

**BOROUGH OF KINNELON**

Financial Statements  
with Additional Financial Information

December 31, 2012

(With Independent Auditor's Report Thereon)

# BOROUGH OF KINNELON

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

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### **Unmodified Opinions on Basic Financial Statements Accompanied by Additional Financial Information**

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

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

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

We have audited the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2012 and 2011 of the Borough of Kinnelon, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund, Water Utility and Sewer Utility Funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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

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

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

As described in note 1 of the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey-regulatory basis, which is a basis of accounting other accounting principles than generally accepted in the United States of America to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Kinnelon, New Jersey, as of December 31, 2012 and 2011 and the changes in financial position for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of Kinnelon, New Jersey, as of December 31, 2012 and 2011 and the related statement of operations and changes in fund balances for the years then ended and the related and the related statement of revenues and statements of expenditures of the Current Fund, Water Utility and Sewer Utility Funds for the year ended December 31, 2012 on the regulatory basis of accounting described in note 1.

## ***Other Matters***

### ***Additional Financial Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Borough of Kinnelon's internal control over financial reporting and compliance.

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

Louis C. Mai, Registered Municipal Accountant  
No. CR00217

September 30, 2013



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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2012 and 2011 of the Borough of Kinnelon, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statements of revenues and statements of expenditures of the Current fund, Water Utility and Sewer Utility funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Borough of Kinnelon, New Jersey's (the Borough) basic financial statements, and have issued our report thereon dated September 30, 2013

#### **Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. We consider the first recommendation listed in the comment and recommendation section to be a material weakness.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Louis C. Mai, Registered Municipal Accountant  
No. CR00217

September 30, 2013

## FINANCIAL STATEMENTS

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Current Fund

December 31, 2012 and 2011

<b>Assets</b>	<b>Ref.</b>	<b>2012</b>	<b>2011</b>
Regular Fund:			
Cash - checking	A-4	\$ 2,494,536	2,337,056
Change Fund - cash		580	580
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-6	5,092	6,092
		<u>2,500,208</u>	<u>2,343,728</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-7	510,807	586,975
Tax title liens	A-8	882,709	850,267
Foreclosed property	A-25	32,150	32,150
Revenue accounts receivable	A-9	4,582	5,885
Due from:			
Other Trust Funds	A-21	—	19,568
Water Utility Operating Fund	A-21	105,431	16,418
General Capital Fund	A-21	396,251	170,556
Public Assistance Trust Fund	A-21	2,106	2,106
Due from Payroll Account	A-4	39,028	
Lakeland Regional Solid Waste Authority	A-28	—	19,793
Prepaid school taxes	A-12	—	250
		<u>1,973,064</u>	<u>1,703,968</u>
Deferred charges:			
Special emergency authorizations (40A-4:53)	A-27	228,000	35,000
Emergency authorizations (40A:4-47)	A-27	—	5,000
		<u>4,701,272</u>	<u>4,087,696</u>
Federal and State Grant Fund:			
Grants receivable	A-22	33,306	16,156
Due from Current Fund	A-21	139,430	112,162
		<u>172,736</u>	<u>128,318</u>
		<u>\$ 4,874,008</u>	<u>4,216,014</u>

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Current Fund

December 31, 2012 and 2011

<b>Liabilities, Reserves and Fund Balance</b>	<b>Ref.</b>	<b>2012</b>	<b>2011</b>
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-10	\$ 596,554	542,020
Encumbrances payable	A-15	402,520	234,851
Tax overpayments	A-16	64,290	28,913
Prepaid taxes	A-17	178,879	247,024
Electric liens redeemed	A-18	259	7,494
Due to:			
Federal and State Grant Fund	A-21	139,430	112,162
Other Trust Fund	A-21	218,670	158,415
Library	A-3	24,660	—
Various reserves	A-20	17,214	5,503
Reserve for tax appeals	A-19	—	3,799
Accounts payable	A-10	9,444	—
Unappropriated reserves	A-11	252,704	173,696
		<u>1,904,624</u>	<u>1,513,877</u>
Reserve for receivables and other assets		1,973,064	1,703,968
Fund balance	A-1	823,584	869,851
		<u>4,701,272</u>	<u>4,087,696</u>
Federal and State Grant Fund:			
Appropriated reserves	A-23	170,611	117,445
Encumbrances payable	A-26	—	1,213
Unappropriated reserves	A-24	2,125	9,660
		<u>172,736</u>	<u>128,318</u>
		<u>\$ 4,874,008</u>	<u>4,216,014</u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

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

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 750,000	1,657,000
Miscellaneous revenue anticipated	1,662,180	1,451,850
Receipts from delinquent taxes	624,176	640,181
Receipts from current taxes	46,977,063	45,817,897
Non-budget revenues	207,243	114,027
Other credits to income:		
Budget appropriations canceled	37,494	50
Unexpended balance of appropriation reserves	264,406	167,674
Total income	<u>50,522,562</u>	<u>49,848,679</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	3,506,102	3,508,489
Other expenses	3,446,720	3,809,492
Deferred charges and statutory expenditures	957,437	1,023,583
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	36,000	35,000
Other expenses	1,397,755	865,605
Capital improvements	100,000	60,000
Municipal debt service	1,112,640	1,259,776
County taxes	5,318,670	5,378,071
Amount due County for added and omitted taxes	5,843	6,296
Local district school taxes	33,557,564	32,852,998
Municipal open space tax	80,873	81,697
Library added taxes	789	—
Interfunds advanced	485,105	184,206
Unallocated disbursement	—	5,180
Refund of prior year revenue	1,331	17,250
Total expenditures	<u>50,018,829</u>	<u>49,087,643</u>
Excess in revenue	503,733	761,036
Fund balance, January 1	<u>869,851</u>	<u>1,725,815</u>
	1,573,584	2,526,851
Decreased by utilized as anticipated revenue	<u>750,000</u>	<u>1,657,000</u>
Fund balance, December 31	<u>\$ 823,584</u>	<u>869,851</u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Statement of Revenues  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 750,000	750,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	2,300	1,619	(681)
Other	6,100	9,640	3,540
Fees and permits	47,700	12,065	(35,635)
Fines and costs - municipal court	116,000	105,046	(10,954)
Interest and costs on taxes	145,000	136,669	(8,331)
Interest on investments and deposits	10,000	11,353	1,353
Consolidated Municipal Property Tax Relief Aid	15,639	—	(15,639)
Energy Receipts Tax (P.L. 1999, Ch 162 & 167)	542,355	557,994	15,639
Garden State Trust Fund	173,696	173,696	—
Watershed Moratorium Offset Aid	45,261	45,261	—
Uniform construction code fees	170,000	197,477	27,477
Boonton Township Shared Service - Catch Basin	6,400	6,400	—
Click It or Ticket	4,000	4,000	—
Clean Communities Programs	16,860	16,860	—
Alcohol Education and Rehabilitation Act	917	917	—
NJ Dept. of LPS - Div. of Criminal Justice Body Armor Fund	2,082	2,082	—
Recycling Tonnage Grant	9,509	9,509	—
Recycling Tonnage Grant	10,737	10,737	—
Morris County Historic Preservation Grant	40,800	40,800	—
NJ Dept. of LPS - Div. of Highway Traffic Safety	3,124	3,124	—
FEMA Reimbursement	53,371	53,372	1
General Capital Surplus	15,000	—	(15,000)
Due from Trust Fund	30,000	30,000	—
Due from General Capital Fund	170,755	170,755	—
Due from Water Utility Operating Fund	16,418	16,418	—
Cable television Franchise Fee	40,086	40,086	—
Open Space Contribution for Grant Match	6,300	6,300	—
	<u>1,700,410</u>	<u>1,662,180</u>	<u>(38,230)</u>
Receipts from delinquent taxes	\$ 567,000	624,176	57,176
Amount to be raised by taxes for support of municipal budget			
a) Local tax for municipal purposes	8,123,920	8,049,268	(74,652)
c) Minimum Library Tax	737,566	737,566	—
Total amount to be raised by taxes for support of municipal budget	<u>8,861,486</u>	<u>8,786,834</u>	<u>(74,652)</u>
Budget totals	<u>\$ 11,878,896</u>	11,823,190	<u>(55,706)</u>

(Continued)

## BOROUGH OF KINNELON

Statement of Revenues  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Non-budget revenues		207,243	
		\$ 12,030,433	
Allocation of current tax collections:			
Revenue from collections		\$ 46,977,063	
Allocated to:			
School, County, and Open Space taxes		39,700,471	
Balance for support of municipal budget		7,276,592	
Add appropriation reserve for uncollected taxes		1,510,242	
Amount for support of municipal budget		\$ 8,786,834	
Receipts from delinquent taxes:			
Delinquent tax collections		\$ 575,802	
Tax title liens		48,374	
		\$ 624,176	
Miscellaneous revenue not anticipated:			
Board of Adjustment		\$ 3,515	
Returned check fees		360	
FEMA snowstorm		24,133	
Bid specifications		352	
LEA Rebate		3,631	
Court forfeiture		410	
Police discovery		2,278	
Board of Health		1,136	
DMV Fees		4,437	
Clothing Bin Fees		3,600	
Police outside duty		3,050	
Concession Fee		1,200	
Mail Reimbursement		488	
Copy duplication fees		9	
Tax Collector Search fees		27	
Sale of assets		900	
Voided checks		54,920	
Administrative fee Senior and Veterans deductions		1,480	
Hurricane Irene		7,329	
Land use ordinances		12	
Cost of sale		1,479	
PSE&G Contribution		92,205	
Miscellaneous		292	
		\$ 207,243	

See accompanying notes to financial statements.



**BOROUGH OF KINNELON**

Statement of Expenditures  
 Regulatory Basis  
 Current Fund

Year ended December 31, 2012

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
General appropriations:							
Operations within "CAPS":							
General Government:							
Mayor and Council:							
Salaries and wages	\$ 19,500	—	—	19,500	19,500	—	—
Other expenses	900	—	—	900	721	179	—
Municipal Clerk:							
Salaries and wages	107,000	—	—	107,000	107,000	—	—
Other expenses	5,100	—	2,000	7,100	4,929	2,171	—
General Administration:							
Salaries and wages	45,000	—	—	45,000	34,989	10,011	—
Other expenses	81,600	—	10,500	92,100	88,515	3,585	—
Financial Administration:							
Salaries and wages	82,000	—	—	82,000	82,000	—	—
Other expenses	10,000	—	—	10,000	9,140	860	—
Auditor:							
Other expenses	30,000	—	—	30,000	—	30,000	—
Collection of Taxes:							
Salaries and wages	61,500	—	(8,000)	53,500	51,891	1,609	—
Other expenses	6,900	—	(2,000)	4,900	4,339	561	—
Assessment of Taxes							
Salaries and wages	55,750	—	(1,000)	54,750	54,750	—	—
Other expenses	7,880	—	(2,000)	5,880	5,030	850	—
Legal Services and Costs:							
Other expenses	56,500	—	9,000	65,500	59,086	6,414	—
Engineering Services and Costs:							
Other expenses	10,000	—	—	10,000	8,280	1,720	—
Historical preservation Commission:							
Salaries and wages	2,750	—	—	2,750	2,295	455	—
Other expenses	7,050	—	—	7,050	4,327	2,723	—

(Continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	Appropriations			Expended			
	Budget	Emergency appropriations	Transfers	Budget after modification	Paid or charged	Reserved	Canceled
Municipal Land Use Law (N.J.S.A. 40:55):							
Planning Board:							
Salaries and wages	\$ 13,900	—	—	13,900	13,035	865	—
Other expenses	13,000	—	(3,500)	9,500	4,834	4,666	—
Zoning Board:							
Salaries and wages	1,100	—	—	1,100	996	104	—
Other expenses	4,475	—	—	4,475	3,651	824	—
Insurance:							
General Liability:							
Other expenses	198,000	—	(5,100)	192,900	180,122	12,778	—
Workers Compensation:							
Other expenses	152,000	—	—	152,000	152,000	—	—
Employee Group Health:							
Other expenses	849,285	—	(38,000)	811,285	685,248	126,037	—
Health Insurance Waiver:							
Other expenses	25,000	—	—	25,000	25,000	—	—
Public Safety:							
Police:							
Salaries and wages	1,846,745	—	—	1,846,745	1,842,147	4,598	—
Other expenses	77,839	—	—	77,839	77,449	390	—
Police Dispatching/ 911:							
Salaries and wages	136,000	—	—	136,000	130,068	5,932	—
Other expenses	28,840	—	—	28,840	28,840	—	—
Emergency Management Services:							
Salaries and wages	4,000	—	600	4,600	4,555	45	—
Other expenses	675	—	—	675	600	75	—
Aid to Volunteer Fire Companies:							
Salaries and wages	75,000	—	—	75,000	67,403	7,597	—
Aid to Tri-Borough Ambulance Squad:							
Other expenses	36,000	—	—	36,000	25,000	11,000	—
Fire Prevention Bureau:							
Salaries and wages	10,500	—	—	10,500	8,950	1,550	—
Other expenses	65,142	—	—	65,142	64,384	758	—

(Continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	Appropriations				Expended		
	Budget	Emergency appropriations	Transfers	Budget after modification	Paid or charged	Reserved	Canceled
Municipal Prosecutor:							
Salaries and wages	\$ 13,000	—	—	13,000	13,000	—	—
Streets and Roads:							
Road Repair and Maintenance:							
Salaries and wages	838,000	—	—	838,000	830,984	7,016	—
Other expenses	191,700	—	—	191,700	108,928	82,772	—
Garbage and Trash Removal:							
Salaries and wages	15,000	—	—	15,000	15,000	—	—
Other expenses	453,734	—	—	453,734	412,586	41,148	—
Public Buildings and Grounds:							
Other expenses	47,250	—	—	47,250	44,433	2,817	—
Vehicle Maintenance:							
Other expenses	48,750	—	3,000	51,750	50,541	1,209	—
Health and Human Services Programs:							
Board of Health:							
Salaries and wages	44,000	—	—	44,000	44,000	—	—
Other expenses	10,200	—	(5,500)	4,700	3,339	1,361	—
Environmental Commission:							
Salaries and wages	6,400	—	—	6,400	5,400	1,000	—
Other expenses	1,450	—	—	1,450	1,403	47	—
Animal Control Regulations:							
Other expenses	1,000	—	—	1,000	443	557	—
Senior Citizens Programs:							
Other expenses	2,000	—	—	2,000	973	1,027	—
Recreation Services and Programs:							
Recreation:							
Salaries and wages	47,500	—	—	47,500	47,500	—	—
Other expenses	3,700	—	—	3,700	3,413	287	—
Municipal Court:							
Municipal Court:							
Salaries and wages	111,557	—	—	111,557	105,011	6,546	—
Other expenses	12,000	—	(4,000)	8,000	6,555	1,445	—

(Continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Public Defender:							
Other expenses	\$ 2,000	—	—	2,000	—	2,000	—
Smoke Rise Condo Costs:							
Other expenses	105,000	—	24,000	129,000	125,000	4,000	—
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):							
Uniform Construction Code:							
Salaries and wages	8,300	—	—	8,300	7,710	590	—
Other expenses	350	—	—	350	60	290	—
Unclassified:							
Gasoline	88,000	—	10,000	98,000	92,958	5,042	—
Fuel oil - Diesel	7,000	—	3,000	10,000	7,000	3,000	—
Electricity	52,500	—	5,000	57,500	52,377	5,123	—
Street lighting	12,000	—	1,500	13,500	13,500	—	—
Telephone	35,000	—	—	35,000	27,659	7,341	—
Natural gas	11,000	—	—	11,000	4,992	6,008	—
Landfill/ Solid waste Disposal Costs	400,000	—	—	400,000	366,339	33,661	—
Hurricane Sandy Storm Damage	—	80,000	—	80,000	60,572	19,428	—
Preparation of Tax Maps	—	120,000	—	120,000	120,000	—	—
Salary and Wage Adjustment Program:	45,000	—	—	45,000	5,921	39,079	—
Accumulated leave Compensation	10,000	—	—	10,000	10,000	—	—
Total operations within "CAPS"	6,750,322	200,000	(500)	6,949,822	6,438,671	511,151	—
Contingent	3,000	—	—	3,000	2,877	123	—
Total operations including contingent-within "CAPS"	6,753,322	200,000	(500)	6,952,822	6,441,548	511,274	—
Detail:							
Salaries and wages	3,514,502	—	(8,400)	3,506,102	3,426,702	79,400	—
Other expenses (including contingent)	3,238,820	200,000	7,900	3,446,720	3,014,846	431,874	—
	6,753,322	200,000	(500)	6,952,822	6,441,548	511,274	—

(Continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Deferred charges and statutory expenditures - municipal within "CAPS":							
Deferred Charges:							
Water Utility Deficit	\$ 80,000	—	—	80,000	42,569	—	37,431
Statutory expenditures - contributions to:							
Public Employees retirement System	247,481	—	—	247,481	247,481	—	—
Social Security System (O.A.S.I.)	259,000	—	—	259,000	259,000	—	—
Police and Firemen's Retirement System of N.J.	353,956	—	—	353,956	353,956	—	—
Unemployment Insurance	15,000	—	500	15,500	15,101	399	—
Defined Contribution Retirement Program (DCRP)	1,500	—	—	1,500	259	1,241	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	956,937	—	500	957,437	918,366	1,640	37,431
Total general appropriations for municipal purposes within "CAPS"	7,710,259	200,000	—	7,910,259	7,359,914	512,914	37,431
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:							
Maintenance - Free Public Library (Chapter 82, PL 1985):							
Other expenses	737,566	—	—	737,566	737,566	—	—
Reserve for Pending Tax Appeals	80,000	—	—	80,000	21,410	58,590	—
Storm Water Management:							
Salaries and wages	36,000	—	—	36,000	34,997	1,003	—
Other expenses	3,000	—	—	3,000	2,361	639	—
Employee Health insurance	50,715	—	—	50,715	50,715	—	—
Shared Service Agreements:							
Health Services Agreement - Pequannock	113,745	—	—	113,745	113,745	—	—
Construction Code Services - Bloomingdale	210,000	—	—	210,000	210,000	—	—
Dial-a-Ride - Pequannock	82,000	—	—	82,000	80,483	1,517	—
ACO Services - Bloomingdale	20,000	—	—	20,000	20,000	—	—
Catch Basin Services - Boonton Township	6,400	—	—	6,400	6,300	100	—

(Continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	Appropriations			Expended			
	Budget	Emergency appropriations	Transfers	Budget after modification	Paid or charged	Reserved	Canceled
Public and private programs offset by revenues:							
Alcohol Education Rehabilitation Fund	917	—	—	917	917	—	—
Drunk Driving Enforcement Act	3,124	—	—	3,124	3,124	—	—
NJ Clean Communities Grant	16,860	—	—	16,860	16,860	—	—
Recycling Tonnage Grant	20,246	—	—	20,246	20,246	—	—
Morris County Historic Preservation	47,100	—	—	47,100	47,100	—	—
NJ Dept. L&PS:							
Body Armor Fund	2,082	—	—	2,082	2,082	—	—
NJ Dept. L&PS Div. of Highway Traffic Safety:							
Click It Or Ticket	4,000	—	—	4,000	4,000	—	—
Total operations-excluded from "CAPS"	1,433,755	—	—	1,433,755	1,371,906	61,849	—
Detail:							
Salaries and wages	\$ 36,000	—	—	36,000	34,997	1,003	—
Other expenses	1,397,755	—	—	1,397,755	1,336,909	60,846	—
	1,433,755	—	—	1,433,755	1,371,906	61,849	—
Capital improvements excluded from "CAPS":							
Capital Improvement Fund	50,000	—	—	50,000	50,000	—	—
Capital Outlay	50,000	—	—	50,000	28,209	21,791	—
Total capital improvements excluded from "CAPS"	100,000	—	—	100,000	78,209	21,791	—
Municipal debt service excluded from "CAPS":							
Payment of bond principal	405,000	—	—	405,000	405,000	—	—
Payment of bond anticipation notes	337,933	—	—	337,933	337,933	—	—
Interest on bonds	224,000	—	—	224,000	223,938	—	62
Interest on notes	75,750	—	—	75,750	75,750	—	—
Green Trust Loan Program:							
Principal and Interest	69,957	—	—	69,957	69,956	—	1
Total municipal debt service excluded from "CAPS"	1,112,640	—	—	1,112,640	1,112,577	—	63

(Continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2012

	Appropriations			Budget after modification	Expended		
	Budget	Emergency appropriations	Transfers		Paid or charged	Reserved	Canceled
Deferred charges - municipal - excluded from "CAPS":							
Emergency Authorization	5,000	—	—	5,000	5,000	—	—
Special Emergency Authorization	7,000	—	—	7,000	7,000	—	—
Total deferred charges - municipal - excluded from "CAPS"	12,000	—	—	12,000	12,000	—	—
Total general appropriations excluded from "CAPS"	2,658,395	—	—	2,658,395	2,574,692	83,640	63
Subtotal general appropriations	10,368,654	200,000	—	10,568,654	9,934,606	596,554	37,494
Reserve for uncollected taxes	1,510,242	—	—	1,510,242	1,510,242	—	—
Total general appropriations	\$ 11,878,896	200,000	—	12,078,896	11,444,848	596,554	37,494
Original budget	\$ 11,840,217						
Added by NJSA 40A:4-87 (CH 159)	38,679						
	\$ 11,878,896						
<u>Analysis of paid or charged</u>							
Cash disbursed					\$ 9,397,386		
Transferred to Appropriated Reserves - Grant Fund					94,329		
Deferred Charges					12,000		
Reserve for preparation of tax maps					4,500		
Due to Library					23,871		
Reserve for uncollected taxes					1,510,242		
Reserve for encumbrances					402,520		
					\$ 11,444,848		

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Balance Sheets  
Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<b>Assets</b>	<b>Ref.</b>	<b>2012</b>	<b>2011</b>
<b>Dog License Fund:</b>			
Cash	B-1	\$ 11,613	4,279
Due from Payroll		<u>3,312</u>	<u>—</u>
		<u>14,925</u>	<u>4,279</u>
<b>Other Trust Funds:</b>			
Cash	B-1	2,210,396	1,736,958
Interfund accounts receivable	B-7	<u>218,900</u>	<u>158,415</u>
		<u>2,429,296</u>	<u>1,895,373</u>
		<u>\$ 2,444,221</u>	<u>1,899,652</u>
 <b>Liabilities and Reserves</b>			
<b>Dog License Fund:</b>			
Due to Current Fund	B-8	\$ 1,468	—
Prepaid licenses	B-6	8,273	2,492
Due to State of New Jersey	B-3	271	132
Reserve for Dog License Fund expenditures	B-2	<u>4,913</u>	<u>1,655</u>
		<u>14,925</u>	<u>4,279</u>
<b>Other Trust Funds:</b>			
Reserve for special funds	B-4	2,424,047	1,845,320
Interfund accounts payable	B-5	<u>5,249</u>	<u>50,053</u>
		<u>2,429,296</u>	<u>1,895,373</u>
		<u>\$ 2,444,221</u>	<u>1,899,652</u>

See accompanying notes to financial statements.



