses		5,150.00	5,150.00	4,890.23	259.77		
Legal Services and Costs							
Other Expenses		142,000.00	142,000.00	133,146.27	8,853.73		
Engineering Services and Costs							
Other Expenses		10,000.00	10,000.00	10,000.00	-		
Historical Commission							
Salaries and Wages		2,750.00	2,750.00	2,130.00	620.00		
Other Expenses		7,455.00	7,455.00	7,155.81	299.19		
Municipal Land Use Law (40:44D-1)							
Planning Board							
Salaries and Wages		12,850.00	12,850.00	12,850.00	-		
Other Expenses		5,050.00	5,050.00	4,504.74	545.26		
Board of Adjustment							
Salaries and Wages		1,000.00	1,000.00	645.23	354.77		
Other Expenses		4,375.00	4,375.00	4,312.25	62.75		

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
<b>OPERATIONS WITHIN "CAP"</b>							
<b>GENERAL GOVERNMENT : (CONTINUED)</b>							
Insurance and Surety Bond Premiums		\$ 275,000.00	\$ 275,000.00	\$ 272,084.02	\$ 2,915.98	\$ -	
General Liability		154,000.00	154,000.00	153,668.84	331.16		
Worker Compensation Insurance		713,440.00	688,440.00	681,132.41	7,307.59		
Employee Group Health		12,000.00	12,500.00	11,609.95	890.05		
Unemployment Compensation Insurance							
<b>PUBLIC SAFETY :</b>							
Police		1,767,632.00	1,769,632.00	1,769,253.29	378.71		
Salaries and Wages		71,500.00	71,500.00	70,815.73	684.27		
Other Expenses							
Police Dispatching/911		120,366.00	135,166.00	132,492.81	2,673.19		
Salaries and Wages		27,100.00	29,100.00	29,033.24	66.76		
Other Expenses							
Emergency Management Services		3,625.00	5,625.00	4,001.56	1,623.44		
Salaries and Wages		875.00	875.00	750.00	125.00		
Other Expenses		75,000.00	75,000.00	74,890.00	110.00		
Aid to Volunteer Fire Company		36,000.00	36,000.00	31,833.90	4,166.10		
Aid to Tri-Borough Ambulance Squad							
Fire		12,000.00	12,000.00	11,999.96	0.04		
Salaries and Wages		67,415.00	67,415.00	67,174.00	241.00		
Other Expenses							
Municipal Prosecutor		13,000.00	13,000.00	12,100.00	900.00		
Other Expenses							
<b>PUBLIC WORKS FUNCTIONS:</b>							
Street and Road Maintenance		820,000.00	820,000.00	809,852.02	10,147.98		
Salaries and Wages		253,500.00	253,500.00	222,337.28	31,162.72		
Other Expenses							
Garbage and Trash Removal		24,544.00	24,544.00	24,544.00	-		
Salaries and Wages		460,834.00	460,834.00	455,303.15	5,530.85		
Other Expenses							
Public Buildings and Grounds		54,250.00	54,250.00	44,127.16	10,122.84		
Other Expenses							
Vehicle Maintenance		48,760.00	57,760.00	51,805.44	5,954.56		
Other Expenses							
Smoke Rise-Condo Costs		116,728.00	116,728.00	105,000.00	11,728.00		
Other Expenses							

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
<b>OPERATIONS WITHIN "CAP"</b>							
<b>HEALTH AND WELFARE:</b>							
Board of Health							
Salaries and Wages		\$ 41,750.00	\$ 42,750.00	\$ 42,206.61	\$ 543.39	\$ -	
Other Expenses		108,050.00	108,050.00	107,598.11	451.89		
Environmental Commission ( R.S. 40:56A-1 et seq.)							
Salaries and Wages		4,150.00	4,150.00	4,150.00	-		
Other Expenses		2,350.00	2,350.00	323.79	2,026.21		
Animal Control							
Other Expenses		21,000.00	21,000.00	20,441.67	558.33		
Senior Citizens' Programs		3,750.00	3,750.00	3,750.00	-		
Other Expenses							
Senior Citizens' Transportation		77,000.00	77,000.00	74,243.00	2,757.00		
Other Expenses							
<b>RECREATION AND EDUCATION :</b>							
Board of Recreation Commission (40:12-1.8)							
Salaries and Wages		21,950.00	21,950.00	21,353.96	596.04		
Other Expenses		3,500.00	3,500.00	3,272.65	227.35		
<b>OTHER COMMON OPERATING FUNCTIONS:</b>							
Accumulated Leave Compensation							
Salaries and Wages		25,000.00	25,000.00	25,000.00	-		
Uniform Construction Code - Code Enforcement							
Salaries and Wages		7,645.00	8,645.00	8,046.40	598.60		
Other Expenses		193,570.00	196,870.00	196,849.75	20.25		
<b>UNCLASSIFIED:</b>							
Utilities:							
Electricity		52,500.00	52,500.00	50,682.90	1,817.10		
Street Lighting		10,000.00	10,000.00	2,087.88	7,912.12		
Telephone		36,000.00	36,000.00	32,189.14	3,810.86		
Natural Gas		14,000.00	14,000.00	10,161.65	3,838.35		
Fuel Oil		6,000.00	6,000.00	4,798.92	1,201.08		
Gasoline		68,000.00	68,000.00	62,885.64	5,114.36		
Landfill Tipping Fees		400,000.00	380,500.00	326,188.62	54,311.38		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended Reserved	Unexpended Balance Canceled
<b>OPERATIONS WITHIN "CAP"</b>						
Municipal Court		\$ 106,700.00	\$ 115,400.00	\$ 111,648.32	\$ 3,751.68	\$ -
Salaries and Wages		8,475.00	8,475.00	7,900.85	574.15	-
Other Expenses		1,350.00	1,350.00	1,350.00	-	-
Public Defender		116,525.00	125,225.00	120,899.17	4,325.83	-
Other Expenses		6,998,711.00	6,991,711.00	6,747,488.72	244,222.28	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>		<b>6,998,711.00</b>	<b>6,991,711.00</b>	<b>6,747,488.72</b>	<b>244,222.28</b>	<b>-</b>
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>						
<b>DETAIL :</b>						
Salaries and Wages	A-1	3,283,784.00	3,318,484.00	3,251,914.69	66,569.31	-
Other Expenses	A-1	3,714,927.00	3,673,227.00	3,495,574.03	177,652.97	-
		6,998,711.00	6,991,711.00	6,747,488.72	244,222.28	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</b>						
<b>STATUTORY EXPENDITURES :</b>						
Contribution to :						
Public Employees' Retirement System		186,763.20	186,763.20	186,763.20	-	-
Social Security System (O.A.S.I.)		250,000.00	257,000.00	252,066.28	4,933.72	-
Police and Fireman's Retirement System of N.J.		332,442.24	332,442.24	332,442.24	-	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</b>		<b>769,205.44</b>	<b>776,205.44</b>	<b>771,271.72</b>	<b>4,933.72</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"</b>	A-1	<b>7,767,916.44</b>	<b>7,767,916.44</b>	<b>7,518,760.44</b>	<b>249,156.00</b>	<b>-</b>
<b>OPERATIONS EXCLUDED FROM "CAP"</b>						
Employee Group Health		16,560.00	16,560.00	16,560.00	-	-
Maintenance of Free Public Library (c. 82, P.L. 1985)		802,593.00	802,593.00	777,768.52	24,824.48	-
Reserve for Tax Appeals		60,000.00	60,000.00	60,000.00	-	-
Storm Water Management (N.J.S.A. 40A:4-45.3)		33,000.00	33,000.00	33,000.00	-	-
Salaries and Wages		6,000.00	6,000.00	2,729.53	3,270.47	-
Other Expenses		23,121.80	23,121.80	23,121.80	-	-
Contribution to: (N.J.S.A. 40A:4-45.3qq)		20,496.76	20,496.76	20,496.76	-	-
Public Employees Retirement System		16,792.61	16,792.61	16,792.61	-	-
Police and Firemen's Retirement System of N.J.		-	56,700.00	56,700.00	-	-
Public and Private Programs Offset by Revenues:		-	4,000.00	4,000.00	-	-
Clean Communities Grant Program		1,500.00	1,500.00	1,500.00	-	-
Charlotteburg Dam & Reservoir (Added by N.J.S.A. 4-87)		-	1,682.71	1,682.71	-	-
Click-It-or-Ticket (Added by N.J.S.A. 40A:4-87)		-	1,447.60	1,447.60	-	-
Historical Commission		1,447.60	1,447.60	1,447.60	-	-
Highlands Initial Assessment Grant (Added by N.J.S.A. 40A:4-87)		981,511.77	1,043,894.48	1,015,799.53	28,094.95	-
Body Armor Replacement Fund		-	-	-	-	-
<b>TOTAL OPERATIONS EXCLUDED FROM "CAP"</b>		<b>1,043,894.48</b>	<b>1,043,894.48</b>	<b>1,015,799.53</b>	<b>28,094.95</b>	<b>-</b>
<b>DETAIL :</b>						
Salaries and Wages	A-1	33,000.00	33,000.00	33,000.00	-	-
Other Expenses	A-1	948,511.77	1,010,894.48	982,799.53	28,094.95	-
		981,511.77	1,043,894.48	1,015,799.53	28,094.95	-

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Appropriations		Budget After Modification	Expended		Unexpended Balance Canceled
		Budget			Paid or Charged	Reserved	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"</u>							
Capital Improvement Fund	A-1	\$ 75,000.00		\$ 75,000.00	\$ 75,000.00	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAP"		<u>75,000.00</u>		<u>75,000.00</u>	<u>75,000.00</u>	<u>-</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"</u>							
Payment of Bond Principal		455,000.00		455,000.00	455,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes		489,800.00		489,800.00	489,800.00	-	-
Interest on Bonds		177,683.00		177,683.00	177,683.00	-	-
Interest on Notes		85,700.00		85,700.00	85,638.31	-	61.69
Green Trust Loan Program:							
Loan Repayments for Principal and Interest		69,960.00		69,960.00	69,956.10	-	3.90
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAP"	A-1	<u>1,278,143.00</u>		<u>1,278,143.00</u>	<u>1,278,077.41</u>	<u>-</u>	<u>65.59</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAP"		<u>2,334,654.77</u>		<u>2,397,037.48</u>	<u>2,368,876.94</u>	<u>28,094.95</u>	<u>65.59</u>
SUBTOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES		10,102,571.21		10,164,953.92	9,887,637.38	277,250.95	65.59
		<u>1,719,712.36</u>		<u>1,719,712.36</u>	<u>1,719,712.36</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS		<u>\$ 11,822,283.57</u>		<u>\$ 11,884,666.28</u>	<u>\$ 11,607,349.74</u>	<u>\$ 277,250.95</u>	<u>\$ 65.59</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONCLUDED)

	Ref.	Budget	Appropriations Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
TOTAL GENERAL APPROPRIATIONS		<u>\$ 11,822,283.57</u>	<u>\$ 11,884,666.28</u>	<u>\$ 11,607,349.74</u>	<u>\$ 277,250.95</u>	<u>\$ 65.59</u>	
	Ref.						A
Original Budget Adopted	A-2		\$ 11,822,283.57				
Appropriated by 40A:4-87	A-2		<u>62,382.71</u>				
			<u>\$ 11,884,666.28</u>				
Disbursed			\$ 9,600,455.08				
Less : Refunds			<u>106,658.57</u>				
				\$ 9,493,796.51			
Reserve for Encumbrances	A-4			251,717.95			
Transferred to Reserve for Tax Appeals Pending	A-16			60,000.00			
Amount Due to Federal and State Grants Fund	A-19			82,122.92			
Reserve for Uncollected Taxes	A-20			1,719,712.36			
	A-2			<u>\$ 11,607,349.74</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION B  
TRUST FUND



BOROUGH OF KINNELON  
TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<b>Animal Control Fund :</b>			
Cash - Treasurer	B-1	\$ 2,224.22	\$ 4,304.29
Interfund Accounts Receivable	B-2	<u>          -</u>	<u>          131.20</u>
		<u>2,224.22</u>	<u>4,435.49</u>
<b>Other Funds :</b>			
Cash - Treasurer	B-1	2,506,960.66	2,747,531.95
Interfund Accounts Receivable	B-2	<u>61,500.00</u>	<u>3,710.00</u>
		<u>2,568,460.66</u>	<u>2,751,241.95</u>
		<u>\$ 2,570,684.88</u>	<u>\$ 2,755,677.44</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
<b>Animal Control Fund:</b>			
Amount Due to State of New Jersey	B-3	\$ 369.30	\$ 335.70
Reserve for Animal Control Fund Expenditures	B-4	27.92	1,852.79
Prepaid Licenses	B-5	<u>1,827.00</u>	<u>2,247.00</u>
		<u>2,224.22</u>	<u>4,435.49</u>
<b>Other Funds:</b>			
Reserve for Special Funds	B-7	2,567,011.44	2,728,418.02
Interfund Accounts Payable	B-8	<u>1,449.22</u>	<u>22,823.93</u>
		<u>2,568,460.66</u>	<u>2,751,241.95</u>
		<u>\$ 2,570,684.88</u>	<u>\$ 2,755,677.44</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION C  
GENERAL CAPITAL FUND

BOROUGH OF KINNELON  
 GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Cash - Treasurer	C-2	\$ 1,917,908.55	\$ 657,633.51
Deferred Charges to Future Taxation:			
Funded	C-4	6,597,640.73	7,116,287.72
Unfunded	C-5	8,650,101.62	7,600,966.72
Amount Due from Current Fund	C-6	<u>-</u>	<u>3,388.78</u>
		<u>\$ 17,165,650.90</u>	<u>\$ 15,378,276.73</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-15	\$ 6,330,000.00	\$ 6,785,000.00
Green Acres Loan Payable	C-14	267,640.73	331,287.72
Bond Anticipation Notes	C-13	7,021,100.00	5,531,400.00
Capital Improvement Fund	C-7	74,750.00	82,750.00
Amount Due to Current Fund	C-8	4,469.05	52.93
Reserve for Cost of Issuance	C-9	3,940.93	65,134.81
Reserve for Housing Rehabilitation	C-10	9,350.00	9,350.00
Improvement Authorizations :			
Funded	C-11	103,224.77	136,879.65
Unfunded	C-11	3,006,054.84	2,317,664.42
Reserve for Encumbrances	C-12	291,665.60	56,346.31
Fund Balance	C-1	<u>53,454.98</u>	<u>62,410.89</u>
		<u>\$ 17,165,650.90</u>	<u>\$ 15,378,276.73</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2010 in the amount of \$1,629,001.62. (See Schedule C-16 for Analysis)

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 62,410.89
Increased by:		
Premium on Sale of Notes	C-2	<u>21,044.09</u>
		83,454.98
Decreased by:		
Paid to Current Fund as Anticipated Revenue	C-2	<u>30,000.00</u>
Balance December 31, 2010	C	<u>\$ 53,454.98</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION D  
WATER UTILITY FUND

BOROUGH OF KINNELON

WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Operating Fund :			
Cash - Treasurer	D-5	\$ 10,792.97	\$ 186,222.49
Interfund Accounts Receivable	D-7	<u>-</u>	<u>1,786.50</u>
		<u>10,792.97</u>	<u>188,008.99</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	<u>17,761.49</u>	<u>5,497.62</u>
Deferred Charges:			
Emergency Authorizations	D-9	35,000.00	-
Operating Deficit	D-10	<u>20,187.32</u>	<u>-</u>
		<u>55,187.32</u>	<u>-</u>
Total Operating Fund		<u>83,741.78</u>	<u>193,506.61</u>
Capital Fund :			
Cash - Treasurer	D-5	185,918.79	205,647.63
Fixed Capital	D-11	399,174.05	399,174.05
Fixed Capital Authorized and Uncompleted	D-12	<u>936,000.00</u>	<u>936,000.00</u>
Total Capital Fund		<u>1,521,092.84</u>	<u>1,540,821.68</u>
		<u>\$ 1,604,834.62</u>	<u>\$ 1,734,328.29</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(CONCLUDED)

		<u>December 31,</u>	
<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Operating Fund :			
Liabilities :			
Appropriation Reserves	D-4,13	\$ 39,543.68	\$ 75,392.65
Reserve for Encumbrances	D-14	20,405.68	18,372.33
Accrued Interest on Notes	D-15	4,233.91	5,299.11
Prepaid Rents	D-16	233.20	451.34
Amount Due to Current Fund	D-17	<u>1,070.26</u>	<u>-</u>
		65,486.73	99,515.43
Reserve Receivables		17,761.49	5,497.62
Fund Balance	D-1	<u>493.56</u>	<u>88,493.56</u>
Total Operating Fund		<u>83,741.78</u>	<u>193,506.61</u>
Capital Fund :			
Interfund Accounts Payable	D-18	-	716.24
Capital Improvement Fund	D-19	84,868.00	84,868.00
Improvement Authorizations - Funded	D-20	6,000.00	6,000.00
Improvement Authorizations - Unfunded	D-20	147,027.72	160,096.72
Reserve for Amortization	D-21	610,174.05	558,174.05
Deferred Reserve for Amortization	D-22	77,000.00	77,000.00
Bond Anticipation Notes	D-23	594,000.00	646,000.00
Fund Balance	D-2	<u>2,023.07</u>	<u>7,966.67</u>
Total Capital Fund		<u>1,521,092.84</u>	<u>1,540,821.68</u>
		<u>\$ 1,604,834.62</u>	<u>\$ 1,734,328.29</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2010 in the amount of \$54,000.00 (See Schedule D-24 for Analysis.)

The accompanying Notes to Financial Statements are an integral part of this statement.