## BOROUGH OF KINNELON

Balance Sheet  
Regulatory Basis  
General Capital Fund

December 31, 2012 and 2011

<b>Assets</b>	<b>Ref.</b>	<b>2012</b>	<b>2011</b>
Cash	C-2,C-3	\$ 176,688	964,306
Deferred charges to future taxation unfunded	C-6	11,162,471	10,372,404
Deferred charges to future taxation funded	C-5	5,666,483	6,137,715
Excess Proceeds	C-2	48,799	48,799
Grants receivable	C-15	195,000	—
		<u>17,072,753</u>	<u>16,558,918</u>
		\$ <u>17,249,441</u>	<u>17,523,224</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Encumbrances payable	C-9	\$ 233,923	213,777
Bond anticipation notes	C-11	6,520,267	6,525,200
Green Acres loan payable	C-14	136,483	202,715
Improvement authorizations:			
Funded	C-8	251,503	137,224
Unfunded	C-8	3,700,167	4,269,055
Due to Current Fund	C-4	396,251	170,556
Due to Water Operating Fund	C-16	1,955	—
Due to Water Capital Fund	C-2	97,334	—
Reserve for Payment of Debt	C-17	309,734	—
Reserve for cost of issuance	C-10	17,701	17,701
Reserve for housing rehabilitation		9,350	9,350
Serial bonds payable	C-12	5,530,000	5,935,000
Capital Improvement Fund	C-7	14,750	26,750
Fund balance	C-1	30,023	15,896
		<u>\$ 17,249,441</u>	<u>17,523,224</u>

There were bonds and notes authorized but not issued at December 31, 2011 and 2012 of \$3,896,002 and \$4,691,002 respectively (Exhibit C-13).

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Fund Balance  
 Regulatory Basis  
 General Capital Fund

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Balance, Beginning of year	\$ 15,896	53,455
Increased by:		
Premium on sale of notes	<u>29,127</u>	<u>12,441</u>
	<u>45,023</u>	<u>65,896</u>
Decreased by budget appropriation	<u>15,000</u>	<u>50,000</u>
Balance, End of year	\$ <u><u>30,023</u></u>	<u><u>15,896</u></u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Balance Sheets  
Regulatory Basis  
Water Utility Fund

December 31, 2012 and 2011

<b>Assets</b>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b>Operating Fund:</b>			
Cash	D-5	\$ 128,323	54,665
Due from Water Capital Fund	D-23	4,123	—
Due to Current Fund	D-16	—	—
Due from General Capital	D-21	1,955	—
Due from Sewer Operating Fund	D-8	<u>6,062</u>	<u>2,474</u>
		<u>140,463</u>	<u>57,139</u>
<b>Receivables with full reserve:</b>			
Water accounts receivable	D-8	<u>13,621</u>	<u>26,474</u>
<b>Deferred Charges:</b>			
Operating Deficit		<u>—</u>	<u>84,056</u>
Total Operating Fund		<u>154,084</u>	<u>167,669</u>
<b>Capital Fund:</b>			
Cash	D-5,D-6	85,585	179,019
Due from General Capital	D-20	97,334	—
Fixed capital	D-10	414,100	399,174
Fixed capital authorized and uncompleted	D-11	<u>936,000</u>	<u>936,000</u>
Total Capital Fund		<u>1,533,019</u>	<u>1,514,193</u>
		<u>\$ 1,687,103</u>	<u>1,681,862</u>

(Continued)

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Water Utility Fund

December 31, 2012 and 2011

<b>Liabilities, Reserves and Fund Balance</b>	<b>Ref.</b>	<b>2012</b>	<b>2011</b>
Operating Fund:			
Liabilities:			
Appropriation reserves	D-3,D-13	\$ 30,617	115,053
Encumbrances	D-3,D-13	1,679	5,430
Accrued interest on notes payable	D-12	2,242	3,567
Prepaid rents	D-9	—	233
Due to Current Fund	D-16	<u>105,431</u>	<u>16,418</u>
		139,969	140,701
Reserve for receivables		13,621	26,474
Fund balance	D-1	<u>494</u>	<u>494</u>
Total Operating Fund		<u>154,084</u>	<u>167,669</u>
Capital Fund:			
Bond anticipation notes	D-7	507,464	536,000
Reserve for amortization	D-14	711,636	668,174
Improvement authorizations:			
Funded	D-17	6,000	6,000
Unfunded	D-17	141,928	138,028
Deferred reserve for amortization	D-15	77,000	77,000
Capital Improvement Fund	D-19	84,868	84,868
Due to Water Operating Fund	D-23	4,123	—
Fund balance	D-4	<u>—</u>	<u>4,123</u>
Total Capital Fund		<u>1,533,019</u>	<u>1,514,193</u>
		<u>\$ 1,687,103</u>	<u>1,681,862</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 of \$54,000 and \$54,000 respectively (Exhibit D-18).

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

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

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income realized:		
Rents	488,216	422,696
Water connection fees	—	5,000
Miscellaneous revenue not anticipated	2,625	863
Water Capital Fund Balance	4,123	—
Deficit raised in Current Fund	42,569	68,000
Other credits to income:		
Unexpended balances of appropriations	464	—
Unexpended balances of appropriation reserves	9,293	—
Total income	<u>547,290</u>	<u>496,559</u>
Expenditures:		
Budget Appropriations:		
Salaries and wages	174,992	150,000
Other expenses	241,175	300,175
Debt service	34,400	98,000
Deferred charges and statutory expenditures	96,056	32,077
Refund of prior year revenue	667	363
Total expenditures	<u>547,290</u>	<u>580,615</u>
Excess (Deficit) in revenue	—	(84,056)
Less:		
Expenditures included above which by statute are deferred charges to budget of succeeding year	—	84,056
Operating deficit	—	<u>—</u>
Fund balance, January 1	<u>494</u>	<u>494</u>
	494	494
Decreased by utilized as anticipated revenue	—	—
Fund balance, December 31	<u>\$ 494</u>	<u>494</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Revenues  
Regulatory Basis  
Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Rents	\$ 460,000	488,216	28,216
Miscellaneous	2,500	—	(2,500)
Water Capital Fund Balance	4,123	4,123	—
Deficit in General Budget	<u>80,000</u>	<u>42,569</u>	<u>(37,431)</u>
	<u>\$ 546,623</u>	534,908	<u>(11,715)</u>
Miscellaneous revenue not anticipated		<u>2,625</u>	
		<u>\$ 537,533</u>	

**Analysis of Miscellaneous Revenue Not Anticipated**

Interest	\$ 462
Interest on water rents	208
Premium on sale of notes	<u>1,955</u>
	2,625
Less amount due from General Capital Fund	<u>(1,955)</u>
Cash received	<u>\$ 670</u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Statement of Expenditures  
Regulatory Basis  
Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and wages	\$ 174,992	174,992	174,205	787	—
Other expenses	241,175	241,175	211,882	29,293	—
Debt service:					
Payment of Bond Anticipation Notes and Capital Notes	29,000	29,000	28,536	—	464
Interest on notes	5,400	5,400	5,400	—	—
Statutory expenditures - contribution to:					
Social Security System (O.A.S.I.)	11,500	11,500	11,003	497	—
Unemployment compensation insurance	500	500	460	40	—
Deficit in Operations	<u>84,056</u>	<u>84,056</u>	<u>84,056</u>	<u>—</u>	<u>—</u>
	<u>\$ 546,623</u>	<u>546,623</u>	<u>515,542</u>	<u>30,617</u>	<u>464</u>
Encumbrances			\$ 1,679		
Deferred charges			84,056		
Accrued interest on notes			5,400		
Cash disbursed			<u>424,407</u>		
			<u>\$ 515,542</u>		

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Fund Balance  
 Regulatory Basis  
 Water Utility Capital Fund

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Balance, Beginning of year	\$ 4,123	2,023
Increased by:		
Premium on sale of notes	<u>—</u>	<u>2,100</u>
	4,123	4,123
Decreased by:		
Anticipated revenue in Water Operating Fund budget	<u>4,123</u>	<u>—</u>
Balance, End of year	<u>\$ —</u>	<u>4,123</u>

See accompanying notes to financial statements.



## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Sewer Utility Fund

December 31, 2012 and 2011

<b>Assets</b>	<b>Ref.</b>	<b>2012</b>	<b>2011</b>
Operating Fund:			
Cash	E-4	\$ 125,113	205,793
Receivables with full reserves:			
Installment billing receivable	E-9	202,693	—
Sewer rents	E-5	<u>18,292</u>	<u>39,380</u>
Total receivables		<u>220,985</u>	<u>245,173</u>
		<u>\$ 346,098</u>	<u>245,173</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Operating Fund:			
Appropriation reserves	E-3,E-6	\$ 5,594	52,323
Reserve for encumbrances	E-3,E-6	21,529	12,101
Prepaid rent	E-8	418	418
Due to Payroll	E-10	164	—
Due to Water Operating Fund	E-7	<u>6,062</u>	<u>2,474</u>
		33,767	67,316
Reserve for receivables		220,985	39,380
Fund balance	E-1	<u>91,346</u>	<u>138,477</u>
		<u>\$ 346,098</u>	<u>245,173</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

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

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 124,980	229,500
Rents	437,520	392,273
Miscellaneous revenues	3,425	3,235
Other credits to income:		
Unexpended balances of appropriation reserves	29,976	70,983
Prior year accounts payable cancelled	—	8,195
Total income	<u>595,901</u>	<u>704,186</u>
Expenditures:		
Budget appropriations:		
Operating	510,480	562,706
Deferred charges and statutory expenditures	7,500	28,000
Refund prior year revenue	<u>72</u>	<u>120</u>
Total expenditures	<u>518,052</u>	<u>590,826</u>
Excess in revenue	77,849	113,360
Fund balance, January 1	<u>138,477</u>	<u>254,617</u>
	216,326	367,977
Decreased by utilized as anticipated revenue	<u>124,980</u>	<u>229,500</u>
Fund balance, December 31	<u>\$ 91,346</u>	<u>138,477</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Revenues  
 Regulatory Basis  
 Sewer Utility Operating Fund

Year ended December 31, 2012

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund balance appropriated	\$ 124,980	124,980	—
Sewer rents	390,000	437,520	47,520
Miscellaneous	<u>3,000</u>	<u>3,425</u>	<u>425</u>
	<u>\$ 517,980</u>	<u>565,925</u>	<u>47,945</u>

**Analysis of Miscellaneous Revenues Anticipated**

Interest on investments	\$ 288
Sewer Connection Fees	2,500
Interest on rents	<u>637</u>
Cash	<u>\$ 3,425</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Expenditures  
 Regulatory Basis  
 Sewer Utility Operating Fund

Year ended December 31, 2012

	<u>Budget</u>	<u>Budget after modifi- cation</u>	<u>Paid or charged</u>	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 100,000	100,000	100,000	—
Other expenses	410,480	410,480	405,111	5,369
Statutory expenditures - contribution to:				
Social Security System	<u>7,500</u>	<u>7,500</u>	<u>7,275</u>	<u>225</u>
	<u>\$ 517,980</u>	<u>517,980</u>	<u>512,386</u>	<u>5,594</u>
			\$ 490,693	
			164	
			<u>21,529</u>	
			<u>\$ 512,386</u>	

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Balance Sheets  
Regulatory Basis

Public Assistance Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>			
Cash:			
Public Assistance I		\$ 24,019	28,156
Public Assistance II		—	6,629
	F-3	<u>24,019</u>	<u>34,785</u>
 <b>Liability and Reserve</b>			
Reserve for expenditures	F-4	\$ 21,913	32,679
Due to Current Fund	F-5	<u>2,106</u>	<u>2,106</u>
		<u>\$ 24,019</u>	<u>34,785</u>

See accompanying notes to financial statements.