## BOROUGH OF KINNELON

WATER UTILITY FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	D-1,3	\$ 88,000.00	\$202,000.00
Rents	D-3	325,840.62	223,808.09
Miscellaneous	D-3	2,524.04	5,271.79
Water Connection Fees	D-3	7,000.00	-
Other Credits to Income :			
Unexpended Balance of Appropriation Reserves	D-13	<u>19,448.02</u>	<u>76,870.28</u>
Total Income		<u>442,812.68</u>	<u>507,950.16</u>
 <u>Expenditures</u> 			
Budgetary Appropriations:			
Operating	D-4	425,000.00	400,000.00
Debt Service	D-4	61,110.00	64,000.00
Statutory Expenditures	D-4	<u>11,890.00</u>	<u>12,500.00</u>
Total Expenditures		498,000.00	<u>476,500.00</u>
Less Adjustment: Expenditures Included Above Which by Statute are Deferred Charges to the Budgets of Succeeding Years	D-9	<u>35,000.00</u>	
		<u>463,000.00</u>	
Operating Deficit	D	<u>\$ 20,187.32</u>	
Excess in Revenue			31,450.16
Fund Balance January 1	D	<u>88,493.56</u>	<u>259,043.40</u>
		88,493.56	290,493.56
Decreased by:			
Utilization as Anticipated Revenue	D-1	<u>88,000.00</u>	<u>202,000.00</u>
Fund Balance December 31	D	<u>\$ 493.56</u>	<u>\$ 88,493.56</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



BOROUGH OF KINNELON  
WATER UTILITY FUND  
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2009	D	<u>\$ 7,966.67</u>
Increased by :		
Premium on Notes Issued	D-5	<u>1,056.40</u>
Decreased by :		
Anticipated Revenue in Water Operating Fund	D-18	<u>7,000.00</u>
Balance December 31, 2010	D	<u>\$ 2,023.07</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## BOROUGH OF KINNELON

WATER UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 88,000.00	\$ 88,000.00	\$ -
Rents	D-1,3	362,800.00	325,840.62	(36,959.38)
Miscellaneous	D-1,3	5,200.00	2,524.04	(2,675.96)
Water Capital Fund Balance	D-1,3	<u>7,000.00</u>	<u>7,000.00</u>	<u>-</u>
	D-4	<u>\$ 463,000.00</u>	<u>\$423,364.66</u>	<u>\$ (39,635.34)</u>

Analysis of Realized Revenue

	<u>Ref.</u>	
Rents :		
Received 2010	D-8	\$ 325,389.28
Received 2009	D-8	<u>451.34</u>
	D-3	<u>\$325,840.62</u>
Miscellaneous :		
Treasurer:		
Interest on Savings and Investment:		
Operating Fund	D-5	\$ 889.91
Interfund Accounts Receivable -		
Water Capital Fund	D-7	<u>1,634.13</u>
	D-3	<u>\$ 2,524.04</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON

WATER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Balance Dec. 31, 2010	Reserve for Encumbrances	Reserved
Operating :								
Salaries and Wages		\$ 150,000.00	-	\$ 150,000.00	\$ 146,171.92	\$ 3,828.08	\$ -	\$ 3,828.08
Other Expenses		240,000.00	-	275,000.00	219,880.01	55,119.99	20,405.68	34,714.31
Total Operating	D-1	390,000.00	-	425,000.00	366,051.93	58,948.07	20,405.68	38,542.39
Debt Service:								
Payment of Bond Anticipation Notes		52,000.00		52,000.00	52,000.00	-	-	-
Interest on Notes	D-1	9,110.00	-	9,110.00	9,110.00	-	-	-
Statutory Expenditures :								
Contribution to:								
Social Security System (O.A.S.I.)		11,390.00		11,390.00	10,613.76	776.24		776.24
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	D-1	500.00	-	500.00	274.95	225.05	-	225.05
		11,890.00	-	11,890.00	10,888.71	1,001.29	-	1,001.29
	Ref.	\$ 463,000.00	\$ -	\$ 498,000.00	\$ 438,050.64	\$ 59,949.36	\$ 20,405.68	\$ 39,543.68
							D-14	D

Original Budget  
 Added by: NJSA 40A: 4-47

Disbursed Interest on Notes	Ref.	
	D-5	\$ 428,940.64
	D-15	9,110.00
		<u>\$438,050.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION E  
SEWER UTILITY FUND

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Cash - Treasurer	E-4	\$ 373,415.08	\$ 489,703.50
Receivables with Full Reserves:			
Consumers' Accounts Receivable	E-5	<u>38,771.06</u>	<u>39,038.28</u>
		<u>\$ 412,186.14</u>	<u>\$ 528,741.78</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	E-3,6	\$ 93,499.88	\$ 78,761.32
Reserve for Encumbrances	E-7	16,684.62	28.14
Prepaid Rents	E-8	418.21	244.80
Amount Due to Borough of Butler	E-9	<u>8,195.56</u>	<u>6,882.75</u>
		118,798.27	85,917.01
Reserve for Receivables		38,771.06	39,038.28
Fund Balance	E-1	<u>254,616.81</u>	<u>403,786.49</u>
		<u>\$ 412,186.14</u>	<u>\$ 528,741.78</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	E-1,2	\$ 229,500.00	\$ 200,000.00
Rents	E-2	361,812.19	348,369.50
Miscellaneous	E-2	2,841.07	7,620.71
Other Credits to Income :			
Unexpended Balance of Appropriation Reserve	E-6	<u>71,177.06</u>	<u>42,599.97</u>
Total Income		<u>665,330.32</u>	<u>598,590.18</u>
 <u>Expenditures</u> 			
Budgetary Appropriations:			
Operating	E-3	577,000.00	577,000.00
Statutory Expenditures	E-3	<u>8,000.00</u>	<u>8,000.00</u>
Total Expenditures		<u>585,000.00</u>	<u>585,000.00</u>
Excess in Revenue		80,330.32	13,590.18
Fund Balance January 1	E	<u>403,786.49</u>	<u>590,196.31</u>
		484,116.81	603,786.49
Decreased by :			
Utilization as Anticipated Revenue	E-1	<u>229,500.00</u>	<u>200,000.00</u>
Fund Balance December 31	E	<u>\$ 254,616.81</u>	<u>\$ 403,786.49</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## BOROUGH OF KINNELON

SEWER UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	E-1	\$ 229,500.00	\$ 229,500.00	\$ -
Rents	E-1,2	348,000.00	361,812.19	13,812.19
Miscellaneous	E-1,2	<u>7,500.00</u>	<u>2,841.07</u>	<u>(4,658.93)</u>
	E-3	<u>\$ 585,000.00</u>	<u>\$ 594,153.26</u>	<u>\$ 9,153.26</u>
<u>Analysis of Revenues</u>	<u>Ref.</u>			
Rents:				
Received in 2010	E-5	\$ 361,567.39		
Received in 2009	E-5	<u>244.80</u>		
	E-2		<u>\$ 361,812.19</u>	
Miscellaneous:				
Checking Interest		<u>\$ 2,841.07</u>		
	E-2,4		<u>\$ 2,841.07</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

SEWER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget Appropriation</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operating :							
Salaries and Wages		\$ 97,000.00	\$10,000.00	\$ 107,000.00	\$ 102,840.25	\$ 4,159.75	
Other Expenses		480,000.00	(10,000.00)	\$ 470,000.00	386,350.70	83,649.30	
Statutory Expenditures:							
Social Security System (O.A.S.I.)		<u>8,000.00</u>	<u>-</u>	<u>8,000.00</u>	<u>2,309.17</u>	<u>5,690.83</u>	
	E-1	<u>\$ 585,000.00</u>	<u>\$ -</u>	<u>\$ 585,000.00</u>	<u>\$ 491,500.12</u>	<u>\$ 93,499.88</u>	<u>\$ -</u>
	Ref.			E-2		E	
				<u>Ref.</u>			
			Disbursed	E-4	\$ 474,815.50		
			Encumbrances	E-7	<u>16,684.62</u>		
					<u>\$ 491,500.12</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.



SECTION F  
PUBLIC ASSISTANCE FUND

BOROUGH OF KINNELON  
 PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Cash - Treasurer :			
P.A.T.F. No. 1	F-1	\$ 34,118.04	\$ 34,113.52
P.A.T.F. No. 2	F-1	<u>5,780.29</u>	<u>5,770.38</u>
		<u>\$ 39,898.33</u>	<u>\$ 39,883.90</u>
<u>Liabilities</u>			
Reserve for Public Assistance :			
P.A.T.F. No. 1	F-2	\$ 32,543.04	\$ 32,590.07
P.A.T.F. No. 2	F-2	5,249.41	5,249.41
Amount Due to Current Fund	F-3	<u>2,105.88</u>	<u>2,044.42</u>
		<u>\$ 39,898.33</u>	<u>\$ 39,883.90</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SECTION G

GENERAL FIXED ASSET ACCOUNT GROUP

## BOROUGH OF KINNELON

GENERAL FIXED ASSET ACCOUNT GROUP  
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land	\$ 4,442,060.23	\$ 4,442,060.23
Buildings	12,661,546.00	1,856,861.00
Improvements Other than Buildings	790,562.00	665,227.00
Machinery and Equipment	3,445,770.00	2,366,419.00
Construction in Progress	<u>-</u>	<u>11,918,810.90</u>
	<u>\$ 21,339,938.23</u>	<u>\$ 21,249,378.13</u>
Investments in General Fixed Assets	<u>\$ 21,339,938.23</u>	<u>\$ 21,249,378.13</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Borough Council of the Borough of Kinnelon have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough's accounting policies are described below.

B. Reporting Entity

The Borough of Kinnelon is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough of Kinnelon.

The primary criterion for including activities within the Borough's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Borough of Kinnelon. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Except as noted below, the financial statements of the Borough of Kinnelon include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Kinnelon, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Kinnelon do not include the operations of the municipal library, or volunteer fire and first aid squads. Furthermore, the Borough of Kinnelon is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

GASB Codification establishes seven fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles. (GAAP)

The accounting policies of the Borough of Kinnelon conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Kinnelon accounts for its financial transactions through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America:

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

General Capital Fund – receipt and disbursement of funds used for acquisition of general capital facilities, other than those acquired in the Current Fund

Water Operating and Capital Funds – account for the operations and acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds – account for the operations and acquisitions of capital facilities of the sewer utility.

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the Borough of Kinnelon pursuant to Title 44 of New Jersey statutes.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Taxes and Other Revenues – property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Kinnelon budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures (including Federal and State Financial Assistance Programs) – unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets as required by GAAP.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Basic Financial Statement – The GASB Codification also defines the financial statements of a governmental unit that are required to be presented in the general purpose financial statements be in accordance with GAAP. The Borough of Kinnelon presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2010 statutory budget included a reserve for uncollected taxes in the amount of \$1,719,712.36. To balance the budget, the municipality is permitted to utilize fund balance. The amounts of fund balance utilized to balance the 2010 statutory budgets were as follows:

Current Fund	\$1,657,000.00
Water Utility Operating Fund	88,000.00
Sewer Utility Operating Fund	229,500.00



BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

Transfers of line item amounts are permitted after November 1, and must be made by a resolution adopted by the governing body. The following significant budget transfers were approved in the 2010 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Administrative & Executive-Other Expenses	\$(12,000.00)
Group Insurance	(25,000.00)
Landfill Tipping Fees	(19,500.00)
Dispatcher-Salaries and Wages	14,800.00
Municipal Court-Salaries and Wages	8,700.00
Social Security	7,000.00
Vehicle Maintenance	9,000.00
Sewer Utility-Other Expenses	(10,000.00)
Sewer Utility-Salaries and Wages	10,000.00

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2010 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Body Armor Grant	\$1,682.71
Click It or Ticket Program	4,000.00
Charlotteburg Dam and Reservoir Grant	56,700.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There was an emergency appropriation approved during the 2010 calendar year for the Water Utility Operating Fund.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

1. Deposits & Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Borough was last completed in 2001.

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 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. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

3. Deferred Charges

The funding of certain expenditures incurred in the current year (i.e. emergencies, overexpenditures) are deferred to subsequent years' budgets.

4. Fixed Assets

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of Kinnelon has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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 improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at assessed value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

5. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities (Continued)

6. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations in order to provide an understanding of changes in the Borough of Kinnelon's financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

Note II: Detailed Notes On All Funds

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2010 the Borough of Kinnelon's cash and cash equivalent's amounted to \$8,119,863.37. Of this amount, \$296,419.46 was covered by federal depository insurance (F.D.I.C.) and \$6,998,312.42 was covered by a collateral pool maintained by the banks as required by GUDPA. Although the individual developers' accounts are subject to F.D.I.C. coverage, it cannot be accurately determined whether the total amount of \$825,131.49 included in Developers Escrow deposits is covered.

At December 31, 2010 the Borough of Kinnelon did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the 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 financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2010, \$825,131.49 of the Borough of Kinnelon's cash and cash equivalents of \$8,119,863.37 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$825,131.49
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BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A.) 40A:5-15.1) permits the Borough of Kinnelon to purchase the following types of securities:

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name if the local unit;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligations that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Kinnelon had no investments as described in Note I:F.1. at December 31, 2010.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

Note II: Detailed Notes On All Funds (Continued)

B. Property Taxes

The Borough of Kinnelon is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash. Property taxes receivable as of December 31, 2010 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2010	<u>\$618,480.63</u>

C. Interfund Receivables and Payables

As of December 31, 2010 interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 9,094.41	\$153,031.82
Federal and State Grants Fund	91,531.82	
Trust Funds:		
Animal Control Fund		
Other Trust Fund	61,500.00	1,449.22
Capital Fund		4,469.05
Water Utility Fund:		
Operating Fund		1,070.26
Capital Fund		
Sewer Utility Fund:		
Operating Fund		
Public Assistance Fund	<u>00.00</u>	<u>2,105.88</u>
	<u>\$162,126.23</u>	<u>\$162,126.23</u>

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, there were deferred charges shown on the balance sheet of the Water Operating Fund as follows:

Emergency Authorizations (40A:4-47)	\$35,000.00
Operating Deficit	<u>20,187.32</u>
	<u>\$55,187.32</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

E. Leases

The Borough of Kinnelon has not entered into any long-term agreements except for equipment which is being capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

The Borough of Kinnelon is leasing Police Cars and a DPW Vehicle totaling \$123,894.60 under capital leases. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments as of December 31, 2010:

<u>Year</u>	<u>Amount</u>
2011	\$11,046.80
Total Minimum Lease Payments	11,046.80
Less: Amount Representing Interest	<u>241.78</u>
Present Value of Net Minimum Lease Payments	<u>\$10,805.02</u>

The Borough of Kinnelon has commitments to lease copying equipment under operating leases which expire in 2011. Total operating lease payments made during the year ended December 31, 2010 were \$3,837.48. Future minimum lease payments are as follows:

<u>Year ended</u>	<u>Amount</u>
December 31, 2011	<u>\$1,918.68</u>
Total Future Minimum Lease Payments	<u>\$1,918.68</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

F. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Kinnelon are general obligation bonds, backed by the full faith and credit of the Borough of Kinnelon. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

Summary of Municipal Debt

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 13,618,740.73	\$ 12,647,687.72	\$ 12,911,880.61
Water Utility:			
Bonds and Notes	<u>594,000.00</u>	<u>646,000.00</u>	<u>692,000.00</u>
Total Issued	<u>14,212,740.73</u>	<u>13,293,687.72</u>	<u>13,603,880.61</u>
<u>Less</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Excess Proceeds of Notes Issued	<u>-</u>	<u>34,630.95</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>34,630.95</u>	<u>-</u>
Net Debt Issued	<u>14,212,740.73</u>	<u>13,259,056.77</u>	<u>13,603,880.61</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,629,001.62	2,104,197.67	802,792.48
Water Utility:			
Bonds and Notes	<u>54,000.00</u>	<u>54,000.00</u>	<u>-</u>
Total Authorized but Not Issued	<u>1,683,001.62</u>	<u>2,158,197.67</u>	<u>802,792.48</u>
Net Bonds and Notes Issued and			
Authorized but not Issued	<u>\$ 15,895,742.35</u>	<u>\$ 15,417,254.44</u>	<u>\$ 14,406,673.09</u>



BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

Summary of Statutory Debt Condition-Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.66 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 27,534,000.00	\$ 27,534,000.00	\$ -
Water Utility Debt	648,000.00	-	648,000.00
General Debt	<u>15,247,742.35</u>	<u>-</u>	<u>15,247,742.35</u>
	<u>\$ 43,429,742.35</u>	<u>\$ 27,534,000.00</u>	<u>\$ 15,895,742.35</u>

Net Debt \$15,900,260.97 divided by Equalized Valuation Basis  
per N.J.S.A. 40A:2-2 as amended, \$2,392,688,113.33 = 0.66%

Borrowing Power Under N.J.S.A. 40a:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 83,744,083.97
Net Debt	<u>15,895,742.35</u>
Remaining Borrowing Power	<u>\$ 67,848,341.62</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

Calculation of " Self Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year		\$ 423,364.66
Deductions:		
Operating and Maintenance Cost	\$ 401,890.00	
Debt Service per Water Account	<u>61,110.00</u>	
		<u>463,000.00</u>
Deficit in Revenue		<u>\$ (39,635.34)</u>

Footnote:

If there is a "deficit in revenue", all such utility debt is not deductible to the extent of 20 times such deficit amount.

Calculation of " Self Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year		\$ 594,153.26
Deductions:		
Operating and Maintenance Cost		<u>585,000.00</u>
Excess in Revenue-Self Liquidating		<u>\$ 9,153.26</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible.

A revised annual debt statement should be filed by the Chief Financial Officer.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the adoption of an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Kinnelon are general obligation bonds.

Serial Bonds outstanding as of December 31, 2010 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Improvements of 2002	4.50%-4.75%	3/1/2011	3/1/2024	\$ 8,670,000.00	\$ 365,000.00
Refunding Bonds of 2009	2.00%-4.00%	3/1/2011	3/1/2024	6,070,000.00	<u>5,965,000.00</u>
					<u>\$ 6,330,000.00</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bonds Payable

Principal and interest due on serial bonds outstanding is as follows:

<u>Calendar</u> <u>Year</u>	<u>Principal</u>	<u>General</u> <u>Interest</u>	<u>Total</u>
2011	\$ 395,000.00	\$ 236,500.00	\$ 631,500.00
2012	405,000.00	223,937.50	628,937.50
2013	415,000.00	213,662.50	628,662.50
2014	430,000.00	200,987.50	630,987.50
2015	440,000.00	185,737.50	625,737.50
2016	445,000.00	168,037.50	613,037.50
2017	455,000.00	150,037.50	605,037.50
2018	460,000.00	131,162.50	591,162.50
2019	465,000.00	111,506.25	576,506.25
2020	475,000.00	91,531.25	566,531.25
2021	475,000.00	71,937.50	546,937.50
2022	485,000.00	50,918.75	535,918.75
2023	490,000.00	29,600.00	519,600.00
2024	495,000.00	9,900.00	504,900.00
	<u>\$ 6,330,000.00</u>	<u>\$ 1,875,456.25</u>	<u>\$ 8,205,456.25</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bond Anticipation Notes

Bond Anticipation notes outstanding as of December 31, 2010 consists of the following:

GENERAL CAPITAL FUND

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Acquisition of New Fire Apparatus	1.25%	2/26/2010	2/25/2011	\$ 82,000.00
Acquisition of Police & DPW Equipment	1.25%	2/26/2010	2/25/2011	42,500.00
Improvement of Fayson Lakes Road	1.25%	2/26/2010	2/25/2011	9,400.00
Improvement of Municipal Complex-HVAC	1.25%	2/26/2010	2/25/2011	140,000.00
Acquisition of New and Additional Equipment	1.25%	2/26/2010	2/25/2011	70,000.00
Various Road Improvements	1.25%	2/26/2010	2/25/2011	60,000.00
Various Road Improvements	1.25%	2/26/2010	2/25/2011	75,000.00
Various Road Improvements of 2004	1.25%	2/26/2010	2/25/2011	56,000.00
Construction of Recreation Fields	1.25%	2/26/2010	2/25/2011	1,327,700.00
Construction of a Salt Storage Facility	1.25%	2/26/2010	2/25/2011	204,700.00
Acquisition of Various Equipment	1.25%	2/26/2010	2/25/2011	318,000.00
Various Road Improvements of 2002	1.25%	2/26/2010	2/25/2011	11,500.00
Improvement of Chilihowie Drive	1.25%	2/26/2010	2/25/2011	29,000.00
Acquisition of Land	1.25%	2/26/2010	2/25/2011	26,000.00
Construction of a New Bike Path	1.25%	2/26/2010	2/25/2011	14,500.00
Construction of Recreation Fields (Supplemental)	1.25%	2/26/2010	2/25/2011	43,500.00
Improvement of Forestdale Road. & Eric Drive	1.25%	2/26/2010	2/25/2011	249,500.00
Various Improvements of 2006	1.25%	2/26/2010	2/25/2011	217,000.00
Improvement of Various Roads	1.25%	2/26/2010	2/25/2011	114,000.00
Improvement of Forestdale Road. & Eric Drive	1.25%	2/26/2010	2/25/2011	31,300.00
Improvements of Kiel Avenue	0.85%	12/10/2010	12/9/2011	426,000.00
Various Improvements of 2007	0.85%	12/10/2010	12/9/2011	578,800.00
Various Improvements of 2008	0.85%	12/10/2010	12/9/2011	509,700.00
Construction of Recreation Fields	0.85%	12/10/2010	12/9/2011	45,000.00
Acquisition of Communication Equipment	0.85%	12/10/2010	12/9/2011	71,400.00
Various Improvements of 2009	0.85%	12/10/2010	12/9/2011	150,000.00
DPW, Storm Drains, Rec. Lighting	0.99%	8/3/2010	2/25/2011	347,200.00
Various Improvements of 2009	0.99%	8/3/2010	2/25/2011	270,800.00
Acquisition of New Fire Apparatus	0.99%	8/3/2010	2/25/2011	457,000.00
Reconditioning of Fire Truck	0.99%	8/3/2010	2/25/2011	285,000.00
Improvement of Brookvalley Road	0.85%	12/10/2010	12/9/2011	252,000.00
Various Improvements of 2010	0.85%	12/10/2010	12/9/2011	406,600.00
Improvements of Kiel Avenue	0.85%	12/10/2010	12/9/2011	100,000.00
				<u>\$ 7,021,100.00</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bond Anticipation Notes (Continued)

WATER CAPITAL FUND

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Improvement of Water Supply System	1.25%	2/26/2010	2/25/2011	\$ 29,000.00
Improvement of Water Supply System	1.25%	2/26/2010	2/25/2011	126,000.00
Improvement of Water Supply System	0.85%	12/10/2010	12/9/2011	359,000.00
Improvement of Water Supply System	0.85%	12/10/2010	12/9/2011	25,000.00
Acquisition of Vehicular Equipment	0.85%	12/10/2010	12/9/2011	55,000.00
				<u>\$ 594,000.00</u>

2. Bonds Authorized but not Issued

As of December 31, 2010 the Borough of Kinnelon had authorized but not issued bonds as follows:

General Capital Fund	<u>\$ 1,629,001.62</u>
Water Utility Capital Fund	<u>\$ 54,000.00</u>

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

G. Loan Agreements

The Borough of Kinnelon has entered into a loan agreement with the State of New Jersey under the Green Acres Loan Program. The loan of \$1,125,000.00 is at an interest rate of 2.00% and payable over 20 years and drawdown was initiated in 1995. See Schedule C-14 for a detailed maturity schedule.

H. Fund Balances Appropriated

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011 were as follows:

Current Fund	\$1,657,000.00
Water Operating Fund	0.00
Sewer Operating Fund	229,500.00

Note III: Pension Plans

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer plans.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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 10 years of service for pension benefits.

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage 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.

According to the State of New Jersey Management Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-2095.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note III: Pension Plans (Continued)

Retirement Benefits

For PERS employees, the benefits will be 1/55 of the average of three highest years of compensation for each year of service. However, for PERS who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

For PFRS employees, the benefits will be various percentages of final compensation depending upon the numbers of years of service.

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased the PERS retirement age. If a person becomes a member on or after November 1, 2008 that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

Chapter 99, P.L. 2009, effective March 17, 2009 gave local PERS employers the option to defer 50% of their contributions in fiscal year 2009 the normal and accrued liability and pay 50 percent of the certified amount as determined by the actuary or pay the full 100% certified amount.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The various pension funds provide for employee contributions based on percentages ranging from 5.50 percent for PERS to 8.50 percent for PFRS of employees' annual compensation, 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 cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS.

During the state fiscal year ended June 30, 2010, for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.



BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note III: Pension Plans (Continued)

The Borough's total payroll for the year ended December 31, 2010 was \$4,412,194.40 and covered payroll was \$2,145,808.00 for PERS and \$1,469,338.00 for PFRS. Contributions to the PERS and the PFRS for the last three years ended December 31 made by the employees and Borough of Kinnelon were as follows:

		<u>PERS</u>	Percent of Covered <u>Payroll</u>	<u>PFRS</u>	Percent of Covered <u>Payroll</u>
Employees	12/31/08	115,136.72	5.25%	122,117.45	8.50%
	12/31/09	118,205.26	5.53%	122,137.52	8.50%
	12/31/10	120,145.58	5.59%	124,893.82	8.50%
Borough of Kinnelon	12/31/08	130,940.00	5.97%	288,625.00	20.08%
	12/31/09	179,580.00	8.41%	319,656.00	22.25%
	12/31/10	209,885.00	9.78%	352,939.00	24.02%

Note IV: Post Retirement Medical Benefits

P.L. 1997, C. 330 provides State paid post retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge.

PERS employees do not receive post-retirement medical benefits.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)

Note V: Risk Management

The Borough of Kinnelon is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough of Kinnelon is also a member of the New Jersey Intergovernmental Insurance Fund. The Fund is an insurance purchasing pool, in which the participants seek to lower insurance costs through their combined joint purchasing power. Each participant receives their own insurance policies. Risk transfers through the pool to the insurance company from which the policies are purchased.

<u>SCHEDULE OF COVERAGES</u>	<u>LIMITS</u>	<u>DEDUCTIBLES</u>
Public Entity Property	Scheduled	\$5,000
Public Entity General Liability	\$15,000,000	None
Law Enforcement Liability	15,000,000	None
Public Entity Auto Liability	15,000,000	1,000
Auto Mobile Physical Damage	Scheduled	None
Public Entity Inland Marine	250,000,000	5,000
Public Entity Crime	1,000,000	1,000
Public Official Liability	15,000,000	5,000
Environmental Impairment/ Contractor's Pollution Liability	1,000,000 3,000,000	25,000 None
Boiler and Machinery	100,000,000	5,000/10,000
Workers Compensation Employers Liability	15,000,000	None

The Fund can declare and return Fund Equity to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Kinnelon continues to carry insurance coverage for employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOROUGH OF KINNELON

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

Note VI: Segment Information – Utility

The Borough of Kinnelon maintains two utility/enterprise funds which provide water and sewer services. Segment information for the year ended December 31, 2010 was as follows:

	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>
Operating Revenue	\$332,840.62	\$361,812.19
Operating Income or (Loss)	(104,049.38)	(223,187.81)
Operating Deficit	(20,187.32)	
Net Income		80,330.32
Net Working Capital	(36,932.27)	293,387.87
Total Operating Assets	83,741.78	412,186.14
Operating Fund Balance	493.56	254,616.81
Short Term Debt	594,000.00	

Note VII: Accrued Sick and Vacation Benefits

The Borough of Kinnelon permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate.

It is estimated that the current cost of such unpaid compensation would approximate \$422,593.00. This amount is not reported either as an expenditure or a liability. The Borough has budgeted \$35,000.00 in the 2011 budget and reserved \$73,396.63 in the Trust Fund. It is expected that the remaining cost of such unpaid compensation would be included in the Borough of Kinnelon's budget operating expenditures in the years in which it is used.

Note VIII: Related Party Transactions

Mr. Glenn L. Sisco, Mayor of the Borough of Kinnelon is a Trustee of the Free Public Library. Exhibit A-3 reflects that \$777,768.52 and Exhibit A-15 reflects that \$65,943.13 has been paid to the Borough of Kinnelon Free Public Library and that there is an Appropriation Reserve balance of \$24,824.48 as of December 31, 2010.

Note IX: Contingent Liabilities

The Borough of Kinnelon is a defendant in several lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

The Attorney has noted certain Tax Appeals with the State Tax Court. The Borough has budgeted \$60,000.00 in the 2011 budget and reserved \$3,799.34 on the Current Fund Balance Sheet for any refunds that may result if the appeals are successful.

**SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT**

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,657,000.00	3.30%	\$ 1,950,000.00	3.95%
Miscellaneous-From Other than Local Property Tax Levies	2,741,014.51	5.46%	2,131,931.52	4.32%
Collection of Delinquent Taxes and Tax Title Liens	639,439.75	1.27%	737,985.27	1.50%
Collection of Current Tax Levy	<u>45,197,096.49</u>	<u>89.97%</u>	<u>44,523,650.22</u>	<u>90.23%</u>
Total Income	<u>50,234,550.75</u>	<u>100.00%</u>	<u>49,343,567.01</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	10,164,888.33	20.95%	10,256,090.27	21.24%
Miscellaneous	297,302.63	0.62%	383,379.44	0.79%
County Taxes	5,432,121.64	11.20%	5,605,952.57	11.61%
Local School Taxes	32,450,594.50	66.89%	31,781,722.50	65.83%
Municipal Open Space Tax	165,171.37	0.34%	250,100.44	0.52%
Total Expenditures	<u>48,510,078.47</u>	<u>100.0%</u>	<u>48,277,245.22</u>	<u>100.0%</u>
Excess in Revenue	1,724,472.28		1,066,321.79	
Fund Balance January 1	<u>1,658,342.25</u>		<u>2,542,020.46</u>	
	3,382,814.53		3,608,342.25	
Less:				
Utilization as Anticipated Revenue	<u>1,657,000.00</u>		<u>1,950,000.00</u>	
Fund Balance December 31	<u>\$ 1,725,814.53</u>		<u>\$ 1,658,342.25</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - WATER UTILITY OPERATING FUND**

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 88,000.00	19.88%	\$ 202,000.00	39.76%
Collection of Water Rents	325,840.62	73.58%	223,808.09	44.06%
Miscellaneous-From Other than Water Rents	<u>28,972.06</u>	<u>6.54%</u>	<u>82,142.07</u>	<u>16.17%</u>
Total Income	<u>442,812.68</u>	<u>100.01%</u>	<u>507,950.16</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	425,000.00	85.34%	400,000.00	83.94%
Capital Improvements	-	0.00%	-	0.00%
Debt Service	61,110.00	12.27%	64,000.00	13.43%
Statutory Expenditures	<u>11,890.00</u>	<u>2.39%</u>	<u>12,500.00</u>	<u>2.62%</u>
Total Expenditures	<u>498,000.00</u>	<u>100.00%</u>	<u>476,500.00</u>	<u>100.00%</u>
Less Adjustment:				
Expenditures that by Statute are Charged to the Subsequent Years Budget				
	<u>35,000.00</u>			
	<u>463,000.00</u>			
Operating Deficit	<u>(20,187.32)</u>			
Excess in Revenue	-		31,450.16	
Fund Balance January 1	<u>88,493.56</u>		<u>259,043.40</u>	
	88,493.56		290,493.56	
Less:				
Utilization as Anticipated Revenue	<u>88,000.00</u>		<u>202,000.00</u>	
Fund Balance December 31	<u>\$ 493.56</u>		<u>\$ 88,493.56</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - SEWER UTILITY OPERATING FUND

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 229,500.00	34.49%	\$ 200,000.00	33.41%
Collection of Sewer Rents	361,812.19	54.38%	348,369.50	58.20%
Miscellaneous-From Other than				
Sewer Rents	<u>74,018.13</u>	<u>11.13%</u>	<u>50,220.68</u>	<u>8.39%</u>
Total Income	<u>665,330.32</u>	<u>100.00%</u>	<u>598,590.18</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	577,000.00	98.63%	577,000.00	98.63%
Statutory Expenditures	<u>8,000.00</u>	<u>1.37%</u>	<u>8,000.00</u>	<u>1.37%</u>
Total Expenditures	<u>585,000.00</u>	<u>100.00%</u>	<u>585,000.00</u>	<u>100.00%</u>
Excess in Revenue	80,330.32		13,590.18	
Fund Balance January 1	<u>403,786.49</u>		<u>590,196.31</u>	
	484,116.81		603,786.49	
Less:				
Utilization as Anticipated Revenue	<u>229,500.00</u>		<u>200,000.00</u>	
Fund Balance December 31	<u>\$ 254,616.81</u>		<u>\$ 403,786.49</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Tax Rate</u>	<u>\$2.807</u>	<u>\$2.728</u>	<u>\$2.664</u>	<u>\$2.600</u>	<u>\$2.490</u>	<u>\$2.390</u>	<u>\$2.280</u>	<u>\$2.189</u>	<u>\$2.050</u>	<u>\$1.770</u>
<u>Apportionment of Tax Rate</u>										
Municipal	\$0.500	\$0.469	\$0.458	\$0.451	\$0.436	\$0.432	\$0.413	\$0.419	\$0.420	\$0.277
Municipal-Open Space	0.010	0.015	0.015	0.015	0.015	0.005	0.005	0.005		
County	0.330	0.337	0.345	0.356	0.336	0.326	0.321	0.309	0.282	0.253
Local School	1.967	1.907	1.846	1.778	1.703	1.627	1.541	1.456	1.348	1.240

Assessed Valuation

2010	\$1,650,069,907.00
2009	\$1,666,735,965.00
2008	\$1,661,755,327.00
2007	\$1,642,274,480.00
2006	\$1,616,634,579.00
2005	\$1,587,429,281.00
2004	\$1,568,814,771.00
2003	\$1,552,557,221.00
2002	\$1,534,840,328.00
2001	\$1,523,778,541.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Currently</u> Percentage of Collection
2010	\$ 46,362,889.62	\$ 45,197,096.49	97.48%
2009	45,484,564.30	44,523,650.22	97.88%
2008	44,444,714.10	43,526,496.53	97.93%
2007	42,977,768.79	42,256,721.88	98.32%
2006	40,684,728.77	40,093,587.72	98.54%
2005	38,138,534.45	37,626,006.38	98.65%
2004	36,000,183.83	35,441,034.71	98.44%
2003	34,174,637.39	33,700,576.27	98.61%
2002	31,681,702.03	31,033,206.89	97.95%
2001	27,085,892.65	26,614,862.17	98.26%



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 ten years.

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 829,996.63	\$618,480.63	\$ 1,448,477.26	3.12%
2009	733,954.36	646,810.56	1,380,764.92	3.04%
2008	710,555.14	686,519.56	1,397,074.70	3.14%
2007	594,853.82	606,898.07	1,201,751.89	2.80%
2006	587,609.92	525,094.03	1,112,703.95	2.73%
2005	529,910.55	434,704.18	964,614.73	2.53%
2004	474,958.84	472,232.80	947,191.64	2.63%
2003	433,344.60	438,698.05	872,042.65	2.55%
2002	393,529.35	499,172.60	892,701.95	2.82%
2001	361,043.00	378,456.30	739,499.30	2.73%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

There were no properties acquired in 2010 by foreclosure or deed, as a result of liquidation of tax title liens.