**Exhibit F-1**

**BOROUGH OF KINNELON**

Statement of Public Assistance Revenues  
Regulatory Basis

Public Assistance Fund

Year ended December 31, 2012

	<u>P.A.T.F Account #1</u>	<u>P.A.T.F Account #2</u>
Donations	\$ 1,095	\$ —
Interest and other	67	5
P.A.T.F. #1	<u>—</u>	<u>502</u>
Total revenues	<u>\$ 1,162</u>	<u>\$ 507</u>

See accompanying notes to financial statements.

**Exhibit F-2**

Statement of Public Assistance Expenditures

Public Assistance Fund  
Regulatory Basis

Year ended December 31, 2012

	<u>P.A.T.F Account #1</u>	<u>P.A.T.F Account #2</u>
Disbursements:		
Local assistance	\$ 4,276	\$ —
Service charges	521	—
P.A.T.F. #2	502	—
Returned to State of New Jersey	<u>—</u>	<u>7,136</u>
Total expenditures	<u>\$ 5,299</u>	<u>\$ 7,136</u>

See accompanying notes to financial statements.

**Exhibit G**

**BOROUGH OF KINNELON**

Statement of General Fixed Assets  
Regulatory Basis

General Fixed Asset Account Group

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 4,442,060	4,442,060
Buildings	12,661,546	12,661,546
Vehicular equipment	814,012	790,562
General equipment and machinery	<u>3,445,770</u>	<u>3,445,770</u>
Total fixed assets	<u>\$ 21,363,388</u>	<u>21,339,938</u>

See accompanying notes to financial statements.

## **BOROUGH OF KINNELON**

### Notes to Financial Statements

December 31, 2012

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

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

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

The financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the operations of the Board of Education, Volunteer Fire Department and First Aid Squad or Free Public Library.

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

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

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

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

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

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

Water Utility Operating Fund – is used to account for all revenues and expenditures applicable to water utility operations. Water is purchased in bulk from the Borough of Butler.

Water Utility Capital Fund – is used to account for financial resources to be used for the acquisition, installation, and improvement of water utility facilities.

Sewer Utility Operating Fund – is used to account for all revenues and expenditures applicable to sewer utility operations.

Sewer Utility Capital Fund – is used to account for financial resources to be used for the acquisition, installation, and improvement of sewer utility facilities.



## **BOROUGH OF KINNELON**

### Notes to Financial Statements

December 31, 2012

Public Assistance Fund – is used to account for the local assistance provided to certain residents of the Borough. Pursuant to Title 44 of the New Jersey Statutes the Borough separates remaining state funding from Borough contributions. The Borough transferred the State funded functions to the County of Morris and only maintains a local assistance fund.

General Fixed Assets Account Group – is used to account for all fixed assets purchased by the current and general capital funds.

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

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

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

The Borough follows the following accounting policies:

##### **Revenues**

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

##### **Expenditures**

Current Fund, General Capital Fund and Utility Fund expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on a cash basis; interest on general capital indebtedness is on the cash basis. Trust Fund expenditures are accounted for on the cash basis.

Disbursements for Current Fund and General Capital Fund inventory type items are considered expenditures at the time of purchase. Prepaid expenses are not recorded. The Borough's share of

## **BOROUGH OF KINNELON**

### Notes to Financial Statements

December 31, 2012

contributions for fringe benefits, such as retirement plans, accrued vacation leave, litigation settlements and certain professional fees are accounted for on the cash basis.

Had the Borough's financial statements been prepared under generally accepted accounting principles, appropriation reserves would not be recorded; revenues susceptible of accrual would have been reflected without offsetting reserves; Federal grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and encumbrances would not be considered as expenditures. Depreciation would have been recognized in the Utility Funds. Taxes collected on behalf of the county and school district and the related payment to those entities would not be reflected in operations. Deferred charges and improvement authorizations would not be recorded as assets and liabilities in the General Capital Fund. The Division of Local Government Services, Department of Community Affairs, State of New Jersey (the DLGS) does not require the management's discussion and analysis, required supplemental information or government wide financial statements required by generally accepted accounting principles to be presented. The DLGS also requires that the financial statements listed in the table of contents be referenced to schedules in the additional financial information.

#### ***Foreclosed Property***

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved. Under GAAP property acquired for taxes would be recorded in the general fixed assets at net realizable value

#### ***Interfund Receivables***

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

#### ***Deferred Charges to Future Taxation Funded and Unfunded***

Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. Under GAAP deferred charges to future taxation would not be recorded and proceeds of debt issued would be recognized as revenue.

#### ***Fixed Assets***

##### **Current Fund and General Capital Fund**

Property and equipment purchased by the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase. Fixed assets are capitalized at cost in the General Fixed Assets Account Group.

## **BOROUGH OF KINNELON**

### Notes to Financial Statements

December 31, 2012

Property and equipment purchased by the Utility Funds are also recorded as expenditures at the time of purchase and are capitalized at cost in the Utility Capital Funds as fixed capital.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **(2) *Retirement Systems***

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems (retirement systems) which have been established by State statute: the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the State of New Jersey.

##### ***Police and Firemen's Retirement System***

Police and Firemen's Retirement Systems (PFRS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits.

##### ***Public Employees' Retirement System***

Public Employees' Retirement System (PERS)--is a cost-sharing multiple-employer contributory defined benefit plan which was established as of January 1, 1955, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits.

##### ***Other Pension Funds***

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

## **BOROUGH OF KINNELON**

### Notes to Financial Statements

December 31, 2012

According to State statutes, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

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

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

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

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

#### **Funding Policy**

##### ***Contribution Requirements:***

The contribution policy for PFRS and PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PFRS contribute at a uniform rate of

**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2012

10% of base salary, as defined. Members of PERS contribute at a uniform rate of 6.5% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS. In the PFRS the employer contribution includes funding for post-retirement medical premiums.

***Borough Contributions:***

The Borough's required contributions were as follows:

		For the Year Ended December 31,				
		2012	2011	2010	2009	2008
PERS	\$	247,480	236,674	209,885	179,580	130,940
PFRS	\$	353,956	436,909	352,939	319,656	288,625

**(3) Long-term Debt**

**Summary of Municipal Debt  
(Excluding Current and Utility Operating Debt and Type I School Debt)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Issued:			
General - bonds and notes	\$ 12,186,750	12,662,915	13,618,741
Water Utility - notes	507,464	536,000	594,000
Sewer Utility - notes	—	—	—
Total issued	<u>12,694,214</u>	<u>13,198,915</u>	<u>14,212,741</u>
Authorized but not issued:			
General - bonds and notes	4,691,002	3,896,002	1,629,002
Water Utility - bonds and notes	54,000	54,000	54,000
Sewer Utility - bonds and notes	—	—	—
Total authorized but not issued	<u>4,745,002</u>	<u>3,950,002</u>	<u>1,683,002</u>
Total bonds and notes issued and authorized but not issued	\$ <u>17,439,216</u>	<u>17,148,917</u>	<u>15,895,743</u>

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

**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2012

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 .79%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 25,469,000	25,469,000	—
Water Utility debt	561,464	—	561,464
Sewer Utility debt	—	—	—
General debt	16,877,752	—	16,877,752
	<u>\$ 42,908,216</u>	<u>25,469,000</u>	<u>17,439,216</u>

Net debt of \$17,439,216 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,214,274,994 equals .79%.

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

3-1/2% of equalized valuation basis (municipal)	\$77,499,625
Net debt	<u>17,439,216</u>
Remaining borrowing power	\$ <u>60,060,409</u>

On December 16, 2009 the Borough sold \$6,070,000 of General Improvement Refunding Bonds at interest rates from 2.00% to 4.75% payable each March 1, and September 1 until maturity. The bonds mature on March 1, 2010 through 2024. There are \$5,935,000 and \$5,530,000 of bonds outstanding at December 31, 2011 and 2012, respectively.

Bond debt service requirements at December 31, 2012 were as follows;

<b>Year Ended <u>December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2013	\$ 415,000	213,663
2014	430,000	200,988
2015	440,000	185,737
2016	445,000	168,138
2017	455,000	150,037
2017-2021	2,360,000	457,056
2022-2024	985,000	39,500
	<u>\$ 5,530,000</u>	<u>1,415,019</u>

**(4) Bond Anticipation Notes**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally such notes must be paid no later than

## BOROUGH OF KINNELON

### Notes to Financial Statements

December 31, 2012

the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must continue to be paid if the notes are to be renewed beyond the third anniversary date of the original issuance.

At December 31, 2011 and 2012, the Borough had outstanding bond anticipation notes as follows:

	<u>2011</u>	<u>2012</u>
Water Utility Capital Fund	\$ 536,000	507,464
General Capital Fund	6,525,000	6,520,267

#### (5) Fund Balances Appropriated

Fund balances appropriated and included as anticipated revenue in the 2012 and 2013 budgets are as follows:

	<u>2012</u>	<u>2013</u>
Current Fund	\$ 750,000	590,000
Water Utility Operating Fund	—	—
Sewer Utility Operating Fund	124,980	89,600

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the Borough Current Fund had the following deferred charges to be raised in the 2013 or subsequent budgets.

	<b>Balance, Dec. 31, <u>2012</u></b>	<b>2013 Budget <u>Appropriation</u></b>
Current Fund:		
Special emergencies	\$228,000	47,000

#### (7) Accrued Sick and Vacation Benefits

The Borough permits employees to accrue unused vacation pay, which may be taken as time off or paid at a later date upon absence. It is estimated that the current cost of such unpaid compensation approximates \$580,464 and \$114,707 for the years ended December 31, 2012 and 2011 respectively.. This amount, in accordance with state accounting requirements, is not reported either as an expenditure or liability.

#### (8) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2012. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated.

## **BOROUGH OF KINNELON**

### Notes to Financial Statements

December 31, 2012

Funding of any ultimate liability would be provided for in succeeding years' budgets or through a refunding bond ordinance which would allow the Borough to fund these liabilities over a number of years.

The Borough is also involved in suits in the normal course of business. These cases, if decided against the Borough, would be paid by its insurance carrier. The Borough expects such amounts, if any, to be immaterial.

The Borough participates in numerous Federal and State of New Jersey grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2012 may be impaired. In the opinion of the Borough, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

#### **(9) Risk Retention Program**

The Borough participates in a joint insurance fund that provides coverage for its automobile, general liability and workers' compensation exposures property, fire, water, utility, boiler and machinery, and employee fidelity. Various deductibles, limits, and coinsurance provisions apply to these policies.

The Borough provides certain employees with health benefits through a commercial carrier.

#### **(10) Fixed Assets**

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. The Borough capitalizes assets with an acquisition cost of at least \$5,000 and a useful life of five years.

Fixed assets used in governmental operation (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("Infrastructure") general fixed assets consisting of certain improvement other than building, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.