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>
2010	\$ 32,150.00
2009	32,150.00
2008	17,150.00
2007	17,150.00
2006	17,150.00
2005	17,150.00
2004	17,150.00
2003	17,150.00
2002	17,150.00
2001	17,150.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2010	\$ 338,104.49	\$ 325,840.62
2009	218,012.18	223,808.09
2008	260,978.00	261,174.76
2007	277,518.04	275,042.39
2006	253,719.39	285,106.74
2005	305,470.00	316,273.67
2004	330,209.47	287,064.40
2003	215,795.93	208,205.96
2002	184,500.47	185,760.64
2001	137,702.04	138,256.88

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2010	\$ 361,544.97	\$ 361,812.19
2009	356,446.19	348,369.50
2008	387,798.75	397,076.37
2007	416,531.79	407,309.37
2006	407,998.34	406,429.08
2005	375,438.11	378,221.16
2004	320,839.92	305,776.47
2003	243,477.82	229,852.64
2002	177,661.81	175,881.05
2001	179,449.65	178,475.14

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2010	\$ 1,725,814.53	\$ 1,657,000.00
	2009	1,658,342.25	1,657,000.00
	2008	2,542,020.46	1,950,000.00
	2007	2,693,513.35	1,950,000.00
	2006	2,483,371.79	1,875,000.00
	2005	2,121,229.36	1,725,000.00
	2004	2,131,306.54	1,550,000.00
	2003	1,794,945.12	1,250,000.00
	2002	1,197,574.06	950,000.00
	2001	1,532,888.57	1,330,000.00
Water Utility Operating Fund	2010	\$ 493.56	\$ -
	2009	88,493.56	88,000.00
	2008	259,043.40	202,000.00
	2007	443,497.72	275,615.00
	2006	538,574.75	237,040.00
	2005	548,504.16	192,675.00
	2004	538,955.67	170,000.00
	2003	368,601.71	75,000.00
	2002	44,587.43	-
	2001	77,248.58	58,600.00
Sewer Utility Operating Fund	2010	\$ 254,616.81	\$ 229,500.00
	2009	403,786.49	229,500.00
	2008	590,196.31	200,000.00
	2007	669,982.39	145,000.00
	2006	658,290.38	91,475.00
	2005	553,778.52	86,000.00
	2004	434,621.92	78,000.00
	2003	279,941.85	45,000.00
	2002	12,310.69	8,000.00
	2001	13,816.41	11,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Glenn L. Sisco	Mayor	
Stephen A. Cobell	Councilman	
Robert W. Collins	Councilman	
James Freda	Councilman	
Ronald Mondello	Councilman	
Daniel O'Dougherty	Councilman	
Andrew San Filippo	Councilman	
Elizabeth Sebrowski	Borough Clerk	\$ 80,000.00
	Violations Clerk	
	Improvement Searcher	
	Sub-Division Searcher	
Karen Iuele	Deputy Borough Clerk	
Norman Eckstein	Chief Financial Officer	
Jennifer Stillman	Treasurer	
	Investment Officer	
	Agent of Central Purchase	
	Treasurer of School Monies	
Lisa Ann Kimkowski	Tax Collector	
	Tax Search Officer	
	Water Collector	
	Sewer Collector	
John G. D'Angelo	Magistrate	
Janet Luberto	Court Administrator- to 3/24/10	
Elizabeth Bansfield-Massa	Court Administrator-from 3/15/10	
Mary Ellen Wunsch	Deputy Court Administrator	
Ralph Fava	Prosecutor	
Edward J. Buzak	Attorney	
Paul P. Darmofalski	Engineer	
John Finkle	Police Chief	
Karen L. Perry	Recreation Commission Director	
Robert Edgar	Assessor	
	Municipal Appraiser	
John Whitehead	Public Works Manager	
Barbara Owens	Library Director	

The Borough of Kinnelon is a member of the New Jersey Intergovernmental Insurance Fund

The Fund purchased Crime Coverage through American International Group (The National Union Fire Insurance Company) in the amount of \$1,000,000.

Coverage includes all employees that handle money and securities, also includes coverage for the Treasurer and Tax Collectors per law P.L. 2006, c.50 (S1071). This new law allows local government treasurers, tax collectors, municipal judges and municipal court administrators to be covered by a blanket bond policy obtained by the local government unit or through a joint insurance fund of which the local government unit is a member.

BOROUGH OF KINNELON  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 3,200,428.90
Increased by Receipts:			
Payroll Account Closed	A-1	\$ 54,070.99	
Miscellaneous Revenue Not Anticipated	A-2	133,335.89	
Tax Collector	A-5	46,021,490.26	
Amount Due from State of New Jersey for			
Senior Citizens' and Veterans' Deductions	A-7	78,250.00	
Revenue Accounts Receivable	A-11	962,851.97	
Interfund Accounts Receivable	A-12	299,056.33	
Amount Due to Federal and State Grants Fund	A-20	72,182.89	
Interfund Accounts Payable	A-21	61,500.00	
Amount Due to State of New Jersey -			
Construction Code Fees	A-22	9,216.00	
Marriage License Fees	A-22	665.00	
Reserve for Funds - Unappropriated	A-24	218,957.00	
2010 Appropriation Credits	Contra	<u>106,658.57</u>	
			<u>48,018,234.90</u>
			51,218,663.80
Decreased by Disbursements :			
2010 Budget Appropriation	A-3	9,493,796.51	
Interfund Accounts Receivable	A-12	281,020.18	
Prepaid School Taxes	A-14	250.00	
2009 Appropriation Reserves	A-15	500,641.49	
Tax Overpayments Refunded	A-18	136,132.10	
Amount Due to Federal and State Grants Fund	A-20	62,563.69	
Interfund Accounts Payable	A-21	8,300.24	
Amount Due to State of New Jersey -			
Construction Code Fees	A-22	8,262.00	
Marriage License Fees	A-22	350.00	
Amount Due to Outside Lien Holders	A-23	3,636.29	
Local District School and County Taxes	A-25	37,710,148.50	
2010 Appropriation Credits	Contra	<u>106,658.57</u>	
			<u>48,311,759.57</u>
Balance December 31, 2010	A		<u>\$ 2,906,904.23</u>

BOROUGH OF KINNELON  
 CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Increased by Receipts :			
Taxes Receivable	A-8	\$45,597,223.81	
Tax Title Liens	A-9	672.68	
Revenue Accounts Receivable	A-11	175,364.61	
Prepaid Taxes	A-17	177,869.22	
Tax Overpayments	A-18	66,723.65	
Amount Due to Outside Lien Holders	A-23	<u>3,636.29</u>	
			<u>\$ 46,021,490.26</u>
Decreased by Disbursements :			
Paid to Treasurer	A-4		<u>\$ 46,021,490.26</u>

SCHEDULE OF CHANGE FUNDS

	<u>Ref.</u>	
Balance December 31, 2009	A	<u>\$ 580.00</u>
Balance December 31, 2010	A	<u>\$ 580.00</u>
<u>Analysis of Balance December 31, 2010</u>		
Tax Collector		\$ 200.00
Treasurer-Petty Cash		100.00
Department of Public Works		30.00
Board of Health		50.00
Police Department		<u>200.00</u>
		<u>\$ 580.00</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 5,092.23
Increased by :			
Senior Citizens' Deductions per Tax Billings	A-7	\$ 8,000.00	
Veterans' Deductions per Tax Billings	A-7	69,250.00	
Senior Citizens' Deductions Allowed by Tax Collector	A-7	1,250.00	
Veterans' Deductions Allowed by Tax Collector	A-7	250.00	
Veterans' Deductions Allowed by Tax Collector - 2009 Taxes	A-1	<u>750.00</u>	
			<u>79,500.00</u>
			84,592.23
Decreased by :			
Received in Cash from State	A-4	78,250.00	
Senior Citizens' Deductions Disallowed by Tax Collector	A-7	<u>750.00</u>	
			<u>79,000.00</u>
Balance December 31, 2010	A		<u>\$ 5,592.23</u>

Calculation of State's of Senior Citizens' and Veterans' Deductions

Increased by:			
Senior Citizens' Deductions per Tax Billings	A-7	\$ 8,000.00	
Veterans' Deductions per Tax Billings	A-7	69,250.00	
Senior Citizens' Deductions Allowed by Tax Collector	A-7	1,250.00	
Veterans' Deductions Allowed by Tax Collector	A-7	<u>1,000.00</u>	
			\$ 79,500.00
Decreased by:			
Senior Citizens' Deductions Disallowed by Tax Collector	A-7	750.00	
Veterans' Deductions Disallowed by Tax Collector	A-7	<u>-</u>	
			<u>750.00</u>
	A-8		<u>\$ 78,750.00</u>

BOROUGH OF KINNELON

CURRENT FUND  
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2010 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2009	Added Taxes	2010 Levy	2009	2010	State Share of Senior Citizens and Veterans' Deductions	Tax Overpayment Applied	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2010
2009	\$ 646,810.56	\$ -	\$ -	\$ -	\$ 638,767.07	\$ 750.00	\$ -	\$ -	\$ 7,293.49	\$ 0.00
2010	646,810.56	-	46,362,889.62	160,639.75	638,767.07	750.00	-	-	7,293.49	0.00
			\$ 46,362,889.62	\$ 160,639.75	44,958,456.74	78,000.00	-	459,644.24	87,668.26	618,480.63
Ref.	\$ 646,810.56	\$ -	\$ 46,362,889.62	\$ 160,639.75	\$ 45,597,223.81	\$ 78,750.00	\$ -	\$ 459,644.24	\$ 94,961.75	\$ 618,480.63
	A			A-2,17	A-2,5	A-2,7	A-2,21		A-9	A

Analysis of 2010 Property Tax Levy

Tax Yield :	
General Purpose Tax	\$ 46,266,752.90
Business Personality Tax	50,711.46
Added Taxes (54:4-63.1 et seq.)	45,425.26
	<u>\$ 46,362,889.62</u>
Tax Levy :	
Local District School Tax (Abstract)	
County Taxes (Abstract)	\$ 4,890,358.07
County Open Space Tax (Abstract)	536,415.44
Amount Due to County for Added Taxes (54:4-63.1 et seq.)	5,348.13
	<u>\$ 8,263,705.36</u>
Local Tax for Municipal Purposes (Abstract)	
Municipal Open Space	165,006.99
Add : Additional Tax Levied	51,461.13
	<u>8,480,173.48</u>
	<u>\$ 46,362,889.62</u>

BOROUGH OF KINNELON  
 CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 733,954.36
Increased by :		
Interest and Cost from Tax Sale on December 4, 2008		\$ 1,753.20
Transferred from Taxes Receivable	A-8	<u>94,961.75</u>
		<u>96,714.95</u>
		830,669.31
Decreased by:		
Received in 2010	A-4	<u>672.68</u>
Balance December 31, 2010	A	<u>\$ 829,996.63</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

	<u>Ref.</u>	
Balance December 31, 2009	A	<u>\$ 32,150.00</u>
Balance December 31, 2010	A	<u>\$ 32,150.00</u>



CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Clerk :	Ref.	Balance Dec. 31, 2009	Accrued in 2010	Treasurer Collected by	Collector	Balance Dec. 31, 2010
Licenses - Alcohol Beverages	A-2	\$ -	\$ 1,619.00	\$ 1,619.00	-	\$ -
Licenses - Other	A-2		17,585.00	17,585.00		-
Building Inspector:						
Fees and Permits	A-2		122,583.00	122,583.00		-
Board of Health and Sanitary Inspector :						
Fees and Permits	A-2		5,550.00	5,550.00		-
Plumbing Inspector:						
Fees and Permits	A-2		35,216.00	35,216.00		-
Fire Inspector:						
Fees and Permits	A-2		13,915.00	13,915.00		-
Electrical Inspector:						
Fees and Permits	A-2		28,146.00	28,146.00		-
Planning Board :						
Fees and Permits	A-2		150.00	150.00		-
Board of Adjustment:						
Fees and Permits	A-2		4,750.00	4,750.00		-
Municipal Court :						
Fines and Costs	A-2	8,477.52	141,500.10	138,536.24		11,441.38
Tax Search Fees	A-2		262.00		262.00	-
Public Defender	A-2		2,209.50	2,209.50		-
Fire Safety - Inspections	A-2		5,129.47	5,129.47		-
Interest and Costs on Taxes	A-2		175,102.61		175,102.61	-
General Capital Surplus	A-2		30,000.00	30,000.00		-
Energy Receipts Tax	A-2		531,435.00	531,435.00		-
Consolidated Municipal Property Tax Relief Aid	A-2	-	26,027.76	26,027.76	-	-
		<u>\$ 8,477.52</u>	<u>\$ 1,141,180.44</u>	<u>\$ 962,851.97</u>	<u>\$ 175,364.61</u>	<u>\$ 11,441.38</u>
Ref.		A	A-4	A-5	A	A

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued</u> <u>in 2010</u>	<u>Received</u> <u>in 2010</u>	<u>Bills Paid</u> <u>in 2010</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Animal Control Trust Fund	\$ -	\$ 31.75	\$ 31.75		\$ -
Other Trust Funds	22,823.93	689.44	22,064.15		1,449.22
General Capital Fund	52.93	356.37	276,960.43	281,020.18	4,469.05
Public Assistance Trust Fund No. 1	1,523.45	51.55			1,575.00
Public Assistance Trust Fund No. 2	520.97	9.91			530.88
Water Operating Fund	-	1,070.26			1,070.26
Payroll Fund	-	-	-	-	-
	<u>\$ 24,921.28</u>	<u>\$ 2,209.28</u>	<u>\$ 299,056.33</u>	<u>\$ 281,020.18</u>	<u>\$ 9,094.41</u>
Ref.	A		A-4	A-4	A
Interest Income	\$ 4,921.28	\$ 782.65	\$ 2,148.83		\$ 3,555.10
Due from Open Space Account A-1	20,000.00		20,000.00		-
Animal Control Statutory Excess	-				-
General Capital-BANS A-1	-	356.37	276,907.50	281,020.18	4,469.05
Due from Water Operating- Paid in Error	-	1,070.26	-	-	1,070.26
	<u>\$ 24,921.28</u>	<u>\$ 2,209.28</u>	<u>\$ 299,056.33</u>	<u>\$ 281,020.18</u>	<u>\$ 9,094.41</u>

BOROUGH OF KINNELON  
CURRENT FUND  
SCHEDULE OF AMOUNT DUE FROM LAKELAND REGIONAL SOLID WASTE AUTHORITY

	<u>Ref</u>	
Balance December 31, 2009	A	<u>\$ 19,792.72</u>
Balance December 31, 2010	A	<u>\$ 19,792.72</u>

A-14

SCHEDULE OF PREPAID SCHOOL TAXES

	<u>Ref</u>	
Balance December 31, 2009	A	\$ 337,739.00
Increased by :		
Paid in 2010	A-4	<u>250.00</u>
		337,989.00
Decreased by :		
Applied in 2010	A-25	<u>337,739.00</u>
Balance December 31, 2010	A	<u>\$ 250.00</u>

BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES

	Balance		Transfers	Transferred From Reserve for		Balance After Transfers	Paid or Charged	Lapsed	
	Dec. 31., 2009			Encumbrances					
<u>OPERATIONS WITHIN "CAP"</u>	\$	0.36	\$	-	\$	0.36	-	\$	0.36
Salaries and Wages :									
Mayor and Council		3,605.57				3,605.57			3,605.57
Municipal Clerk		5,523.78				5,523.78			5,523.78
Financial Administration		2,059.73				2,059.73			2,059.73
Collection of Taxes		1,882.20				1,882.20			1,882.20
Assessment of Taxes		180.00				180.00			180.00
Historical Commission		473.15				473.15			473.15
Planning Board		64,002.12				64,002.12	4,111.32		59,890.80
Police		5,170.20				5,170.20			5,170.20
Police Dispatching		1,036.63				1,036.63			1,036.63
Emergency Management Services		1,854.58				1,854.58	1,500.00		354.58
Fire		75,818.66				75,818.66	13,790.31		62,028.35
Department of Public Works									
Solid Waste									
Board of Health		1,221.67				1,221.67	0.00		1,221.67
Environmental Commission (R.S. 40:56-1 et seq.)		188.77				188.77			188.77
Recreation		1,605.90				1,605.90			1,605.90
Uniform Construction Code :									
Code Enforcement		336.72				336.72			336.72
Municipal Court		4,248.73				4,248.73	60.40		4,188.33
Other Expenses :									
General Administration		6,435.30		4,035.22		10,470.52	7,394.27		3,076.25
Mayor and Council		2,087.98		108.28		2,196.26	627.28		1,568.98
Municipal Clerk		2,086.81				2,086.81	50.00		2,036.81
Financial Administration		190.38		228.74		419.12	228.74		190.38
Auditing Services		27,500.00				27,500.00			
Collection of Taxes		3,162.61		391.38		3,553.99	1,085.40		2,468.59
Assessment of Taxes		730.71		1,617.32		2,348.03	1,951.44		396.59
Legal Services and Costs		45,757.17				45,757.17	13,287.48		32,469.69
Engineering Services and Costs		4,879.50		180.00		5,059.50	1,090.00		3,969.50
Historical Commission		715.04		1,441.24		2,156.28	1,463.21		693.07
Planning Board		3,355.72		241.14		3,596.86	1,811.16		1,785.70
Board of Adjustment		1,261.14				1,261.14	5.80		1,255.34
Insurance:									
General Liability		582.74				582.74			582.74
Worker Compensation Insurance		905.00				905.00			905.00
Employee Group Health		19,709.96		6,769.00		26,478.96	6,769.00		19,709.96
Unemployment Compensation Insurance		3,359.38				3,359.38	162.16		3,197.22
Police		15,252.07		13,141.81		28,393.88	16,132.30		12,261.58
Police Dispatching/911		20,993.56				20,993.56			20,993.56
Emergency Management Services		1,375.00				1,375.00			1,375.00
Aid to Volunteer Fire Companies		7,197.07		827.18		8,024.25	8,024.25		
Aid to Tri Borough Ambulance		36,445.79				36,445.79	36,445.79		
Fire		7,087.78				7,087.78	695.86		6,391.92

BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES  
(CONCLUDED)