**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2012

The Borough's fixed assets are summarized as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>Dec 31, 2010</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Dec. 31, 2011</b>
General Fixed Assets:				
Land and buildings	\$ 4,442,060	—	—	4,442,060
Buildings	12,661,546	—	—	12,661,546
Vehicular equipment	790,562	—	—	790,562
General equipment	3,445,770	—	—	3,445,770
	<u>21,339,938</u>	<u>—</u>	<u>—</u>	<u>21,339,938</u>
Water Utility:				
Steel water tank	109,773	—	—	109,773
Pumping station	61,032	—	—	61,032
Distribution mains	212,036	—	—	212,036
Meters	10,784	—	—	10,784
General equipment	5,549	—	—	5,549
	<u>399,174</u>	<u>—</u>	<u>—</u>	<u>399,174</u>

	<b>Balance</b>			<b>Balance</b>
	<b>Dec 31, 2011</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Dec. 31, 2012</b>
General Fixed Assets:				
Land and buildings	\$ 4,442,060	—	—	4,442,060
Buildings	12,661,546	—	—	12,661,546
Vehicular equipment	790,562	—	—	814,012
General equipment	3,445,770	23,450	—	3,445,770
	<u>21,339,938</u>	<u>23,450</u>	<u>—</u>	<u>21,363,388</u>
Water Utility:				
Steel water tank	109,773	—	—	109,773
Pumping station	61,032	—	—	61,032
Distribution mains	212,036	—	—	212,036
Meters	10,784	—	—	10,784
General equipment	5,549	14,926	—	20,475
	<u>399,174</u>	<u>14,926</u>	<u>—</u>	<u>414,100</u>

**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2012

**(11) Interfund Balances**

The Borough has interfund balances at December 31, 2011 and 2010 as follows:

	2011		2012	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	\$ 47,604		\$	218,670
Public Assistance	2,106		2,106	
Federal and State Grant Fund		112,192		139,430
General Capital Fund	170,756		396,251	
Water Operating Fund	16,418		105,431	
Federal and State Grant Fund:				
Current Fund	112,192		139,430	
Other Trust Fund				
Current Fund		47,604	218,670	
General Capital Fund:				
Current Fund		170,756		396,251
Water Utility Operating Fund:				
Current Fund		16,418		105,431
Sewer Utility Operating Fund	2,474			
Sewer Utility Operating Fund:				
Water Utility Operating Fund		2,474		
Public Assistance Fund:				
Current Fund		2,106		2,106

**(12) Cash**

Cash and cash equivalents includes amounts on deposit, and short term investments with original maturities of three months or less from the date of acquisition.

***Deposits***

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

# BOROUGH OF KINNELON

## Notes to Financial Statements

December 31, 2012

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the 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, 2012 the Borough's bank deposits are insured or covered by the State's Government Unit Deposit Protection Act.

### (13) Taxes Receivable, Tax Title Liens

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

Taxes for the Borough are levied annually in June and are payable February 1, May 1, August 1, and November 1. The taxes are liens on the property as of the billing date.

### (14) Post Employment Healthcare Plan

The members of AFSCME who have been employed by the Borough for at least 25 years and are at least 55 years old are entitled to receive \$3,000 per year towards the employee's health benefits until the employee becomes eligible for Medicare benefits.

### (15) Green Acres Loan

The Borough received a 1989 Green Trust Loan in 2003 payable in semi-annual installments from March 23, 2003 through September 23, 2014. Loan debt service requirements at December 31, 2012 are as follows:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 67,563	2,394
2014	<u>68,920</u>	<u>1,036</u>
	<u>\$ 136,483</u>	<u>3,430</u>

ADDITIONAL FINANCIAL INFORMATION

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>2,337,056</u>
Increased by receipts:	
Collector of taxes	47,518,863
Revenue accounts receivable	1,400,455
Miscellaneous revenue not anticipated	207,243
Due from State of New Jersey	74,000
Due to Grant Fund - appropriated grants received	61,219
Due to Grant Fund - unappropriated grants received	2,125
Unappropriated reserves	252,704
Various reserves	10,122
Due from General Capital Fund	218,550
Due from Other Trust Fund	82,823
Electric liens redeemed	106,300
Due from Lakeland Solid Waste Authority	5,228
Reserve for Taxes collected	<u>33,887</u>
	<u>49,973,519</u>
	<u>52,310,575</u>
Decreased by disbursements:	
Budget appropriations	9,397,386
Appropriation reserves	508,527
Local district school taxes	33,557,564
County taxes	5,318,670
Municipal open space tax	80,873
Due County for added taxes	5,843
Due from Other Trust Funds	3,000
Due from General Capital Fund	600,000
Various reserves	2,911
Due to Water Operating Fund	37,431
Due from Dog License Fund	1,468
Due from payroll	39,028
Grant expenditures	42,376
Electric liens returned	113,535
Tax overpayment refunds	23,392
Refund of tax appeals	82,704
Refund of prior year revenue	<u>1,331</u>
	<u>49,816,039</u>
Balance, December 31, 2012	\$ <u><u>2,494,536</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash - Tax Collector

Current Fund

Year ended December 31, 2012

Receipts:		
Taxes receivable	\$	47,232,841
Tax overpayments		58,769
Prepaid taxes		178,879
Tax title liens receivable		<u>48,374</u>
Decreased by deposit in Treasurer's account	\$	<u><u>47,518,863</u></u>

**BOROUGH OF KINNELON**

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

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>6,092</u>
Increased by:	
Senior Citizens' deductions per duplicate	8,750
Veterans' deductions per duplicate	65,250
Senior Citizens' deductions allowed by tax collector	<u>250</u>
	<u>74,250</u>
	<u>80,342</u>
Decreased by:	
Cash received	74,000
Senior Citizens' and Veterans' deductions disallowed	<u>1,250</u>
	<u>75,250</u>
Balance, December 31, 2012	\$ <u><u>5,092</u></u>

**BOROUGH OF KINNELON**

Schedule of Taxes Receivable

Current Fund

Year ended December 31, 2012

Year	Balance, Dec. 31, 2011	2012 levy	Added Taxes	Cash collections		Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2012
				2011	2012			
2010	\$ 1,807		—	—	—	—	—	1,807
2011	585,168	—	11,476	—	575,802	—	—	20,842
	<u>586,975</u>	<u>—</u>	<u>11,476</u>	<u>—</u>	<u>575,802</u>	<u>—</u>	<u>—</u>	<u>22,649</u>
2012	—	47,818,505	51,971	247,024	46,730,039	80,816	324,439	488,158
	<u>\$ 586,975</u>	<u>47,818,505</u>	<u>63,447</u>	<u>247,024</u>	<u>47,305,841</u>	<u>80,816</u>	<u>324,439</u>	<u>510,807</u>
					\$ 73,000			
					<u>47,232,841</u>			
					<u>\$ 47,305,841</u>			

Senior Citizens' and Veterans' deductions  
Cash

**Analysis of Property Tax Levy**

Tax yield:	
General purpose tax	\$ 47,818,505
Added and omitted taxes	<u>51,971</u>
	<u>\$ 47,870,476</u>

Tax levy:	
County taxes	\$ 4,992,039
County Open Space	326,631
Local district school taxes	33,557,564
Due County for added taxes	5,843
Library Tax	737,566
Library added taxes	789
Local tax for municipal purposes	8,123,920
Municipal open space	80,873
Additional taxes levied	<u>45,251</u>
	<u>\$ 47,870,476</u>



**BOROUGH OF KINNELON**

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	850,267
Increased by:		
Transferred from current taxes receivable		<u>80,816</u>
		931,083
Decreased by:		
Cash received		<u>48,374</u>
Balance, December 31, 2012	\$	<u><u>882,709</u></u>

## BOROUGH OF KINNELON

## Schedule of Revenue Accounts Receivable

## Current Fund

Year ended December 31, 2012

	<u>Balance, Dec. 31, 2011</u>	<u>Accrued in 2012</u>	<u>Collected by Treasurer</u>	<u>Balance, Dec. 31, 2012</u>
Clerk:				
Alcoholic beverage license	\$ —	1,619	1,619	—
Licenses - other	—	9,640	9,640	—
Fees and permits	—	12,065	12,065	—
Fines and costs - municipal court	5,885	103,743	105,046	4,582
Interest and costs on taxes	—	136,669	136,669	—
Interest on investments and deposits	—	11,353	11,353	—
Energy Receipts Tax (P.L. 1999, Ch 162 & 167)	—	557,994	557,994	—
Garden State Trust Fund	—	173,696	173,696	—
Uniform construction code official	—	197,477	197,477	—
Watershed Moratorium Offset Aid	—	45,261	45,261	—
Due from Trust Fund	—	30,000	30,000	—
Due from General Capital Fund	—	170,755	170,755	—
Due from Water Utility Operating Fund	—	16,418	16,418	—
FEMA Reimbursement	—	53,372	53,372	—
Boonton Township Shared Service - Catch Basin	—	6,400	6,400	—
Cable television franchise fee	—	40,086	40,086	—
Open Space Contribution for Grant match	—	6,300	6,300	—
	<u>\$ 5,885</u>	<u>1,466,690</u>	<u>1,574,151</u>	<u>4,582</u>
Cash			\$ 1,400,455	
Unappropriated reserves			<u>173,696</u>	
			<u>\$ 1,574,151</u>	

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	<u>Appropriations</u>			<u>Expended</u>	
	<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Lapsed</u>
General appropriations:					
Operations within "CAPS":					
General Government:					
Mayor and Council:					
Salaries and wages	106		106	—	106
Other expenses	79		79	—	79
Municipal Clerk:					
Salaries and wages	759		759	—	759
Other expenses	297		297	50	247
General Administration:					
Salaries and wages	11,000		11,000	—	11,000
Other expenses	4,076	5,000	9,076	7,421	1,655
Financial Administration:					
Salaries and wages	4,689		4,689	—	4,689
Other expenses	21		21	18	3
Auditor:					
Other expenses	27,500		27,500	27,500	—
Collection of Taxes:					
Salaries and wages	861		861	—	861
Other expenses	134		134	121	13
Assessment of Taxes					
Salaries and wages	351		351	—	351
Other expenses	12,352		12,352	12,275	77

(continued)

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	<u>Appropriations</u>			<u>Expended</u>	
	<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Lapsed</u>
Legal Services and Costs:					
Other expenses	39,363		39,363	1,656	37,707
Engineering Services and Costs:					
Other expenses	3,100		3,100	2,300	800
Historical preservation Commission:					
Salaries and wages	240		240	—	240
Other expenses	3,644		3,644	347	3,297
Municipal Land Use Law (N.J.S.A. 40:55):					
Planning Board:					
Salaries and wages	765		765	—	765
Other expenses	3,082		3,082	1,004	2,078
Zoning Board:					
Salaries and wages	1		1	—	1
Other expenses	928		928	66	862
Insurance:					
General Liability:					
Other expenses	8,396		8,396	—	8,396
Employee Group Health:					
Other expenses	32,330	(30,500)	1,830	(5,250)	7,080
Health Insurance Waiver:					
Other expenses	47		47	—	47

(continued)

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	<u>Appropriations</u>			<u>Expended</u>	
	<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Lapsed</u>
Public Safety:					
Police:					
Salaries and wages	17	4,000	4,017	2,600	1,417
Other expenses	20,065		20,065	17,783	2,282
Police Dispatching/ 911:					
Salaries and wages	4,160		4,160	1,769	2,391
Other expenses	840		840	—	840
Emergency Management Services:					
Salaries and wages	398	500	898	544	354
Other expenses	728		728	—	728
Aid to Volunteer Fire Companies:					
Salaries and wages	5,157		5,157	5,157	—
Aid to Tri-Borough Ambulance Squad:					
Other expenses	36,000		36,000	34,497	1,503
Fire Prevention Bureau:					
Salaries and wages	3,750		3,750	600	3,150
Other expenses	16,992		16,992	11,238	5,754
Municipal Prosecutor:					
Salaries and wages	3,825		3,825	3,000	825
Streets and Roads:					
Road Repair and Maintenance:					
Salaries and wages	45,240		45,240	12,810	32,430
Other expenses	76,504	(4,000)	72,504	47,957	24,547

(continued)

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	<u>Appropriations</u>			<u>Expended</u>	
	<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Lapsed</u>
Garbage and Trash Removal:					
Salaries and wages	3,131		3,131	616	2,515
Other expenses	88,941		88,941	83,880	5,061
Public Buildings and Grounds:					
Salaries and wages	—				
Other expenses	14,422		14,422	6,765	7,657
Vehicle Maintenance:					
Other expenses	12,501		12,501	11,065	1,436
Health and Human Services Programs:					
Board of Health:					
Salaries and wages	2,409		2,409	30	2,379
Other expenses	1,463		1,463	329	1,134
Environmental Commission:					
Salaries and wages	84		84	—	84
Other expenses	1,888		1,888	1,888	—
Animal Control Regulations:					
Other expenses	6,675		6,675	1,459	5,216
Senior Citizen Transportation:					
Other expenses	22,459		22,459	20,864	1,595
Recreation Services and Programs:					
Recreation:					
Salaries and wages	10,608		10,608	—	10,608
Other expenses	647		647	538	109

(continued)

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	<u>Appropriations</u>			<u>Expended</u>	
	<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Lapsed</u>
Municipal Court:					
Municipal Court:					
Salaries and wages	3,235		3,235	—	3,235
Other expenses	4,435		4,435	865	3,570
Public Defender:					
Other expenses	675		675	675	
Smoke Rise Condo Costs:					
Other expenses	13		13	—	13
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Uniform Construction Code:					
Salaries and wages	111		111	—	111
Other expenses	8,222		8,222	4,365	3,857
Unclassified:					
Gasoline	4,626		4,626	1,192	3,434
Fuel oil - Diesel	5,821		5,821	1,194	4,627
Electricity	4,857	5,000	9,857	4,494	5,363
Street lighting	4,278		4,278	351	3,927
Telephone	6,849		6,849	414	6,435
Natural gas	5,760		5,760	1,002	4,758
Landfill/ Solid waste Disposal Costs	83,574	20,000	103,574	101,766	1,808
Hurricane Irene Storm Damage	335		335	—	335
Salary and Wage Adjustment Program:	13,850		13,850	—	13,850

(continued)

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	Appropriations			Expended	
	Budget	Transfers	Budget after modification	Paid or charged	Lapsed
Total operations within "CAPS"	679,666	—	679,666	429,215	250,451
Contingent	—	—	—	—	—
Total operations including contingent-within "CAPS"	679,666	—	679,666	429,215	250,451
Detail:					
Salaries and wages	109,590	4,500	114,090	21,969	92,121
Other expenses (including contingent)	570,076	(4,500)	565,576	407,246	158,330
	679,666	—	679,666	429,215	250,451
Deferred charges and statutory expenditures - municipal within "CAPS":					
Deferred Charges:					
Water Utility Deficit	—				
Statutory expenditures - contributions to:					
Public Employees retirement System	—				
Social Security System (O.A.S.I.)	8,770		8,770	2,815	5,955
Police and Firemen's Retirement System of N.J.	—				
Unemployment Insurance	2,450		2,450	72	2,378
Defined Contribution Retirement Program (DCRP)	—			—	
Total deferred charges and statutory expenditures - municipal within "CAPS"	11,220	—	11,220	2,887	8,333
Total general appropriations for municipal purposes within "CAPS"	690,886	—	690,886	432,102	258,784

(continued)



**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2012

	<u>Appropriations</u>			<u>Expended</u>	
	<u>Budget</u>	<u>Transfers</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Lapsed</u>
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:					
Maintenance - Free Public Library (Chapter 82, PL 1985):					
Other expenses	36,400		36,400	36,400	—
Reserve for Pending Tax Appeals	47,711		47,711	43,962	3,749
Storm Water Management:					
Salaries and wages	20		20	—	20
Other expenses	1,853		1,853	—	1,853
Total operations-excluded from "CAPS"	<u>85,984</u>	<u>—</u>	<u>85,984</u>	<u>80,362</u>	<u>5,622</u>
Detail:					
Salaries and wages	20	—	20	—	20
Other expenses	85,964	—	85,964	80,362	5,602
	85,984	—	85,984	80,362	5,622
Judgements					
Total general appropriations excluded from "CAPS"	85,984	—	85,984	80,362	5,622
Subtotal general appropriations	<u>776,870</u>	<u>—</u>	<u>776,870</u>	<u>512,464</u>	<u>264,406</u>
Total general appropriations	<u>776,870</u>	<u>—</u>	<u>776,870</u>	<u>512,464</u>	<u>264,406</u>
Appropriation reserves	\$ 542,020		Accounts payable	3,937	
Encumbrances	<u>234,851</u>		Disbursed	<u>508,527</u>	
	<u>\$ 776,871</u>			<u>512,464</u>	

**BOROUGH OF KINNELON**

Schedule of Unappropriated Reserves

Current Fund

Year ended December 31, 2012

	<b>Balance Dec. 31, 2011</b>	<b>Increased by cash received</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2012</b>
Garden State Trust	\$ 173,696	173,696	173,696	173,696
Reserve for tax reduction - Library	<u>—</u>	<u>79,008</u>	<u>—</u>	<u>79,008</u>
	<u>\$ 173,696</u>	<u>252,704</u>	<u>173,696</u>	<u>252,704</u>
Anticipated revenue		\$ 173,696		
Cancelled		<u>—</u>		
		<u>\$ 173,696</u>		

**BOROUGH OF KINNELON**  
 Schedule of Local District School  
 Taxes Payable  
 Current Fund  
 Year ended December 31, 2012

Balance, December 31, 2011 (prepaid)	\$	(250)
Increased by tax levy		<u>33,557,564</u>
		<u>33,557,314</u>
Decreased by:		
Payments		33,557,564
Cancellation		<u>(250)</u>
		<u>33,557,314</u>
Balance, December 31, 2012	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**  
 Schedule of County Taxes Payable  
 Current Fund  
 Year ended December 31, 2012

Balance, December 31, 2011		\$	<u>—</u>
Increased by:			
Increased by County tax levy			4,992,039
County Open Space Preservation			<u>326,631</u>
			<u>5,318,670</u>
			5,318,670
Decreased by:			
Payments			<u>5,318,670</u>
Balance, December 31, 2012		\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Due County for Added  
and Omitted Taxes

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	—
Increased by added taxes		<u>5,843</u>
		5,843
Decreased by payments		<u>5,843</u>
Balance, December 31, 2012	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**  
Schedule of Encumbrances Payable  
Current Fund  
Year ended December 31, 2012

Balance, December 31, 2011	\$	234,851
Increased by budget encumbrances		<u>402,520</u>
		637,371
Decreased by:		
Transfer to Appropriation Reserves		<u>234,851</u>
Balance, December 31, 2012	\$	<u><u>402,520</u></u>

**BOROUGH OF KINNELON**

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	28,913
Increased by cash receipts		<u>58,769</u>
		<u>87,682</u>
Decreased by:		
Cash disbursed		<u>23,392</u>
Balance, December 31, 2012	\$	<u><u>64,290</u></u>

**BOROUGH OF KINNELON**

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	247,024
Increased by cash receipts		<u>178,879</u>
		425,903
Decreased by transfer to taxes receivable		<u>247,024</u>
Balance, December 31, 2012	\$	<u><u>178,879</u></u>



**BOROUGH OF KINNELON**

Schedule of Electric Liens Redeemed

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	7,494
Increased by cash receipts		<u>106,300</u>
		113,794
Disbursed		<u>113,535</u>
Balance, December 31, 2012	\$	<u><u>259</u></u>

**BOROUGH OF KINNELON**  
Schedule of Reserve for Tax Appeals  
Current Fund  
Year ended December 31, 2012

Balance, December 31, 2011	\$	3,799
Increased by:		
Contested amount of taxes collected pending appeal		<u>78,905</u>
		82,704
Decreased by cash disbursements for tax refunds		<u>82,704</u>
Balance, December 31, 2012	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Various Reserves

Current Fund

Year ended December 31, 2012

	<u>Construction Code Fees</u>	<u>Reserve for Tax Map</u>	<u>Assault Weapon Fees</u>	<u>Marriage Lic. and Domestic Partnership</u>	<u>Totals</u>
Balance, December 31, 2011	\$ 4,818	—	40	645	5,503
Increased by:					
Cash receipts	9,422	—	—	700	10,122
Transfer from appropriations	—	4,500		—	4,500
	<u>9,422</u>	<u>4,500</u>	<u>—</u>	<u>700</u>	<u>14,622</u>
	<u>14,240</u>	<u>4,500</u>	<u>40</u>	<u>1,345</u>	<u>20,125</u>
Decreased by:					
Cash disbursed	<u>2,686</u>	<u>—</u>	<u>—</u>	<u>225</u>	<u>2,911</u>
Balance, December 31, 2012	<u>\$ 11,554</u>	<u>4,500</u>	<u>40</u>	<u>1,120</u>	<u>17,214</u>

## BOROUGH OF KINNELON

## Schedule of Interfunds

## Current Fund

Year ended December 31, 2012

	<u>Other Trust</u>	<u>General Capital</u>	<u>Water Utility Operating</u>	<u>Federal and State Grant</u>	<u>Public Assistance</u>
Balance, December 31, 2011, due from (to)	\$ (138,847)	170,556	16,418	(112,162)	2,106
Increased by:					
Cash disbursed	3,000	600,000	37,431	—	—
Statutory excess	—	—	—	—	—
Grant encumbrances paid by Current Fund	—	—	—	—	—
Open space added taxes	—	—	—	—	—
Interest earned	—	—	—	—	—
Capital fund balance anticipated	—	15,000	—	—	—
Interfund Returned to General Capital	—	—	—	—	—
Cancellation of Appropriated Reserves	—	—	68,000	—	—
Grant expenditures paid by Current Fund	—	—	—	42,376	—
	<u>3,000</u>	<u>615,000</u>	<u>105,431</u>	<u>42,376</u>	<u>—</u>
	<u>(135,847)</u>	<u>785,556</u>	<u>121,849</u>	<u>(69,786)</u>	<u>2,106</u>
Decreased by:					
Cash receipts	82,823	218,550	—	—	—
Unappropriated grants received deposited in Current Fund	—	—	—	2,125	—
Grant receipts deposited in Current Fund	—	—	—	61,219	—
Transfer from Encumbrances Payable	—	—	—	—	—
Cancellation of receivable	—	—	—	—	—
Anticipated as revenue	—	170,755	16,418	6,300	—
Cancellation of Grants receivable	—	—	—	—	—
	<u>82,823</u>	<u>389,305</u>	<u>16,418</u>	<u>69,644</u>	<u>—</u>
Balance, December 31, 2012, due from (to)	\$ <u>(218,670)</u>	<u>396,251</u>	<u>105,431</u>	<u>(139,430)</u>	<u>2,106</u>
Planning Board	1,000				
Public Defender Trust	1,800				
Accumulated Absences	(60,000)				
Clearing Account (accounts payable)	(5,019)				
Community Policing	(485)				
Due from Flexible Spending	1,000				
Escrow	1,449				
Tax Sale premiums	(158,300)				
Open Space	(115)				
	<u>(218,670)</u>				