	Balance Dec. 31, 2009	Transfers	Transferred From Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<b>OPERATIONS WITHIN "CAP" (CONTINUED)</b>						
Other Expenses: (Continued)	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00	\$ 3,000.00	\$ 1,000.00
Municipal Prosecutor	16,247.31		38,411.66	54,658.97	38,836.45	15,822.52
Department of Public Works	44,775.29		44,588.50	89,363.79	81,178.50	8,185.29
Solid Waste	1,315.31		8,939.27	10,254.58	7,812.18	2,442.40
Public Buildings and Grounds	2,688.30		7,860.37	10,548.67	8,227.13	2,321.54
Vehicle Maintenance	2,551.00		1,308.14	3,859.14	1,549.28	2,309.86
Board of Health	2,149.38			2,149.38	1,999.80	149.58
Environmental Commission (R.S. 40:56-1 et seq.)	1,912.71			1,912.71	1,250.00	662.71
Animal Control						
Administration of Public Assistance	2,333.89		540.00	2,873.89	2,068.00	805.89
Senior Citizens' Transportation	1,974.62		994.40	2,969.02	1,405.41	1,563.61
Board of Recreation Commission (40:12-1.8)	562.73		823.48	1,386.21	823.48	562.73
Celebration of Public Event, Anniversary or Holiday						
Uniform Construction Code :						
Code Enforcement	29,266.91			29,266.91	29,079.50	187.41
Utilities:						
Electricity	11,844.49			11,844.49	10,746.84	1,097.65
Street Lighting	11,732.16			11,732.16	9,620.50	2,111.66
Telephone	3,031.42		2,394.53	5,425.95	4,991.68	434.27
Natural Gas	8,772.26			8,772.26	1,461.96	7,310.30
Fuel Oil	3,674.52		1,236.66	4,911.18	1,152.62	3,758.56
Gasoline			16,539.77	16,539.77	22,913.98	(6,374.21)
Landfill Tipping Fees	83,192.04		25,397.42	108,589.46	57,958.86	50,630.60
Municipal Court	2,829.22		469.98	3,299.20	566.72	2,732.48
Public Defender	750.00			750.00	675.00	75.00
Contribution to :						
Social Security System (O.A.S.I.)	32,139.16			32,139.16	1,550.63	30,588.53
<b>OPERATIONS EXCLUDED FROM "CAP"</b>						
Salaries and Wages :						
Storm Water Management (N.J.S.A. 40A:4-45.3)	728.85			728.85	-	728.85
Other Expenses :						
Maintenance of Free Public Library (c. 82 & 541, P.L. 1985)	88,456.84		549.30	89,006.14	65,943.13	23,063.01
Storm Water Management (N.J.S.A. 40A:4-45.3)	19,009.76			19,009.76	1,643.67	17,366.09
	\$ 756,217.65	\$ -	\$ 179,034.79	\$ 935,252.44	\$ 500,641.49	\$ 434,610.95

Ref. A

A-16

A-4

A-1

BOROUGH OF KINNELON  
 CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 179,034.79
Increased by :		
2010 Budget Charges	A-3	<u>251,717.95</u>
		430,752.74
Decreased by :		
Transferred to 2009 Appropriation Reserves	A-15	<u>179,034.79</u>
Balance December 31, 2010	A	<u>\$ 251,717.95</u>

BOROUGH OF KINNELON  
 CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 160,639.75
Increased by :		
2011 Taxes Paid in 2010	A-5	<u>177,869.22</u>
		338,508.97
Decreased by :		
Applied to 2010 Taxes Receivable	A-8	<u>160,639.75</u>
Balance December 31, 2010	A	<u>\$ 177,869.22</u>

BOROUGH OF KINNELON  
 CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 62,379.95
Increased by :		
Prior Year Appeals Granted	A-1	\$ 16,032.45
Taxes Overpaid in 2010	A-5	\$ 66,723.65
Transferred from Reserve for Tax Appeals Pending	A-19	<u>91,502.99</u>
		<u>174,259.09</u>
		236,639.04
Decreased by :		
Refunded in 2010	A-4	136,132.10
Canceled in 2010	A-1	<u>115.30</u>
		<u>136,247.40</u>
Balance December 31, 2010	A	<u>\$ 100,391.64</u>

Analysis of Balance on file in the Tax Collector's Office.



## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF RESERVE FOR TAX APPEALS PENDING

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 35,302.33
Increased by :		
2010 Budget Appropriation	A-3	<u>60,000.00</u>
Decreased by :		
Transferred to Tax Overpayments	A-18	<u>91,502.99</u>
Balance December 31, 2010	A	<u>\$ 3,799.34</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO FEDERAL AND STATE GRANTS FUND  
FROM CURRENT FUND

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 81,912.62
Increased by :			
Received in 2010	A-4	\$ 72,182.89	
2010 Budget Appropriation	A-3	<u>82,122.92</u>	
			<u>154,305.81</u>
Decreased by :			236,218.43
2010 Budget Revenue	A-2	82,122.92	
Grant Funds Expended in 2010	A-4	61,595.74	
Reserve for Encumbrances	A-4	<u>967.95</u>	
			<u>144,686.61</u>
Balance December 31, 2010	A		<u>\$ 91,531.82</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Ref.</u>	<u>Total</u>	<u>Water Utility Fund</u>	<u>Capital Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2009	A	<u>\$ 8,300.24</u>	<u>\$ 1,070.26</u>	<u>\$ 3,388.78</u>	<u>\$ 3,841.20</u>
Increased by :					
Received in 2010:					
Tax Sale Premium Received in 2010	A-4	<u>61,500.00</u>	<u>-</u>	<u>-</u>	<u>61,500.00</u>
		<u>61,500.00</u>	<u>-</u>	<u>-</u>	<u>61,500.00</u>
		<u>69,800.24</u>	<u>1,070.26</u>	<u>3,388.78</u>	<u>65,341.20</u>
Decreased by :					
Paid in 2010	A-4	<u>8,300.24</u>	<u>1,070.26</u>	<u>3,388.78</u>	<u>3,841.20</u>
Balance December 31, 2010	A	<u>\$61,500.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$61,500.00</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	<u>Total</u>	<u>Marriage License Fees</u>	<u>Construction Code Fees</u>	<u>Assault Weapons Fees</u>
Balance December 31, 2009	A	\$2,975.00	\$ 130.00	\$ 2,805.00	\$ 40.00
Increased by :					
Received in 2010	A-4	<u>9,881.00</u>	<u>665.00</u>	<u>9,216.00</u>	<u>-</u>
		<u>12,856.00</u>	<u>795.00</u>	<u>12,021.00</u>	<u>40.00</u>
Decreased by :					
Paid in 2010	A-4	<u>8,612.00</u>	<u>350.00</u>	<u>8,262.00</u>	<u>-</u>
Balance December 31, 2010	A	<u>\$4,244.00</u>	<u>\$445.00</u>	<u>\$ 3,759.00</u>	<u>\$ 40.00</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO OUTSIDE LIEN HOLDERS

	<u>Ref.</u>	
Increased by :		
Received in 2010	A-5	<u>\$ 3,636.29</u>
Decreased by :		
Refunded in 2010	A-4	<u>3,636.29</u>
Balance December 31, 2010	A	<u>\$ -</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF RESERVE FOR FUNDS UNAPPROPRIATED

	<u>Ref.</u>	<u>Total</u>	Watershed Moratorium Off Set <u>Aid</u>	Garden State Trust <u>Trust</u>
Balance December 31, 2009	A	\$ 260,996.55	\$ -	\$ 260,996.55
Increased by :				
Received in 2010	A-4	<u>218,957.00</u>	<u>45,261.00</u>	<u>173,696.00</u>
		479,953.55	45,261.00	434,692.55
Decreased by :				
Utilized as 2010 Budget Revenue	A-2	<u>260,996.55</u>	<u>-</u>	<u>260,996.55</u>
Balance December 31, 2010	A	<u>\$ 218,957.00</u>	<u>\$ 45,261.00</u>	<u>\$ 173,696.00</u>

BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL AND COUNTY TAXES PAYABLE

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>2010</u> <u>Levy</u>	<u>Paid</u> <u>in 2010</u>	<u>Applied</u> <u>in 2010</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Local District School Taxes	A-2	\$ -	\$ 32,450,594.50	\$ 32,112,855.50	\$ 337,739.00	\$ -
County Taxes	A-2	-	4,890,358.07	4,890,358.06		0.01
County Open Space Tax	A-2	-	536,415.44	536,415.44		-
Amount Due for Added and Omitted Taxes - 2010	A-2	-	5,187.78	5,187.78		-
2009	A-2	-	160.35	160.35		-
Municipal Open Space Tax	A-2	-	165,171.37	165,171.37	-	-
		\$ -	\$ 38,047,887.51	\$ 37,710,148.50	\$ 337,739.00	\$ 0.01
	Ref. A		A-1	A-4	A-14	A

BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF AMOUNT DUE FROM CURRENT FUND  
TO FEDERAL AND STATE GRANTS FUND

	<u>Ref.</u>		
Balance December 31, 2009	A		\$81,912.62
Increased by:			
Received in Current Fund:			
State Aid Receivable	A-27	\$ 71,546.96	
Unappropriated Reserves	A-28	150.82	
Adjustment to Appropriated Reserves in 2010	A-29	485.11	
2010 Budget Appropriations	A-29	<u>82,122.92</u>	
			<u>154,305.81</u>
			236,218.43
Decreased by:			
2010 Budget Revenue:			
State Aid Receivable	A-27	81,566.01	
Unappropriated Reserves	A-28	556.91	
Expended in Current Fund:			
Appropriated Reserves	A-29	61,595.74	
Reserve for Encumbrances	A-30	<u>967.95</u>	
			<u>144,686.61</u>
Balance December 31, 2010	A		<u>\$ 91,531.82</u>



BOROUGH OF KINNELON

A-27

CURRENT FUND  
SCHEDULE OF STATE AID RECEIVABLE

Ref.	Total	Occupant- Protection Click It or Ticket Grant	Body Armor Grant	Clean Communities Grant	Historical Commission	Highlands 2009 Plan Conformance	Highlands Initial Assessment	Charlotteburg Dam & Reservoir	Bicycle Unit Grant	SHARE Grant
Balance December 31, 2009	\$75,137.38	\$ 600.00	\$ -	\$ -	\$ 1,500.00	\$ 50,000.00	\$ 15,000.00	\$ -	\$ 7,694.87	\$ 342.51
Increased by :										
2010 Budget Revenue	81,566.01	4,000.00	2,573.40	16,792.61	1,500.00	-	-	56,700.00	-	-
	<u>156,703.39</u>	<u>4,600.00</u>	<u>2,573.40</u>	<u>16,792.61</u>	<u>3,000.00</u>	<u>50,000.00</u>	<u>15,000.00</u>	<u>56,700.00</u>	<u>7,694.87</u>	<u>342.51</u>
Decreased by :										
Received in 2010	71,546.96	4,000.00	2,573.40	16,792.61	-	38,490.95	9,690.00	-	-	-
Balance December 31, 2010	<u>\$ 85,156.43</u>	<u>\$ 600.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000.00</u>	<u>\$ 11,509.05</u>	<u>\$ 5,310.00</u>	<u>\$ 56,700.00</u>	<u>\$ 7,694.87</u>	<u>\$ 342.51</u>

## BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	<u>Ref.</u>	<u>Total</u>	<u>Body Armor</u>
Balance December 31, 2009	A	\$ 556.91	\$ 556.91
Increased by :			
Received in Current Fund	A-26	<u>150.82</u>	<u>150.82</u>
		707.73	707.73
Decreased by :			
Utilized as 2010 Budget Revenue	A-26	<u>556.91</u>	<u>556.91</u>
		<u>556.91</u>	<u>556.91</u>
Balance December 31, 2010	A	<u>\$ 150.82</u>	<u>\$ 150.82</u>

CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>2010 Budget</u> <u>Appropriations</u>	<u>Adjustment</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Supplemental Fire Services Program:					
State	\$ -				\$ -
Alcohol Education and Rehabilitation Fund	3,452.59			1,950.00	1,502.59
Recycling Tonnage Grant	28,992.96			3,857.25	25,135.71
Drunk Driving Enforcement Fund	3,633.62			2,611.02	1,022.60
Body Armor Replacement Fund	3,932.44	3,130.31		2,453.40	4,609.35
Clean Communities Grant	32,334.24	16,792.61		14,609.86	34,516.99
Keep Kids Alive	65.00				65.00
Storm Water Grant	16,337.72				16,337.72
Program Donations-Community Policing	114.91		485.11	600.02	-
Charlotteburg Dam and Reservoir	-	56,700.00		53,654.99	3,045.01
Domestic Violence Grant	300.00				300.00
Historical Commission	1,500.00	1,500.00			3,000.00
Highlands 2009 Plan Conformance	40,605.30			24,661.05	15,944.25
Highlands Initial Assessment Grant	15,000.00				15,000.00
Click It or Ticket	4,000.00	4,000.00			8,000.00
Motorcycle Unit Grant	680.36				680.36
Bicycle Unit Grant	4,576.00				4,576.00
	<u>\$ 155,525.14</u>	<u>\$ 82,122.92</u>	<u>\$ 485.11</u>	<u>\$ 104,397.59</u>	<u>\$ 133,735.58</u>
Ref.	A	A-26	A-26		A
		<u>Ref.</u>			
	Disbursed	A-26		\$ 61,595.74	
	Encumbered	A-30		<u>42,801.85</u>	
				<u>\$ 104,397.59</u>	

BOROUGH OF KINNELON

CURRENT FUND  
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS FUND ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 967.95
Increased by :		
Encumbered in 2010	A-29	<u>42,801.85</u>
		43,769.80
Decreased by :		
Paid in 2010	A-26	<u>967.95</u>
Balance December 31, 2010	A	<u>\$ 42,801.85</u>

BOROUGH OF KINNELON  
 TRUST FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	Animal Control Fund	Other Trust Fund
Balance December 31, 2009	B	<u>\$ 4,304.29</u>	<u>\$ 2,747,531.95</u>
Increased by :			
Amount Due from Current Fund	B-2	131.20	3,710.00
Amount Due to State of New Jersey	B-3	2,299.80	
Animal Control Fees	B-4	12,973.00	
Prepaid Licenses	B-5	1,827.00	
Amount Due to Current Fund	B-6	31.75	
Reserve for Special Funds:			
Fees and Deposits	B-7		989,414.13
Interest Earned	B-7		12,716.44
Interfund Accounts Payable	B-8	-	689.44
		<u>17,262.75</u>	<u>1,006,530.01</u>
		<u>21,567.04</u>	<u>3,754,061.96</u>
Decreased by Disbursements :			
Amount Due to State of New Jersey	B-3	2,266.20	
Animal Control Administrative Expenses	B-4	17,044.87	
Amount Due to Current Fund	B-6	31.75	
Reserve for Special Funds	B-7		1,225,037.15
Interfund Accounts Payable	B-8	-	22,064.15
		<u>19,342.82</u>	<u>1,247,101.30</u>
Balance December 31, 2010	B	<u>\$ 2,224.22</u>	<u>\$ 2,506,960.66</u>

BOROUGH OF KINNELON

TRUST FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Trust Other Fund</u>
Balance December 31, 2009	B	\$ 131.20	\$ 3,710.00
Increased by :			
Received in Current Fund	B-7	<u>        -</u>	<u>61,500.00</u>
		131.20	65,210.00
Decreased by:			
Received in 2010	B-1	<u>131.20</u>	<u>3,710.00</u>
Balance December 31, 2010	B	<u>\$ -</u>	<u>\$ 61,500.00</u>
 <u>Analysis of Balance December 31, 2010</u>			
Amount Due From Current Fund		<u>\$ -</u>	<u>\$ 61,500.00</u>

## BOROUGH OF KINNELON

TRUST FUND  
SCHEDULE OF AMOUNT DUE TO/(FROM) STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 335.70
Increased by :		
Cash receipts:		
State License Fees		\$ 1,479.00
Pilot Clinic Fees		295.80
Animal Population Control		<u>525.00</u>
	B-1	<u>2,299.80</u>
		2,635.50
Decreased by :		
Paid to State Board of Health	B-1	<u>2,266.20</u>
Balance December 31, 2010	B	<u>\$ 369.30</u>

BOROUGH OF KINNELON  
 TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 1,852.79
Increased by :		
Cash Receipts:		
2010 Dog License Fees		\$ 8,533.00
Late Fees		<u>4,440.00</u>
Prepaid Licenses Realized	B-1 B-5	\$ 12,973.00 <u>2,247.00</u>
		<u>15,220.00</u>
		17,072.79
Decreased by :		
Animal Control Fund Administrative Expenses	B-1	<u>17,044.87</u>
Balance December 31, 2010	B	<u>\$ 27.92</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	10,208.80
2009	<u>7,834.50</u>
	<u>\$ 18,043.30</u>



BOROUGH OF KINNELON  
TRUST FUND  
SCHEDULE OF PREPAID LICENSES

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 2,247.00
Increased by:		
Received in 2010	B-1	<u>1,827.00</u>
		4,074.00
Decreased by:		
Applied in 2010	B-4	<u>2,247.00</u>
Balance December 31, 2010	B	<u>\$ 1,827.00</u>

BOROUGH OF KINNELON  
TRUST FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND

	<u>Ref.</u>	<u>Animal Control Fund</u>
Balance December 31, 2009	B	\$ -
Increased by :		
Interest Earned	B-1	<u>31.75</u>
		31.75
Decreased by :		
Paid in 2010	B-1	<u>31.75</u>
Balance December 31, 2010	B	<u>\$ -</u>

BOROUGH OF KINNELON

TRUST FUND  
SCHEDULE OF RESERVE FOR SPECIAL DEPOSITS

Ref.	Total	Special Recreation Expenditures	Historical Commission	Planning Board Inspection Fees	Special Deposits	Community Policing Donations	Open Space	Accumulated Absences	Parking Offenses Adjudication Act	Recycling	Special Law Enforcement	Uniform Fire Safety Act	Municipal Alliance	Tax Sale Premium	Clerk Special	Police Outside Duties
B	\$ 2,728,418.02	\$ 88,682.84	\$ 9,589.16	\$ 99,862.59	\$ 1,195,578.16	\$ 908.83	\$ 1,116,582.62	\$ 74,756.84	\$ 599.00	\$ 34,538.64	\$ 17,075.68	\$ 10,888.45	\$ 11,811.55	\$ 2,100.00	\$ 55,198.10	\$ 10,226.56
B-1	989,414.13	211,631.45	1,650.00	53,049.01	308,359.91	70.00	200,149.42	25,000.00	119.00	15,160.70	80.00	9,474.00	6,115.00	-	3,500.00	155,055.64
B-1	12,716.44	611.62	81.51	184.21	2,383.14	6.89	8,216.33	597.25	-	308.33	131.67	124.09	71.40	-	-	-
B-2	61,500.00	-	-	-	-	-	-	-	-	-	-	-	-	61,500.00	-	-
	1,063,630.57	212,243.07	1,731.51	53,233.22	310,743.05	76.89	208,365.75	25,597.25	119.00	15,469.03	211.67	9,598.09	6,186.40	61,500.00	3,500.00	155,055.64
	3,792,048.59	300,925.91	11,320.67	153,115.81	1,506,321.21	985.72	1,324,948.37	100,354.09	718.00	50,007.67	17,287.35	20,484.54	17,997.95	63,600.00	59,699.10	165,282.20
B-1	1,225,037.15	229,390.53	1,505.90	57,019.64	650,524.11	885.11	66,152.49	26,957.46	-	7,469.46	15,094.33	30.00	11,106.45	-	6,550.00	152,351.67
B	2,567,011.44	71,535.38	9,814.77	96,096.17	855,797.10	100.61	1,258,795.88	73,396.63	718.00	42,538.21	2,193.02	20,454.54	6,881.50	63,600.00	52,149.10	12,930.53