**BOROUGH OF KINNELON**

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2012

	<b>Balance, Dec. 31, 2011</b>	<b>Awarded in 2012</b>	<b>Received</b>	<b>Balance, Dec. 31, 2012</b>
Charlotteburg Dam & Reservoir	\$ 2,125	—	—	2,125
Highlands Water Protection: Initial Plan Assessment	2,394	—	—	2,394
Morris County Historic Preservation	—	40,800	23,680	17,120
NJ Body Armor Fund	—	2,082	2,052	30
Drunk Driving Enforcement Fund	—	3,124	3,124	—
Recycling Tonnage	—	9,509	9,509	—
Recycling Tonnage	—	10,737	10,737	—
Clean Communities Programs	—	16,860	16,860	—
Alcohol Education and Rehabilitation Act	—	917	917	—
Historical Commission	3,000	—	—	3,000
SHARE Grant	342	—	—	342
United States Department of Transportation ( NJ Division of Highway Safety) Pass through - Click It or Ticket	600	—	—	600
Click it or Ticket	—	4,000	4,000	—
Bicycle Unit Grant	7,695	—	—	7,695
	<u>\$ 16,156</u>	<u>88,029</u>	<u>70,879</u>	<u>33,306</u>
			\$ 61,219	
Due from Current Fund			<u>9,660</u>	
Transferred from unappropriated reserves			<u>\$ 70,879</u>	

## BOROUGH OF KINNELON

## Schedule of Appropriated Reserves

## Federal and State Grant Fund

Year ended December 31, 2012

	<b>Balance, Dec. 31, 2011</b>	<b>Transferred from Encumbrances</b>	<b>Transferred from budget</b>	<b>Expended</b>	<b>Balance, Dec. 31, 2012</b>
Drunk Driving Enforcement Fund	\$ 2,880	421	3,124	354	6,071
Municipal Alcohol Education Rehabilitation Act	960	—	—	—	960
Domestic Violence	300	—	—	—	300
Storm water	10,465	—	—	—	10,465
Recycling Tonnage Grant	22,189	—	20,246	1,000	41,435
Charolteburg Dam	—	—	—	—	—
Bicycle Unit	4,576	—	—	—	4,576
Community policing Donations	65	—	—	—	65
Historical Commission	3,000	—	40,800	29,600	14,200
Historical Commission (Open Space match)	—	—	6,300	—	6,300
Alcohol Education Rehabilitation Fund	—	—	917	675	242
Motorcycle unit	680	—	—	—	680
NJ Clean Communities Grant	10,835	—	16,860	4,255	23,440
NJ Dept. L&PS:					
Body Armor Fund	2,034	792	2,082	792	4,116
United States Department of Transportation ( NJ Division of Highway					
Safety) Pass Through - Click It Or Ticket	8,000	—	4,000	—	12,000
Keep Kids Alive	34,517	—	—	—	34,517
NJ Highlands 2009 Conformance	1,944	—	—	—	1,944
NJ Highlands Initial Assessment	15,000	—	—	5,700	9,300
	<u>\$ 117,445</u>	<u>1,213</u>	<u>94,329</u>	<u>42,376</u>	<u>170,611</u>
Due to Current Fund				\$ <u>42,376</u>	
				<u>\$ 42,376</u>	

**BOROUGH OF KINNELON**

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2012

	<u>Balance, Dec. 31, 2011</u>	<u>Transferred to budget</u>	<u>Received</u>	<u>Balance, Dec. 31, 2012</u>
State:				
Recycling tonnage grant	\$ 9,509	9,509	—	—
Body Armor Fund	151	151	—	—
Homeland Security Buffer Zone	<u>—</u>	<u>—</u>	<u>2,125</u>	<u>2,125</u>
	<u>\$ 9,660</u>	<u>9,660</u>	<u>2,125</u>	<u>2,125</u>
			\$ <u>2,125</u>	





**BOROUGH OF KINNELON**  
Schedule of Encumbrances Payable  
Federal and State Grant Fund  
Year ended December 31, 2012

Balance, December 31, 2011	\$	1,213
Decreased by:		
Transfer to appropriated Reserve		<u>1,213</u>
Balance, December 31, 2012	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2012

	<u>Date</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Emergency Authorization	N/A	\$ N/A	5,000	—	5,000	—
Special Emergency:						
Hurricane Irene	9/1/2011	35,000	35,000	—	7,000	28,000
Hurricane Sandy	11/15/2012	80,000	—	80,000	—	80,000
Preparation of Tax Map	8/16/2012	120,000	—	120,000	—	120,000
			<u>\$ 40,000</u>	<u>200,000</u>	<u>12,000</u>	<u>228,000</u>

**BOROUGH OF KINNELON**

Schedule of Due from Laleland Regional Solid Waste Authority

Current Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>19,793</u>
Decreased by:	
Cash received	5,228
Cancellation	<u>14,565</u>
	<u>19,793</u>
Balance, December 31, 2012	\$ <u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2012

	<b>Dog License Fund</b>	<b>Other Trust Funds</b>
	<u>          </u>	<u>          </u>
Balance, December 31, 2011	\$ 4,279	1,736,958
Increased by receipts:		
Dog license fees	12,203	—
Due to State of New Jersey	2,712	—
Prepaid License fees	8,273	—
Due to Current Fund	138	—
Due from Current Fund	—	1,000
Special deposits	—	1,389,395
Interest	—	3,857
	<u>23,326</u>	<u>1,394,252</u>
	<u>27,605</u>	<u>3,131,210</u>
Decreased by disbursements:		
Payments to State of New Jersey	2,573	—
Dog license expenditures	10,107	—
Due from Payroll	3,312	—
Due to Current Fund	—	107,604
Special deposit - disbursements	—	813,210
	<u>15,992</u>	<u>920,814</u>
Balance, December 31, 2012	<u>\$ 11,613</u>	<u>2,210,396</u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Dog License  
Fund Expenditures - Dog License Fund

Trust Funds

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>1,655</u>
Increased by:	
Licenses and fees	12,203
Prepaid licenses realized	<u>2,492</u>
	<u>14,695</u>
	<u>16,350</u>
Decreased by:	
Due to Current Fund	1,330
Other disbursements	<u>10,107</u>
	<u>11,437</u>
Balance, December 31, 2012	\$ <u><u>4,913</u></u>
2010 license revenue	\$ 12,973
2011 license revenue	<u>12,354</u>
	\$ <u><u>25,327</u></u>

**BOROUGH OF KINNELON**

Schedule of Due to State of New Jersey -  
Dog License Fund

Trust Funds

Year ended December 31, 2012

Balance, December 31, 2011	\$	132
Increased by cash collected		<u>2,712</u>
		2,844
Decreased by cash disbursed		<u>2,573</u>
Balance, December 31, 2012	\$	<u><u>271</u></u>

## BOROUGH OF KINNELON

Schedule of Reserve for Special Deposits -  
Other Trust Funds

## Trust Funds

Year ended December 31, 2012

	Total	Special Recreation Expenditures	Historical Commission	Planning Board Inspection Fees	Special Deposits	Community Policing Donation	Open Space	Accumulated Absences	Parking Offenses Adjudication Act
Balance, December 31, 2011	\$ 1,845,320	88,785	9,142	91,566	551,248	10,414	701,570	60,905	845
Increased by:									
Fees and Deposits	1,389,395	228,630	300	177,777	155,166	10,504	629,811	10,000	86
Interest Earned	3,857	232	24	95	1,430	20	1,485	94	2
Received in Current Fund	485	—	—	—	—	485	—	—	—
	<u>1,393,737</u>	<u>228,862</u>	<u>324</u>	<u>177,872</u>	<u>156,596</u>	<u>11,009</u>	<u>631,296</u>	<u>10,094</u>	<u>88</u>
	3,239,057	317,647	9,466	269,438	707,844	21,423	1,332,866	70,999	933
Decreased by:									
Payments by Current Fund	1,800	—	—	—	—	—	—	—	—
Cash disbursements	813,210	222,457	—	155,417	219,038	19,823	38,570	5,463	—
	<u>815,010</u>	<u>222,457</u>	<u>—</u>	<u>155,417</u>	<u>219,038</u>	<u>19,823</u>	<u>38,570</u>	<u>5,463</u>	<u>—</u>
Balance, December 31, 2012	\$ <u>2,424,047</u>	<u>95,190</u>	<u>9,466</u>	<u>114,021</u>	<u>488,806</u>	<u>1,600</u>	<u>1,294,296</u>	<u>65,536</u>	<u>933</u>

(Continued)

**BOROUGH OF KINNELON**

Schedule of Reserve for Special Deposits -  
Other Trust Funds

Trust Funds

Year ended December 31, 2012

	<u>Recycling</u>	<u>Special Law Enforcement</u>	<u>Uniform Fire Safety Act</u>	<u>Municipal Alliance</u>	<u>Tax Sale Premium</u>	<u>Clerk Special</u>	<u>K-Fest</u>	<u>Public Defender</u>	<u>Flexible Spending</u>	<u>Police Outside Detail</u>
Balance, December 31, 2011	\$ 67,351	2,159	4,611	11,251	160,411	61,587	2,551	—	—	20,924
Increased by:										
Fees and Deposits	19,780	13,739	10,441	10,750	—	4,150	2,310	4,675	2,351	108,925
Interest Earned	181	25	71	30	5	149	7	6	1	—
Received in Current Fund	—	—	—	—	—	—	—	—	—	—
	<u>19,961</u>	<u>13,764</u>	<u>10,512</u>	<u>10,780</u>	<u>5</u>	<u>4,299</u>	<u>2,317</u>	<u>4,681</u>	<u>2,352</u>	<u>108,925</u>
	87,312	15,923	15,123	22,031	160,416	65,886	4,868	4,681	2,352	129,849
Decreased by:										
Payments by Current Fund	—	—	—	—	—	—	—	1,800	—	—
Cash disbursements	12,266	2,598	—	13,974	—	8,750	3,498	750	2,273	108,333
	<u>12,266</u>	<u>2,598</u>	<u>—</u>	<u>13,974</u>	<u>—</u>	<u>8,750</u>	<u>3,498</u>	<u>2,550</u>	<u>2,273</u>	<u>108,333</u>
Balance, December 31, 2012	\$ <u>75,046</u>	<u>13,325</u>	<u>15,123</u>	<u>8,057</u>	<u>160,416</u>	<u>57,136</u>	<u>1,370</u>	<u>2,131</u>	<u>79</u>	<u>21,516</u>



**BOROUGH OF KINNELON**

Schedule of Interfund Accounts Payable  
Other Trust Fund

Trust Funds

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>50,053</u>
Increased by:	
Payments made by Current Fund	1,800
Cash received from Current Fund	<u>1,000</u>
	<u>2,800</u>
	52,853
Decreased by cash disbursements	<u>47,604</u>
Balance, December 31, 2012	\$ <u><u>5,249</u></u>
<u>Anaysis of Balance</u>	
Public Defender Trust	1,800
Special Deposits	1,449
Panning Board Inspection	1,000
Flexible Spending	<u>1,000</u>
	\$ <u><u>5,249</u></u>

**BOROUGH OF KINNELON**

Schedule of Prepaid Licenses  
Dog License Fund

Trust Funds

Year ended December 31, 2012

Balance, December 31, 2011	\$	2,492
Increased by received		<u>8,273</u>
		10,765
Decreased by applied		<u>2,492</u>
Balance, December 31, 2012	\$	<u><u>8,273</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from (to) Current