Balance December 31, 2009  
 Increased by:  
 Received in 2010:  
 Fees and Deposits  
 Interest Earned  
 Received in Current Fund

Decreased by:  
 Paid in 2010  
 Balance December 31, 2010

BOROUGH OF KINNELON  
TRUST FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2009	B	\$ 22,823.93
Increased by:		
Interest Earned	B-1	<u>689.44</u>
		23,513.37
Decreased by:		
Paid in 2010	B-1	<u>22,064.15</u>
Balance December 31, 2010	B	<u>\$ 1,449.22</u>

Analysis of Balance December 31, 2010

Clerks Special Account	\$ 425.95
Tax Sale Premium	5.26
POAA Trust Account	5.40
Planning Board Fees (Columbia Bank)	770.91
Planning Board Escrow Fees (Columbia Bank)	<u>241.70</u>
	<u>\$ 1,449.22</u>

SECTION C  
GENERAL CAPITAL FUND

## BOROUGH OF KINNELON

C-2

GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ 657,633.51
Increased by Receipts:			
Premium on Sale of BAN's	C-1	\$ 21,044.09	
State Aid Received	C-5	353,596.05	
Amount Due from Current Fund	C-6	811,400.90	
Capital Improvement Fund	C-7	75,000.00	
Bond Anticipation Notes	C-13	<u>7,021,100.00</u>	
			<u>8,282,141.04</u>
			8,939,774.55
Decreased by Disbursements :			
Paid to Current Fund	C-1	30,000.00	
Amount Due from Current Fund	C-6	808,012.12	
Amount Due to Current Fund	C-8	52.93	
Reserve for Cost of Issuance	C-9	56,724.83	
Improvement Authorizations	C-11	1,033,598.86	
Reserve for Encumbrances	C-12	56,346.31	
Bond Anticipation Notes	C-13	<u>5,037,130.95</u>	
			<u>7,021,866.00</u>
Balance December 31, 2010	C		<u>\$ 1,917,908.55</u>

BOROUGH OF KINNELON

GENERAL CAPITAL FUND  
ANALYSIS OF CASH AND INVESTMENTS

	Balance or (Deficit) Dec. 31, 2009	Budget Appropriation	Receipts Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Disbursements Bond Anticipation Notes	Miscellaneous	Transfers To	From	Balance or (Deficit) Dec. 31, 2010
Fund Balance	\$ 62,410.89	\$ -	\$ -	\$ 21,044.09	\$ -	\$ -	\$ 30,000.00	\$ -	\$ -	\$ 53,454.98
Amount Due from Current Fund	(3,388.78)	-	-	811,400.90	-	-	808,012.12	-	-	0.00
Capital Improvement Fund	82,750.00	75,000.00	-	-	-	-	-	-	83,000.00	74,750.00
Amount Due to Current Fund	52.93	-	-	4,469.05	-	-	52.93	-	-	4,469.05
Reserve for Housing Rehabilitation	9,350.00	-	-	-	-	-	-	-	-	9,350.00
Reserve for Encumbrances	56,346.31	-	-	-	-	-	56,346.31	291,665.60	-	291,665.60
Reserve For Cost of Issuance	65,134.81	-	-	-	-	-	56,724.83	4,469.05	-	3,940.93
Improvement Authorizations :										
7-99,4-00 Improvement of Fayson Lake Road	(17,408.81)	-	9,400.00	-	-	11,041.62	-	1,641.62	-	(17,408.81)
18-00 Improvements of Municipal Complex	28,675.01	-	-	-	-	-	-	-	-	28,675.01
1-01 Improvement of Kakeout Road	(11,750.00)	-	-	-	-	-	-	-	-	(11,750.00)
13-01 Acquisition of New Fire Apparatus	-	-	82,000.00	-	-	82,000.00	-	-	-	-
8-02 Acquisition of Police & DPW Equipment	(47,235.82)	-	42,500.00	-	-	42,500.00	-	327.43	-	(47,235.82)
11-02 Improvement of Various Roads	-	-	11,827.43	-	-	11,827.43	-	-	-	0.00
13-02 Improvements of Municipal Complex-HVAC	(4,223.57)	-	140,000.00	-	-	153,158.87	-	13,158.87	-	(4,223.57)
1-03 Improvement of Chilhowie Drive	(108.93)	-	29,000.00	-	-	31,500.00	-	2,500.00	-	(108.93)
6-03 Acquisition of Land	(420.54)	-	26,000.00	-	-	26,000.00	-	-	-	(420.54)
10-03 Construction of a New Bike Path	-	-	14,500.00	-	-	14,500.00	-	-	-	-
13-03 Various Road Improvements	-	-	60,000.00	-	-	60,000.00	-	-	-	-
14-03 Acquisition of New and Additional Equipment	-	-	70,000.00	-	-	70,115.00	-	115.00	-	-
20-03,18-05 Construction of Recreation Fields	8,927.84	-	1,416,200.00	-	997.50	1,416,200.00	-	-	-	7,930.34
9-04 Construction of a Salt Storage Facility	-	-	204,700.00	-	-	204,700.00	-	-	-	-
10-04 Various Road Improvements	-	-	75,000.00	-	-	75,000.00	-	-	-	-
11-04 Various Road Improvements of 2004	-	-	56,000.00	-	-	56,000.00	-	-	-	-
4-05 Acquisition of Various Equipment	-	-	318,000.00	-	-	318,000.00	-	-	-	-
19-05, 3-06 Improvement of Forestdale Rd. & Eric Drive	25,285.79	-	280,800.00	-	-	280,800.00	-	-	-	25,285.79
1-06 Acquisition of Communication Equipment	-	-	71,400.00	-	-	71,400.00	-	-	-	-
6-06 Rehabilitation of Lake Rickabear Dam	12,345.00	-	-	-	-	-	-	-	-	12,345.00
13-06 Various Improvements of 2006	(0.00)	-	217,000.00	-	-	233,868.94	-	16,868.94	-	(0.00)
14-06 Various Road Improvements of 2006	-	-	114,000.00	-	-	118,488.14	-	4,488.14	-	(0.00)
4-07,11-09 Improvement of Kiel Avenue	131,022.13	-	526,000.00	147,346.05	188,485.84	526,000.00	-	-	128.40	89,753.94
10-07A Various Improvements of 2007	54,562.91	-	578,800.00	-	2,006.28	578,800.00	-	-	-	52,556.63
8-08 Purchase of Administrative & Police Equipment	41,089.64	-	-	-	16,632.62	-	-	-	3,000.00	21,457.02
9-08 Various Improvements of 2008	(47,633.25)	-	856,900.00	-	116,141.40	509,700.00	-	-	-	183,425.35
10-09 Various Improvements of 2009	139,219.00	-	420,800.00	-	294,027.19	150,000.00	-	-	-	115,991.81
18-09 Acquisition of New Fire Apparatus	23,000.00	-	457,000.00	-	184,634.00	-	-	-	-	295,366.00
19-09 Reconditioning of Fire Rescue Truck	15,000.00	-	285,000.00	-	164,617.26	-	-	-	-	135,382.74
6-10 Improvement of Brookvalley Road	-	-	252,000.00	206,250.00	61,519.75	-	-	-	12,481.64	397,248.61
9-10 Construction of New Firehouse	-	-	406,600.00	-	2,252.26	-	-	-	-	40,747.74
12-10 Various Improvements of 2010	-	-	-	-	2,284.76	-	-	-	276,055.56	155,259.68
Excess Proceeds	34,630.95	-	-	-	-	-	-	-	34,630.95	-
	<u>\$ 657,633.51</u>	<u>\$ 75,000.00</u>	<u>\$ 7,021,100.00</u>	<u>\$ 1,190,510.09</u>	<u>\$ 1,033,598.86</u>	<u>\$ 5,041,600.00</u>	<u>\$ 951,136.19</u>	<u>\$ 413,765.60</u>	<u>\$ 413,765.60</u>	<u>\$ 1,917,908.55</u>

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 7,116,287.72
Decreased by :		
Repayment of Loan	C-14	\$ 63,646.99
Payment of Bond Principal	C-15	<u>455,000.00</u>
		<u>518,646.99</u>
Balance December 31, 2010	C	<u>\$ 6,597,640.73</u>



BOROUGH OF KINNELON  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance	2010	Note Paid	State Aid Received in Jan. 2010	Balance	Anticipation Notes	Unexpended	Analysis of Balance December 31, 2010
		Dec. 31, 2009	Authorizations			Dec. 31, 2010		Balance	
7-99,4-00	Improvement of Fayson Lake Road	\$ 29,808.81	\$ -	\$ 3,000.00		\$ 26,808.81	\$ 9,400.00	\$ -	\$ 17,408.81
3-00	Acquisition of Vehicular Equipment	-	-	-		-	-	-	-
5-00	Improvement of Various Roads	-	-	-		-	-	-	-
1-01	Improvement of Kakeout Road	11,750.00	-	-		11,750.00	-	-	11,750.00
2-01	Acquisition of New Equipment	-	-	-		-	-	-	-
13-01	Acquisition of New Fire Apparatus	126,000.00	-	44,000.00		82,000.00	82,000.00	-	-
8-02	Acquisition of Police & DPW Equipment	69,000.00	-	26,500.00		42,500.00	42,500.00	-	-
11-02	Improvement of Various Roads	60,235.82	-	1,500.00		58,735.82	11,500.00	-	-
13-02	Improvements of Municipal Complex - HVAC	178,841.13	-	38,841.13		140,000.00	140,000.00	-	47,235.82
1-03	Improvements to Chilhowie Drive	37,723.57	-	4,500.00		33,223.57	29,000.00	-	4,223.57
6-03	Acquisition of Land	30,108.93	-	4,000.00		26,108.93	26,000.00	-	108.93
10-03	Construction of a New Bike Path	16,920.54	-	2,000.00		14,920.54	14,500.00	-	420.54
13-03	Various Road Improvements	74,000.00	-	14,000.00		60,000.00	60,000.00	-	-
14-03	Acquisition of New and Additional Equipment	89,085.00	-	19,085.00		70,000.00	70,000.00	-	-
20-03	Construction of Recreation Fields	1,240,820.00	-	90,000.00		1,150,820.00	1,150,820.00	-	-
9-04	Construction of a Salt Storage Facility	245,700.00	-	41,000.00		204,700.00	204,700.00	-	-
10-04	Various Road Improvements	92,600.00	-	17,600.00		75,000.00	75,000.00	-	-
11-04	Various Road Improvements of 2004	70,200.00	-	14,200.00		56,000.00	56,000.00	-	-
13-04,18-05	Construction of Recreation Fields	271,880.00	-	6,500.00		265,380.00	265,380.00	-	-
4-05	Acquisition of Various Equipment	382,000.00	-	64,000.00		318,000.00	318,000.00	-	-
19-05,3-06	Improvement of Forestdale Rd. & Eric Drive	318,800.00	-	38,000.00		280,800.00	280,800.00	-	-
1-06	Acquisition of Communication Equipment	71,400.00	-	-		71,400.00	71,400.00	-	-
6-06	Rehabilitation of Lake Rickabear Dam	250,000.00	-	-		250,000.00	-	250,000.00	-
13-06	Various Improvements of 2006	230,631.06	-	13,631.06		217,000.00	217,000.00	-	-
14-06	Various Road Improvements of 2006	128,811.86	-	14,811.86		114,000.00	114,000.00	-	-
4-07,11-09	Improvement of Kiel Avenue	951,000.00	-	12,000.00	147,346.05	791,653.95	526,000.00	265,653.95	-
10-07A	Various Improvements of 2007	603,900.00	-	25,100.00		578,800.00	578,800.00	-	-
9-08	Various Improvements of 2008	856,900.00	-	-		856,900.00	856,900.00	-	-
10-09	Various Improvements of 2009	420,850.00	-	-		420,850.00	420,800.00	50.00	-
18-09	Acquisition Of Fire Truck	457,000.00	-	-		457,000.00	457,000.00	-	-
19-09	Reconditioning of Fire Rescue Truck	285,000.00	-	-		285,000.00	285,000.00	-	-
6-10	Improvement of Brookvalley Road	-	527,000.00	-	206,250.00	320,750.00	252,000.00	68,750.00	-
9-10	Construction of New Firehouse	-	887,000.00	-	-	887,000.00	-	887,000.00	-
12-10	Various Improvements of 2010	-	513,000.00	-	-	513,000.00	406,600.00	106,400.00	-
		<u>\$ 7,600,966.72</u>	<u>\$ 1,897,000.00</u>	<u>\$ 494,269.05</u>	<u>\$ 353,596.05</u>	<u>\$ 8,650,101.62</u>	<u>\$ 7,021,100.00</u>	<u>\$ 1,547,853.95</u>	<u>\$ 81,147.67</u>

Ref.

C C-11 C-11 C-11 C-2,16 C-13 C-9

Paid by Budget Appropriation \$ 489,800.00  
Paid by Reserve for Cost of Issuance 4,469.05  
\$ 494,269.05

BOROUGH OF KINNELON  
 GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE FROM CURRENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 3,388.78
Increased by :		
Paid In 2010	C-2	<u>808,012.12</u>
		811,400.90
Decreased by :		
Received In 2010	C-2	<u>811,400.90</u>
Balance December 31, 2010	C	<u>\$ -</u>

BOROUGH OF KINNELON

C-7

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 82,750.00
Increased by :		
2010 Budget Appropriation:		
Received in 2010	C-2	<u>75,000.00</u>
		157,750.00
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-11	<u>83,000.00</u>
Balance December 31, 2010	C	<u>\$ 74,750.00</u>

BOROUGH OF KINNELON  
 GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 52.93
Increased by :		
Applied to Bond Anticipation Notes	C-9	<u>4,469.05</u>
		4,521.98
Decreased by :		
Paid in 2010	C-2	<u>52.93</u>
Balance December 31, 2010	C	<u>\$ 4,469.05</u>

C-9

SCHEDULE OF RESERVE FOR COST OF ISSUANCE

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 65,134.81
Decreased by :		
Paid in 2010	C-2	\$ 56,724.83
Applied to Bond Anticipation Notes	C-8,13	<u>4,469.05</u>
		<u>61,193.88</u>
Balance December 31, 2010	C	<u>\$ 3,940.93</u>

BOROUGH OF KINNELON  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR HOUSING REHABILITATION

	<u>Ref.</u>	
Balance December 31, 2009	C	<u>\$ 9,350.00</u>
Balance December 31, 2010	C	<u>\$ 9,350.00</u>

BOROUGH OF KINNELON

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Number	Ordinance Date	Amount	Balance Dec. 31., 2009		2010 Authorizations	Paid or Charged	Balance Dec. 31., 2010	
				Funded	Unfunded			Funded	Unfunded
Improvement of Municipal Complex	18-00	12/21/2000	2,000,000	\$ 28,675.01	\$ -			\$ 28,675.01	\$ -
Construction of Recreation Fields	20-03, 18-05, 19-05, 3-06, 6-06, 4-07, 11-09, 10-07A	9/16/2003 7/21/2005 8/18/2005 2/16/2006 2/16/2006 2/15/2007 8/20/2009 6/21/2007	1,400,000 100,000 300,000 35,000 262,500 880,000 540,000 810,000	-	8,927.84		997.50		7,930.34
Improvement of Forestdale Rd. & Eric Drive					25,285.79				25,285.79
Rehabilitation of Lake Rickabear Dam				12,345.00	250,000.00			12,345.00	250,000.00
Improvement of Kiel Avenue				16,770.00	527,252.13		188,614.24		355,407.89
Various Improvements of 2007				810,000	54,562.91		2,006.28		52,556.63
Purchase of Administrative & Police Equipment	8-08	6/19/2008	94,600	41,089.64	-		19,632.62	21,457.02	-
Various Improvements of 2008	9-08	6/19/2008	902,000		299,566.75		116,141.40		183,425.35
Various Improvements of 2009	10-09	8/20/2009	443,000		410,069.00		294,027.19		116,041.81
Acquisition of New Fire Apparatus	18-09	12/17/2009	480,000	23,000.00	457,000.00		184,634.00		295,366.00
Reconditioning of Fire Rescue Truck	19-09	12/17/2009	300,000	15,000.00	285,000.00		164,617.26		135,382.74
Improvement of Brookvalley Road	6-10	4/15/2010	540,000			540,000.00	74,001.39		465,998.61
Construction of New Firehouse	9-10	7/15/2010	900,000			900,000.00	2,252.26		857,000.00
Various Improvements of 2010	12-10	9/16/2010	540,000	-	-	540,000.00	278,340.32		261,659.68
				\$ 136,879.65	\$ 2,317,664.42	\$ 1,980,000.00	\$ 1,325,264.46	\$ 103,224.77	\$ 3,006,054.84

Ref.	C	C	C
Cash			
Deferred Charges to Future Taxation - Unfunded			\$ 1,033,598.86
Capital Improvement Fund			1,897,000.00
Reserve for Encumbrances			83,000.00
			291,665.60
			\$ 1,980,000.00
			\$ 1,325,264.46

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GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 56,346.31
Increased by :		
Charges to 2010 Improvement Authorizations	C-11	<u>291,665.60</u>
		348,011.91
Decreased by :		
Paid in 2010	C-2	<u>56,346.31</u>
Balance December 31, 2010	C	<u>\$ 291,665.60</u>

BOROUGH OF KINNELON

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Ord.	Purpose	Date of Issue	Original Notes Amount Issued	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
13-01	Acquisition of New Fire Apparatus	5/30/2002	356,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	\$ 126,000.00	82,000.00	\$ 126,000.00	\$ - 82,000.00
8-02	Acquisition of Police & DPW Equipment	7/25/2002	238,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	69,000.00	42,500.00	69,000.00	- 42,500.00
7-99/4-00	Improvement of Fayson Lakes Road	5/1/2003	27,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	12,400.00	9,400.00	12,400.00	- 9,400.00
13-02	Improvement of Municipal Complex - HVAC	10/9/2003	380,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	192,000.00	140,000.00	192,000.00	- 140,000.00
14-03	Acquisition of New and Additional Equipment	3/4/2004	142,800.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	89,200.00	70,000.00	89,200.00	- 70,000.00
13-03	Various Road Improvements	8/12/2004	119,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	74,000.00	60,000.00	74,000.00	- 60,000.00
10-04	Various Road Improvements	8/12/2004	157,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	92,600.00	75,000.00	92,600.00	- 75,000.00
11-04	Various Road Improvements of 2004	8/12/2004	114,200.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	70,200.00	56,000.00	70,200.00	- 56,000.00
20-03/13-04	Construction of Recreation Fields	3/4/2005	1,523,300.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	1,417,700.00	1,327,700.00	1,417,700.00	- 1,327,700.00
9-04	Construction of a Salt Storage Facility	3/4/2005	371,400.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	245,700.00	204,700.00	245,700.00	- 204,700.00
4-05	Acquisition of Various Equipment	11/9/2005	521,500.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	382,000.00	318,000.00	382,000.00	- 318,000.00
11-02	Various Road Improvements of 2002	7/19/2007	13,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	13,000.00	11,500.00	13,000.00	- 11,500.00



BOROUGH OF KINNELON  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ord.</u>	<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Notes Amount Issued</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
1-03	Improvement of Chilhowie Drive	7/19/2007	33,500.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	\$ 33,500.00	\$ 29,000.00	\$ 33,500.00	\$ 29,000.00
6-03	Acquisition of Land	7/19/2007	30,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	30,000.00	26,000.00	30,000.00	26,000.00
10-03	Construction of a New Bike Path	7/19/2007	16,500.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	16,500.00	14,500.00	16,500.00	14,500.00
18-05	Construction of Recreation Fields (Supplemental)	7/19/2007	50,000.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	50,000.00	43,500.00	50,000.00	43,500.00
19-05	Improvement of Forestdale Rd. & Eric Dr.	7/19/2007	285,500.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	285,500.00	249,500.00	285,500.00	249,500.00
13-06	Various Improvements of 2006	7/19/2007	247,500.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	247,500.00	217,000.00	247,500.00	217,000.00
14-06	Improvement of Various Roads	7/19/2007	133,300.00	2/26/2009 2/25/2010	2/26/2010 2/25/2011	1.52% 1.25%	133,300.00	114,000.00	133,300.00	114,000.00
3-06	Improvement of Forestdale Rd. & Eric Dr.	12/13/2007	33,300.00	12/10/2009 12/9/2010	12/10/2010 12/9/2011	1.60% 0.85%	33,300.00	31,300.00	33,300.00	31,300.00
4-07	Improvement of Kiel Avenue	12/13/2007	438,000.00	12/10/2009 12/9/2010	12/10/2010 12/9/2011	1.60% 0.85%	438,000.00	426,000.00	438,000.00	426,000.00
10-07A	Various Improvements of 2007	12/13/2007	603,900.00	12/10/2009 12/9/2010	12/10/2010 12/9/2011	1.60% 0.85%	603,900.00	578,800.00	603,900.00	578,800.00
9-08	Various Improvements of 2008	12/12/2008	509,700.00	12/10/2009 12/9/2010	12/10/2010 12/9/2011	1.60% 0.85%	509,700.00	509,700.00	509,700.00	509,700.00
18-05	Construction of Recreation Fields	12/10/2009	45,000.00	12/10/2009 12/9/2010	12/10/2010 12/9/2011	1.60% 0.85%	45,000.00	45,000.00	45,000.00	45,000.00

BOROUGH OF KINNELON  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Ord.	Purpose	Original Notes		Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010	
		Date of Issue	Amount Issued								
1-06	Acquisition of Communication Equipment	12/10/2009	71,400.00	12/10/2009	12/10/2010	1.60%	\$ 71,400.00	71,400.00	\$ 71,400.00	\$ -	71,400.00
10-09	Various Improvements of 2009	12/10/2009	150,000.00	12/10/2009	12/10/2010	1.60%	150,000.00	150,000.00	150,000.00	-	150,000.00
11-09	Improvement of Kiel Avenue	12/10/2009	100,000.00	12/10/2009	12/10/2010	1.60%	100,000.00	100,000.00	100,000.00	-	100,000.00
9-08	DPW, Storm Drains, Rec Lighting	8/3/2010	347,200.00	8/3/2010	2/25/2011	0.99%	-	347,200.00	-	-	347,200.00
10-09	Various Improvements of 2009	8/3/2010	270,800.00	8/3/2010	2/25/2011	0.99%	-	270,800.00	-	-	270,800.00
18-09	Acquisition of New Fire Truck	8/3/2010	457,000.00	8/3/2010	2/25/2011	0.99%	-	457,000.00	-	-	457,000.00
19-09	Reconditioning of Fire Truck	8/3/2010	285,000.00	8/3/2010	2/25/2011	0.99%	-	285,000.00	-	-	285,000.00
6-10	Improvement of Brookvalley Road	12/9/2010	252,000.00	12/9/2010	12/9/2011	0.85%	-	252,000.00	-	-	252,000.00
12-10	Various Improvements of 2010	12/9/2010	406,600.00	12/9/2010	12/9/2011	0.85%	-	406,600.00	-	-	406,600.00
							<u>\$ 5,531,400.00</u>	<u>\$ 7,021,100.00</u>	<u>\$ 5,531,400.00</u>	<u>\$ 7,021,100.00</u>	<u>\$ 406,600.00</u>

  

Ref.	Amount
Cash	\$ 7,021,100.00
Paid by Budget Appropriation	-
Paid by Reserve For Cost of Issuance	489,800.00
	4,469.05
	<u>\$ 7,021,100.00</u>
	<u>\$ 5,531,400.00</u>

C

Ref. C

GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 331,287.72
Decreased by :		
Repayment of Loan	C-4	<u>63,646.99</u>
Balance December 31, 2010	C	<u>\$ 267,640.73</u>

Analysis of Balance December 31, 2010

<u>Payment No.</u>	<u>Due Date</u>	<u>Amount</u>
32	3/23/2011	32,301.64
33	9/23/2011	32,624.65
34	3/23/2012	32,950.90
35	9/23/2012	33,280.41
36	3/23/2013	33,613.21
37	9/23/2013	33,949.35
38	3/23/2014	34,288.84
39	9/23/2014	<u>34,631.73</u>
		<u>\$ 267,640.73</u>

BOROUGH OF KINNELON

GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Date	Amount	Interest Rate	Balance Dec. 31, 2009	Paid	Balance Dec. 31, 2010
General Improvements of 2002	3/1/2002	\$ 8,670,000.00	3/1/2011	365,000.00	4.500%	\$ 715,000.00	\$ 350,000.00	\$ 365,000.00
General Refunding Bonds of 2009	12/16/2009	\$ 6,070,000.00	3/1/2011	30,000.00	2.000%	\$ 6,070,000.00	\$ 105,000.00	\$ 5,965,000.00
			3/1/2012	405,000.00	2.000%			
			3/1/2013	415,000.00	3.000%			
			3/1/2014	430,000.00	3.000%			
			3/1/2015	440,000.00	4.000%			
			3/1/2016	445,000.00	4.000%			
			3/1/2017	455,000.00	4.000%			
			3/1/2018	460,000.00	4.250%			
			3/1/2019	465,000.00	4.250%			
			3/1/2020	475,000.00	4.250%			
3/1/2021	475,000.00	4.000%						
3/1/2022	485,000.00	4.750%						
3/1/2023	490,000.00	4.000%						
3/1/2024	495,000.00	4.000%						
						<u>\$ 6,785,000.00</u>	<u>\$ 455,000.00</u>	<u>\$ 6,330,000.00</u>

Ref. C C-4 C

BOROUGH OF KINNELON

GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>Authorized in 2010</u>	<u>Notes Issued in 2010</u>	<u>State Aid Received</u>	<u>Balance Dec. 31, 2010</u>
7-99.4-00	Improvement of Fayson Lake Road	\$ 17,408.81	-	-	-	\$ 17,408.81
1-01	Improvement of Kakeout Road	11,750.00				11,750.00
11-02	Improvement of Various Roads	47,235.82				47,235.82
1-03	Improvement of Chilhowie Drive	4,223.57				4,223.57
6-03	Acquisition of Land	108.93				108.93
10-03	Construction of a New Bike Path	420.54				420.54
6-06	Rehabilitation of Lake Rickabear Dam	250,000.00				250,000.00
9-08	Various Improvements of 2008	347,200.00		347,200.00		-
10-09	Various Improvements of 2009	270,850.00		270,800.00		50.00
11-09	Improvement of Kiel Avenue	413,000.00			147,346.05	265,653.95
18-09	Acquisition Of Fire Truck	457,000.00		457,000.00		-
19-09	Reconditioning of Fire Rescue Truck	285,000.00		285,000.00		-
6-10	Improvement of Brookvalley Road		527,000.00	252,000.00	206,250.00	68,750.00
9-10	Construction of a New Firehouse		857,000.00	857,000.00		857,000.00
12-10	Various Improvements of 2010	-	513,000.00	406,600.00	-	106,400.00
		<u>\$ 2,104,197.67</u>	<u>\$ 1,897,000.00</u>	<u>\$ 2,018,600.00</u>	<u>\$ 353,596.05</u>	<u>\$ 1,629,001.62</u>

BOROUGH OF KINNELON  
 WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	D	<u>\$ 186,222.49</u>	<u>\$ 205,647.63</u>
Increased by Receipts :			
Fund Balance	D-2		1,056.40
Miscellaneous	D-3	889.91	
Interfund Accounts Receivable	D-7	61,490.89	
Consumers' Accounts Receivable	D-8	325,389.28	
Prepaid Rents	D-16	521.20	
Interfund Accounts Payable	D-18		1,634.13
Bond Anticipation Notes	D-23	-	594,000.00
		<u>388,291.28</u>	<u>596,690.53</u>
		<u>574,513.77</u>	<u>802,338.16</u>
Decreased by Disbursements :			
2010 Budget Appropriations	D-4	428,940.64	
Interfund Accounts Receivable	D-7	50,000.00	
2009 Appropriation Reserves	D-13	55,944.63	
Reserve for Encumbrances	D-14	18,372.33	
Accrued Interest on Notes	D-15	10,175.20	
Prepaid Rents Refunded	D-16	288.00	
Interfund Accounts Payable	D-18		9,350.37
Improvement Authorizations	D-20		13,069.00
Bond Anticipation Notes	D-23	-	594,000.00
		<u>563,720.80</u>	<u>616,419.37</u>
Balance December 31, 2010	D	<u>\$ 10,792.97</u>	<u>\$ 185,918.79</u>

BOROUGH OF KINNELON

WATER UTILITY FUND  
ANALYSIS OF WATER CAPITAL CASH

	Balance Dec. 31., 2009	Receipts		Disbursements		Transfers		Balance Dec. 31., 2010
		Bond Anticipation Notes	Miscellaneous	Bond Anticipation Notes	Miscellaneous	To	From	
Fund Balance	\$ 7,966.67	\$ -	\$ 1,056.40	\$ -	\$ -	\$ -	\$ 7,000.00	\$ 2,023.07
Capital Improvement Fund	84,868.00							84,868.00
Interfund Accounts Payable	716.24		1,634.13		9,350.37		7,000.00	(0.00)
Reserve for Encumbrances	-							-
Improvement Authorizations :								
Ord. 15-04 Improvements to Water Supply System	77,546.34	126,000.00		126,000.00	11,163.00			66,383.34
Ord. 9-02 Improvements to Water Supply System	4,883.24	29,000.00		29,000.00	-			4,883.24
Ord. 11-07 Improvements to Water Supply System	14,176.14	384,000.00		384,000.00	953.00			13,223.14
Ord. 10-08 Acquisition of Vehicular Equipment	9,491.00	55,000.00		55,000.00	953.00			8,538.00
Ord. 12-09 Acquisition of Generator	6,000.00	-	-	-	-	-	-	6,000.00
	<u>\$ 205,647.63</u>	<u>\$ 594,000.00</u>	<u>\$ 2,690.53</u>	<u>\$ 594,000.00</u>	<u>\$ 22,419.37</u>	<u>\$ 7,000.00</u>	<u>\$ 7,000.00</u>	<u>\$ 185,918.79</u>

BOROUGH OF KINNELON  
 WATER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>	<u>Water Capital Fund</u>	<u>Sewer Operating Fund</u>
Balance December 31, 2009	D	\$ 1,786.50	\$ 1,070.26	\$ 716.24	\$ -
Increased by:					
Interest Earned on Savings	D-3	2,704.39	1,070.26	1,634.13	-
Anticipated Revenue in	D-3	7,000.00		7,000.00	-
Water Operating Fund	D-5	50,000.00	-	-	50,000.00
Paid in Error		<u>59,704.39</u>	<u>1,070.26</u>	<u>8,634.13</u>	<u>50,000.00</u>
	D-5	<u>61,490.89</u>	<u>2,140.52</u>	<u>9,350.37</u>	<u>50,000.00</u>
Decreased by:					
Received in 2010	D-5	<u>61,490.89</u>	<u>2,140.52</u>	<u>9,350.37</u>	<u>50,000.00</u>
Balance December 31, 2010	D	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2009</u>	<u>2010 Charges</u>	<u>Collections</u>	<u>Prepaid Rents Applied</u>	<u>Balance Dec. 31, 2010</u>
Water Rents	<u>\$ 5,497.62</u>	<u>\$ 338,104.49</u>	<u>\$ 325,389.28</u>	<u>\$ 451.34</u>	<u>\$ 17,761.49</u>
Ref.	D		D-3,5	D-3,16	D



BOROUGH OF KINNELON  
WATER UTILITY FUND  
SCHEDULE OF DEFERRED CHARGES - EMERGENCY AUTHORIZATION

	<u>Ref.</u>	
Increased by :		
Added to 2010 Budget Appropriations	D-4	<u>\$ 35,000.00</u>
Balance December 31, 2010	D	<u>\$ 35,000.00</u>

WATER UTILITY FUND  
SCHEDULE OF OPERATING DEFICIT

	<u>Ref.</u>	
Increased by :		
2010 Results of Operations	D-1	<u>\$ 20,187.32</u>
Balance December 31, 2010	D	<u>\$ 20,187.32</u>

BOROUGH OF KINNELON  
 WATER UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Steel Water Tank	\$ 109,772.47	\$ 109,772.47
Pumping Station	61,031.83	61,031.83
Distribution Mains	212,035.89	212,035.89
Meters	10,784.39	10,784.39
General Equipment	<u>5,549.47</u>	<u>5,549.47</u>
	<u>\$ 399,174.05</u>	<u>\$ 399,174.05</u>
Ref.	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Refurbishing of Pressure Reducing Valves	\$ 4,000.00	\$ 4,000.00
Purchase of Water Utility Equipment	17,000.00	17,000.00
Improvement to Water Supply System	360,000.00	360,000.00
Improvement to Water Supply System	440,000.00	440,000.00
Acquisition of Vehicular Equipment	55,000.00	55,000.00
Acquisition of Generator	<u>60,000.00</u>	<u>60,000.00</u>
	<u>\$ 936,000.00</u>	<u>\$ 936,000.00</u>
Ref.	D	D

## BOROUGH OF KINNELON

WATER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2009

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating :			
Salaries and Wages	\$ 14,338.78	\$ 8,261.23	\$ 6,077.55
Other Expenses	58,609.92	46,996.99	11,612.93
Capital Improvements:			
Capital Outlay	-	-	-
Statutory Expenditures :			
Public Employees Retirement System	-		-
Social Security System (O.A.S.I.)	2,207.08	645.80	1,561.28
Unemployment Compensation Insurance	<u>236.87</u>	<u>40.61</u>	<u>196.26</u>
	<u>\$ 75,392.65</u>	<u>\$ 55,944.63</u>	<u>\$ 19,448.02</u>
Ref.	D	D-5	D-1

BOROUGH OF KINNELON  
 WATER UTILITY FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 18,372.33
Increased by :		
Charges to 2010 Budget Appropriation	D-4	<u>20,405.68</u>
		38,778.01
Decreased by :		
Paid in 2010	D-5	<u>18,372.33</u>
Balance December 31, 2010	D	<u>\$ 20,405.68</u>

D-15

WATER UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON NOTES

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 5,299.11
Increased by :		
2010 Budget Appropriation	D-4	<u>9,110.00</u>
		14,409.11
Decreased by :		
Interest Paid in 2010	D-5	<u>10,175.20</u>
Balance December 31, 2010	D	<u>\$ 4,233.91</u>

BOROUGH OF KINNELON  
 WATER UTILITY FUND  
SCHEDULE OF PREPAID RENTS

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 451.34
Increased by :		
Received in 2010	D-5	<u>521.20</u>
		972.54
Decreased by :		
Refunded in 2010	D-5	\$ 288.00
Prepaid Applied	D-8	<u>451.34</u>
		<u>739.34</u>
Balance December 31, 2010	D	<u>\$ 233.20</u>

SCHEDULE OF AMOUNT DUE TO CURRENT FUND

	<u>Ref.</u>	
Increased by:		
Paid in 2010	D-4	<u>\$ 1,070.26</u>
Balance December 31, 2010	D	<u>\$ 1,070.26</u>

BOROUGH OF KINNELON  
 WATER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Ref.</u>	Water Operating Fund
Balance December 31, 2009	D	\$ 716.24
Increased by :		
Interest Earned on Savings	D-5	1,634.13
Fund Balance Anticipated as Revenue	D-2	<u>7,000.00</u>
		9,350.37
Decreased by :		
Paid in 2010	D-5	<u>9,350.37</u>
Balance December 31, 2010	D	<u>\$ -</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	D	<u>\$ 84,868.00</u>
Balance December 31, 2010	D	<u>\$ 84,868.00</u>

BOROUGH OF KINNELON

WATER UTILITY FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2009		Expended	Balance Dec. 31, 2010		Ref.
				Funded	Unfunded		Funded	Unfunded	
9-02	Improvement of Water Supply System	05/16/02	\$ 110,000.00	\$ -	\$ 4,883.24	\$ -	\$ -	\$ 4,883.24	
15-04	Improvement of Water Supply System	06/17/04	250,000.00	-	77,546.34	11,163.00		66,383.34	
11-07	Improvement of Water Supply System	03/23/07	440,000.00	-	14,176.14	953.00		13,223.14	
10-08	Acquisition of Vehicular Equipment	06/19/08	55,000.00	-	9,491.00	953.00		8,538.00	
12-09	Acquisition of Generator	08/20/09	60,000.00	6,000.00	54,000.00	-	6,000.00	54,000.00	
				<u>\$ 6,000.00</u>	<u>\$ 160,096.72</u>	<u>\$ 13,069.00</u>	<u>\$ 6,000.00</u>	<u>\$ 147,027.72</u>	
				D	D	D-5	D	D	D

## BOROUGH OF KINNELON

WATER UTILITY FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 558,174.05
Increased by :		
Notes Paid in 2010	D-23	<u>52,000.00</u>
Balance December 31, 2010	D	<u>\$ 610,174.05</u>



BOROUGH OF KINNELON

WATER UTILITY FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Number</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2010</u>
13-86	8/21/86	\$4,000.00	Refurbishing of Pressure Reducing Valves	\$ 4,000.00	\$ 4,000.00
18-99	12/10/99	17,000.00	Purchase of Water Utility Equipment	17,000.00	17,000.00
11-07	3/23/07	50,000.00	Improvement of Water Supply System	50,000.00	50,000.00
12-09	8/20/09	60,000.00	Acquisition of Generator	<u>6,000.00</u>	<u>6,000.00</u>
				<u>\$ 77,000.00</u>	<u>\$ 77,000.00</u>
				Ref. D	D

WATER UTILITY FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue	Original Note Amount of Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010	
											Issue
09-02	Improvement of Water Supply System	7/25/02	\$ 110,000.00	2/27/09 2/26/10	2/26/10 2/25/11	1.52% 1.25%	\$ 44,000.00	\$ 29,000.00	\$ 44,000.00	\$ - 29,000.00	
15-04	Improvement of Water Supply System	8/12/04	250,000.00	2/27/09 2/26/10	2/26/10 2/25/11	1.52% 1.25%	157,000.00	126,000.00	157,000.00	- 126,000.00	
11-07	Improvement of Water Supply System	12/13/07	365,000.00	12/11/09 12/10/10	12/10/10 12/9/11	1.60% 0.85%	365,000.00	359,000.00	365,000.00	- 359,000.00	
11-07	Improvement of Water Supply System	12/12/08	25,000.00	12/11/09 12/10/10	12/10/10 12/9/11	1.60% 0.85%	25,000.00	25,000.00	25,000.00	- 25,000.00	
10-08	Acquisition of Vehicular Equipment	12/12/08	55,000.00	12/11/09 12/10/10	12/10/10 12/9/11	1.60% 0.85%	55,000.00	55,000.00	55,000.00	- 55,000.00	
							<u>\$ 646,000.00</u>	<u>\$ 594,000.00</u>	<u>\$ 646,000.00</u>	<u>\$ 594,000.00</u>	
							Ref.	D		D	
Cash							Ref.	D-5	\$ 594,000.00	\$ 594,000.00	
Paid by Budget Appropriation								D-21	-	52,000.00	
									<u>\$ 594,000.00</u>	<u>\$ 646,000.00</u>	

WATER UTILITY FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31. 2009</u>	<u>Balance Dec. 31. 2010</u>
12-09	Acquisition of Generator	<u>\$ 54,000.00</u>	<u>\$ 54,000.00</u>

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2009	E		\$ 489,703.50
Increased by :			
Miscellaneous Revenue Not Anticipated	E-2	\$ 2,841.07	
Consumers' Accounts Receivable	E-5	361,567.39	
Prepaid Rents	E-8	418.21	
Amount Due to Borough of Butler	E-9	30,699.16	
Amount Due to Water Operating Fund	E-10	<u>50,000.00</u>	
			<u>445,525.83</u>
			935,229.33
Decreased by Disbursements :			
2010 Budget Appropriations	E-3	474,815.50	
2009 Appropriation Reserves	E-6	7,584.26	
Reserve for Encumbrances	E-7	28.14	
Amount Due to Borough of Butler	E-9	29,386.35	
Amount Due to Current Fund	E-10	<u>50,000.00</u>	
			<u>561,814.25</u>
Balance December 31, 2010	E		<u>\$ 373,415.08</u>

## BOROUGH OF KINNELON

SEWER UTILITY FUND  
SCHEDULE OF CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>2010</u> <u>Charges</u>	<u>Collected</u>	<u>Prepaid</u> <u>Rents</u> <u>Applied</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Sewer Rents	<u>\$ 39,038.28</u>	<u>\$ 361,544.97</u>	<u>\$ 361,567.39</u>	<u>\$ 244.80</u>	<u>\$ 38,771.06</u>
Ref.	E		E-2,4	E-2,8	E

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2009

	<u>Balance Dec. 31, 2009</u>	<u>Paid or Charged</u>	<u>Lapsed</u>
Operating : Salary and Wages	<u>\$78,761.32</u>	<u>\$ 7,584.26</u>	<u>\$71,177.06</u>
Ref.	E	E-4	E-1

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	E	\$ 28.14
Increased by :		
2010 Budget Appropriations Charges	E-3	<u>16,684.62</u>
		16,712.76
Decreased by :		
Paid in 2010	E-4	<u>28.14</u>
Balance December 31, 2010	E	<u>\$ 16,684.62</u>

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
SCHEDULE OF PREPAID RENTS

	<u>Ref.</u>	
Balance December 31, 2009	E	\$ 244.80
Increased by :		
Received in 2010	E-4	<u>418.21</u>
		663.01
Decreased by:		
Prepaid Rent Applied	E-5	<u>244.80</u>
Balance December 31, 2010	E	<u>\$ 418.21</u>



BOROUGH OF KINNELON  
SEWER UTILITY FUND  
SCHEDULE OF AMOUNT DUE TO BOROUGH OF BUTLER

	<u>Ref.</u>	
Balance December 31, 2009	E	\$ 6,882.75
Increased by :		
Received in 2010	E-4	<u>30,699.16</u>
		37,581.91
Decreased by :		
Paid in 2010	E-4	<u>29,386.35</u>
Balance December 31, 2010	E	<u>\$ 8,195.56</u>

BOROUGH OF KINNELON  
SEWER UTILITY FUND  
SCHEDULE OF AMOUNT DUE TO WATER OPERATING

	<u>Ref.</u>	
Increased by :		
2010 Budget Appropriations Charges	E-3	<u>\$ 50,000.00</u>
Decreased by :		
Paid in 2010	E-4	<u>\$ 50,000.00</u>

BOROUGH OF KINNELON  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	P.A.T.F. <u>Account No. 1</u>	P.A.T.F. <u>Account No. 2</u>	<u>Total</u>
Balance December 31, 2009	F	<u>\$34,113.52</u>	<u>\$5,770.38</u>	<u>\$ 39,883.90</u>
Increased by Receipts :				
Donations	F-2	1,517.00	-	1,517.00
Interest on Investments	F-2	<u>51.55</u>	<u>9.91</u>	<u>61.46</u>
		<u>1,568.55</u>	<u>9.91</u>	<u>1,578.46</u>
		<u>35,682.07</u>	<u>5,780.29</u>	<u>41,462.36</u>
Decreased by Disbursements :				
Local Assistance	F-2	<u>1,564.03</u>	-	<u>1,564.03</u>
Balance December 31, 2010	F	<u>\$ 34,118.04</u>	<u>\$ 5,780.29</u>	<u>\$ 39,898.33</u>

BOROUGH OF KINNELON  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

	<u>Ref.</u>	<u>P.A.T.F. Account No. 1</u>	<u>P.A.T.F. Account No. 2</u>	<u>Total</u>
Balance December 31, 2009	F	\$32,590.07	\$5,249.41	\$ 37,839.48
Increased by:				
Donations	F-1	<u>1,517.00</u>	<u>-</u>	<u>1,517.00</u>
		34,107.07	5,249.41	39,356.48
Decreased by Disbursements :				
Public Assistance Expenditures	F-1	<u>1,564.03</u>	<u>-</u>	<u>1,564.03</u>
Balance December 31, 2010	F	<u>\$ 32,543.04</u>	<u>\$ 5,249.41</u>	<u>\$ 37,792.45</u>

SCHEDULE OF AMOUNT DUE TO CURRENT FUND

	<u>Ref.</u>	<u>P.A.T.F. Account No. 1</u>	<u>P.A.T.F. Account No. 2</u>	<u>Total</u>
Balance December 31, 2009	F	\$ 1,523.45	\$ 520.97	\$ 2,044.42
Increased by:				
Interest Due to Current Fund	F-1	<u>51.55</u>	<u>9.91</u>	<u>61.46</u>
Balance December 31, 2010	F	<u>\$ 1,575.00</u>	<u>\$ 530.88</u>	<u>\$ 2,105.88</u>

BOROUGH OF KINNELON  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF REVENUES

	<u>P.A.T.F.</u> <u>Account No. 1</u>	<u>P.A.T.F.</u> <u>Account No. 2</u>	<u>Total</u>
Donations	\$ 1,517.00	\$ -	\$ 1,517.00
Interest Earned	<u>51.55</u>	<u>9.91</u>	<u>61.46</u>
Total Receipts	<u>\$ 1,568.55</u>	<u>\$ 9.91</u>	<u>\$ 1,578.46</u>

BOROUGH OF KINNELON  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF EXPENDITURES

	<u>P.A.T.F.</u> <u>Account No. 1</u>	<u>P.A.T.F.</u> <u>Account No. 2</u>	<u>Total</u>
Local Assistance	<u>\$ 1,564.03</u>	<u>\$ -</u>	<u>\$ 1,564.03</u>
Total Disbursements (P.A.T.F.)	<u>\$ 1,564.03</u>	<u>\$ -</u>	<u>\$ 1,564.03</u>

**REPORTS PURSUANT TO GOVERNMENT AUDITING  
STANDARDS**



# VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
"GOVERNMENT AUDITING STANDARDS"

The Honorable Mayor and  
Members of the Borough Council  
Borough of Kinnelon  
County of Morris, New Jersey

We have audited the financial statements of the Borough of Kinnelon as of and for the years ended December 31, 2010 and December 31, 2009, and have issued our report thereon dated July 14, 2011. In our report our opinion was qualified because the Borough of Kinnelon prepares its financial statements on a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. Except as discussed in the preceding sentence, we conducted our audit 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; and in compliance with audit requirements 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, we considered the Borough of Kinnelon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Kinnelon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Kinnelon's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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.

111 Howard Boulevard  
Suite 212  
P.O. Box 397  
Mt. Arlington, NJ 07856  
Phone: 973-770-5491  
Fax: 973-770-5494  
[vm\\_associates@msn.com](mailto:vm_associates@msn.com)



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Kinnelon'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 on noncompliance or other matters that are required to be reported under Government Auditing Standards.

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



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CR000375



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

July 14, 2011

**BOROUGH OF KINNELON**

**PART II**

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**GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2010**

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR BIDS

Effective April 17, 2000 N.J.S.A. 40A:11 (Local Public Contracts Law) is revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519) The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of the law

Effective July 1, 2010 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$26,000.00.

It is pointed out that the governing body of the Borough of Kinnelon has the responsibility of determining whether commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Borough's Attorney's opinion should be sought before commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Auditor, Attorney, Utility Consulting Engineers, Tax Assessment Mapping Engineers, Insurance Broker, Bond Counsel, Labor Attorney, Municipal Planner, Animal Control, Forester and Borough Engineer.

The minutes indicate that bids were requested by public advertising for the following items:

Municipal Field Lighting Acquisition and Installation, Highlands Avenue Storm Drainage Improvements and Solid Waste and Recycling Pickup and Removal.

The system of records is not required to provide and therefore did not provide for an accumulation of purchases for which the Borough used contracts entered in to by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained

An ordinance adopted October 17, 1996, authorized the Borough to enter into cooperative purchasing program with the County of Morris. The following Borough purchases were made through the use of this program:

Asphalt, Salt, Gasoline & Diesel Fuel, Salt Spreader, and Road Improvements

Inasmuch as the system of records is not required to provide and therefore did not provide for an accumulation of payments by categories for the performance of any work or the furnishing or hiring of any materials 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. None were disclosed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the provision or performance of any goods or services" in excess of the statutory limit where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

COLLECTION OF INTEREST ON DELINQUENT TAXES

The statutes provide 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 4, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED By the Governing Body of the Borough of Kinnelon that the rate of interest charged on delinquent in the Borough of Kinnelon shall be as follows:

“ On all delinquents to and including December 31, 2009, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2010, at the rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any account in excess of \$1,500.00.”

BE IT FURTHER RESOLVED That the Collector of Taxes be and she is hereby directed to collect interest on all taxes accordingly; provided, however, that small items of interest be waived during the first ten (10) days of the current quarterly tax period.

WHEREAS, taxes are payable in quarterly installments on February 1, May 1, August 1, and November 1 in each year and installments become delinquent if not paid on or before these dates; and

WHEREAS, New Jersey State Statute N.J.S.A. 54:4-67 has been amended to define the new tax delinquency;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Borough of Kinnelon, that the interest to be charged a delinquent taxpayer for the non-payment of real property taxes shall be an additional penalty of six percent (6%) of the amount of delinquency in excess of \$10,000 at the end of a calendar year;

BE IT FURTHER RESOLVED that this delinquency now is to be calculated on the sum of all taxes from year to year and not to be calculated on an individual yearly basis.

It appears from an examination of the Collector’s records that interest was collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2010 include taxes for 2010.

The last tax sale was held December 3, 2010 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2010	43
2009	43
2008	42
2007	38
2006	35

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 Taxes	25
Payments of 2010 Taxes	25
Delinquent Taxes	25
Payment of Water Utility	25
Payment of Sewer Utility	25
Delinquent Sewer Utility Charges	25
Delinquent Water Utility Charges	25

The result of the test, which was made as of December 31, 2010, is not yet fully known, however the items that were returned were checked and in agreement with the Borough's records and for items not returned either a second request was made or the open items were traced to subsequent collection. If any irregularities are discovered as a result of our second request a separate report will be issued.

OTHER COMMENTS

CHIEF FINANCIAL OFFICER

It was again noted during this year's audit that there were several outstanding checks in the Payroll Account that remained outstanding for more than six months. Also the Payroll Account is in a deficit at year end and was not properly reconciled by Borough personnel.

It was noted that the Current Fund had numerous reconciling items from prior years that were not properly disposed of and the reconciliation has outstanding checks that were more over six months old..

There again was no formal General Ledger or similar type records being maintained on a monthly basis. Bank reconciliations and Budget proofs were also not being done on a monthly basis. This resulted in numerous adjustments at year end and unnecessary charges to operations. It is imperative that the records be balanced monthly and all adjustments be properly disposed of.

The Disbursement Ledger for Grant Funds did not always identify which Grant Funds were being utilized, resulting in additional work to balance with Grant Funds Budget Status reports.

TAX COLLECTOR

Periodic reconciliations of collections and delinquent tax balances were not maintained in proof with the cash receipts records. The failure of not having the tax balances in proof required additional time to be spent in order to verify the accuracy of the tax records. For good internal control, it is important that the Tax Collector establish and maintain control accounts, independent of the computer, for summarizing transactions relative to levies, cash payments, other debits/credits and balances for taxes receivable. We noted 1 County Board Tax Appeals that was miscalculated and had to be revised, resulting in a taxpayer overpayment.

MUNICIPAL COURT

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Magistrate, Borough Clerk and Division of Local Government Services. Comments and recommendations regarding the financial records maintained by the Court Administrator are covered in this report.

### TECHNICAL ACCOUNTING DIRECTIVES

The Division of Local Government Services has established three systems which are required by all local units. They are as follows:

1. Maintenance of an encumbrance accounting system (N.J.A.C. 5:30-5.2).
2. Fixed asset accounting and reporting system (N.J.A.C. 5:30-5.6).
3. General ledger accounting and record system (N.J.A.C. 5:30-5.7).

The Borough has complied by implementing directives #1 & #2 and is in the process of reimplementing directive #3.

### CHANGE ORDERS IN EXCESS OF 20%

The Borough Clerk has certified that no change orders were issued that would cause an originally awarded contract price to be exceeded by more than 20 percent (N.J.A.C. 5:30-11.1 et seq.).

RECOMMENDATIONS

That a General Ledger be reestablished and reconciled monthly to the subsidiary ledgers and bank reconciliations.

That all reconciling items in the Current Fund be reviewed and properly disposed of.

That the Tax Collector perform an independent proof of taxes.

That the Payroll Account be properly reconciled and funded.

That all checks approved by the Governing Body that remain outstanding for more than six months be properly disposed of.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, with the exception of those repeated below:

That a General Ledger be reestablished and reconciled monthly to the subsidiary ledgers and bank reconciliations.

That all reconciling items in the Current Fund be reviewed and properly disposed of.

\*\*\*\*\*

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Borough officials during the course of the audit.



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CR000375



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

July 14, 2011