Trust Funds

Year ended December 31, 2012

	<b>Trust Other Fund</b>	<b>Dog License Soil</b>
	<hr/>	<hr/>
Balance, December 31, 2011, (Due to)	\$ 158,415	—
Increased by:		
Payments by Current Fund	485	—
Cash received in Current Fund	<hr/> 60,000	<hr/> —
	<hr/> 60,485	<hr/> —
	<hr/> 218,900	<hr/> —
Decreased by:		
Payments received	—	138
Payments made by Current Fund	<hr/> —	<hr/> 1,330
	<hr/> —	<hr/> 1,330
Balance, December 31, 2012, (Due to)	<hr/> <hr/> 218,900	<hr/> <hr/> (1,330)
<u>Anaylsis of Balance</u>		
Tax Sale Premium	158,300	
Accumulated Absence	60,000	
Community Policing	485	
Open Space Trust Fund	<hr/> 115	
	<hr/> <hr/> 218,900	

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>964,306</u>
Increased by receipts:	
Due to Current Fund	600,000
Bond anticipation note proceeds	333,000
Premium on sale of notes	29,127
Due to Water Operating Fund	1,955
Capital improvement fund	50,000
Reserve for debt	309,734
Due to water Capital Fund	<u>97,334</u>
	<u>1,421,150</u>
	<u>2,385,456</u>
Decreased by disbursements:	
Due to Current Fund	389,305
Encumbrances	200,277
Improvement authorizations	<u>1,619,186</u>
	<u>2,208,768</u>
Balance, December 31, 2012	\$ <u><u>176,688</u></u>

**BOROUGH OF KINNELON**

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2012

Encumbrances payable	\$ 233,923
Due to Current Fund	396,251
Due to Water Operating Fund	1,955
Due to Water Capital Fund	97,334
Grants receivable	(195,000)
Reserve for housing rehabilitation	9,350
Reserve for debt issuance costs	17,701
Reserve for payment of debt	309,734
Capital Improvement Fund	14,750
Fund balance	30,023

Improvement Authorizations:

<b>Ordinance number</b>	<b>Improvement description</b>	
7-99/4-00	Improvement of Fayson Lake Road	(17,409)
18-00	Improvement of Municipal Complex	14,955
1-01	Improvement of Kakeout Road	(11,750)
11-02	Improvement of Various Roads	(47,236)
1-03	Imp. Chilhowie Drive	(4,224)
6-03	Acqisition of Land	(109)
10-03	Construction of New Bike Path	(421)
13-04/18-05	Construction of Recreation Fields	1,438
6-06	Rehab of Lake Rickabear Dam	12,345
19-05/3-06	Imp. Of Forestdale Rd. and eric Drive	25,286
4-07/11-09	Improvement of Kiel Ave,	84,644
9-08	Various Improvements of 2008	91,854
10-09	Various Improvements of 2009	72,214
6-10	Imp. of Brookvalley Road	121,586
9-10/15-11	Construction of New Firehouse	(829,625)
12-10	Various Improvements 2010	24,222
02-11	Imp. Cutlass Rd.	(342,723)
11-11	Var. Improvements	(134,951)
13-11	Various road improvements	(69,062)
16-11	Various road improvements	(29,238)
15-12	Reconditioning of fire truck	74,668
17-12	Various Improvements	224,203
		<u>\$ 176,688</u>

**BOROUGH OF KINNELON**

Schedule of Amount Due to Current Fund

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>170,556</u>
Increased by:	
Interfund transfer	600,000
Fund balance anticipated	<u>15,000</u>
	<u>615,000</u>
	785,556
Decreased by:	
Transferred to Current Fund	<u>389,305</u>
Balance, December 31, 2012 (Due To)	\$ <u><u>396,251</u></u>

**BOROUGH OF KINNELON**

Schedule of Deferred Charges to  
Future Taxation Funded

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>6,137,715</u>
Decreased By:	
Bonds paid	405,000
Loan Paid	<u>66,232</u>
	<u>471,232</u>
Balance, December 31, 2012	\$ <u><u>5,666,483</u></u>

## BOROUGH OF KINNELON

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year ended December 31, 2012

Ordinance number	Description	Balance, Dec. 31, 2011	Authorizations	Notes paid	Cancelled/ Reauthorized	Balance, Dec. 31, 2012	Analysis of balance		Unexpended balance of improvement authori- zations
							Bond anticipation notes	Expended	
7-99/4-00	Improvement of Fayson Lake Road	\$ 23,609	—	1,422	—	22,187	4,778	17,409	—
1-01	Improvement of Kakeout Road	11,750	—	—	—	11,750	—	11,750	—
13-01	Acq. New Fire Apparatus	41,000	—	41,000	—	—	—	—	—
8-02	Acq. Of Police and DPW Equipment	13,000	—	13,000	—	—	—	—	—
11-02	Improvement of Various Roads	55,236	—	685	—	54,551	7,315	47,236	—
13-02	Imp. Municipal Comoplex HVAC	93,000	—	13,104	—	79,896	79,896	—	—
1-03	Imp. Chilhowie Drive	27,224	—	1,764	—	25,460	21,236	4,224	—
6-03	Acqisition of Land	20,109	—	380	—	19,729	19,620	109	—
10-03	Construction of New Bike Path	11,421	—	869	—	10,552	10,131	421	—
13-03	Various Road Improvements	45,000	—	6,264	—	38,736	38,736	—	—
14-03	Acq. of New and Additional equipment	52,000	—	15,867	—	36,133	36,133	—	—
20-03	Construction of Recreation Fields	1,090,820	—	52,528	—	1,038,292	1,038,292	—	—
9-04	Construction of Salt Storage Facility	194,700	—	9,524	—	185,176	185,176	—	—
10-04	Various Road Improvements	56,000	—	8,264	—	47,736	47,736	—	—
11-04	Various Road Improvements	42,000	—	4,759	—	37,241	37,241	—	—
13-04/18-05	Construction of Recreation Fields	255,880	—	3,280	—	252,600	252,600	—	—
4-05	Acq. Of Various equipment	263,000	—	54,323	—	208,677	208,677	—	—
19-05/3-06	Imp. Of Forestdale Rd. and eric Drive	242,500	—	16,782	—	225,718	225,718	—	—
1-06	Acq. Of Communication Equipment	71,400	—	3,760	—	67,640	67,640	—	—
6-06	Rehab of Lake Rickabear Dam	250,000	—	—	—	250,000	—	—	250,000
13-06	Various Improvements of 2006	186,000	—	13,082	—	172,918	172,918	—	—
14-06	Various Road Improvements	96,400	—	7,016	—	89,384	89,384	—	—
4-07/11-09	Improvement of Kiel Ave,	768,554	—	28,320	—	740,234	474,580	—	265,654
10-07A	Various Improvements of 2007	495,301	—	34,670	—	460,631	509,430	—	(48,799)
9-08	Various Improvements of 2008	775,900	—	—	—	775,900	775,900	—	—
10-09	Various Improvements of 2009	420,850	—	7,270	—	413,580	413,530	—	50
18-09	Acquistion of Fire Truck	457,000	—	—	(60,649)	396,351	396,351	—	—
19-09	Recondition of Fire Rescue Truck	285,000	—	—	(14,019)	270,981	270,981	—	—
6-10	Imp. of Brookvalley Road	320,750	—	—	—	320,750	252,000	—	68,750
9-10/15-11	Construction of New Firehouse	1,190,000	—	—	—	1,190,000	333,000	829,625	27,375
12-10	Various Improvements 2010	408,000	—	—	—	408,000	406,600	—	1,400
02-11	Imp. Cutlass Rd.	452,000	—	—	—	452,000	—	342,723	109,277
11-11	Var. Improvements	152,000	—	—	—	152,000	—	134,951	17,049
16-11	Reconstruct Forge Rd.	1,330,000	—	—	—	1,330,000	—	29,238	1,300,762

(continued)



Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2012

Ordinance number	Description	Balance, Dec. 31, 2011	Authorizations	Notes paid	Cancelled/ Reauthorized	Balance, Dec. 31, 2012	Analysis of balance			
							Bond anticipation notes	Expended	Unexpended balance of improvement authori- zations	
13-11	Various road improvements	175,000	—	—	—	175,000	70,000	69,062	35,938	
15-12	Reconditioning of fire truck	—	—	—	74,668	74,668	74,668	—	—	
17-12	Various improvements	—	1,128,000	—	—	1,128,000	—	—	1,128,000	
		\$ 10,372,404	1,128,000	337,933	—	11,162,471	6,520,267	1,486,748	3,155,456	
									Improvement authorizations unfunded	\$ 3,700,167
									Less - Unexpended note proceeds:	
									Ordinance 13-04/18-05	1,438
									Ordinance 19-05/3-06	25,286
									Ordinance 4-07/11-09	84,644
									Ordinance 10-07A	48,799
									Ordinance 9-08	91,854
									Ordinance 10-09	72,214
									Ordinance 6-10	121,586
									Ordinance 12-10	24,222
									Ordinance 15-12	74,668
										544,711
										\$ 3,155,456

**BOROUGH OF KINNELON**

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	26,750
Increased by:		.
Budget appropriation		<u>50,000</u>
		76,750
Decreased by appropriated to finance improvement authorizations		<u>62,000</u>
Balance, December 31, 2012	\$	<u><u>14,750</u></u>

**BOROUGH OF KINNELON**

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2012

Ordinance number	Improvement description	Ordinance	Balance, December 31, 2011		Authorizations	Expended	Balance, December 31, 2012	
		Original Amount	Funded	Unfunded			Funded	Unfunded
18-00	Improvement of Municipal Complex	\$ 2,000,000	15,415		—	460	14,955	
13-04/18-05	Construction of Recreation Fields	1,500,000	—	1,438	—	—	—	1,438
19-05/3-06	Imp. Of Forestdale Rd. and eric Drive	335,000	—	25,286	—	—	—	25,286
6-06	Rehab of Lake Rickabear Dam	262,500	12,345	250,000	—	—	12,345	250,000
4-07/11-09	Improvement of Kiel Ave,	1,420,000	—	351,435	—	1,137	—	350,298
10-07A	Various Improvements of 2007	810,000	—	—	—	—	—	—
8-08	Purchase of Admin and Police Equip.	94,600	—	—	—	—	—	—
9-08	Various Improvements of 2008	902,000	—	113,425	—	21,571	—	91,854
10-09	Various Improvements of 2009	443,000	—	85,732	—	13,468	—	72,264
18-09	Acquisition of Fire Truck	480,000	—	60,649	(60,649)	—	—	—
19-09	Recondition of Fire Rescue Truck	300,000	—	14,019	(14,019)	—	—	—
6-10	Imp. of Brookvalley Road	540,000	—	191,141	—	805	—	190,336
9-10/15-11	Construction of New Firehouse	1,250,000	39,464	1,190,000	—	1,202,089	—	27,375
12-10	Various Improvements 2010	540,000	—	113,958	—	88,336	—	25,622
02-11	Imp. Cutlass Rd. and Woodland Ct,	465,000	—	442,000	—	332,723	—	109,277
11-11	Various Improvements	160,000	—	58,994	—	41,945	—	17,049
13-11	Various road improvements	175,000	—	40,978	—	5,040	—	35,938
16-11	Various road improvements	1,400,000	70,000	1,330,000	—	99,238	—	1,300,762
15-12	Reconditioning of Fire Truck	74,668	—	—	74,668	—	—	74,668
17-12	Various Improvements	1,385,000	—	—	1,385,000	32,797	224,203	1,128,000
			\$ 137,224	4,269,055	1,385,000	1,839,609	251,503	3,700,167
					\$ 1,128,000			
					62,000			
					195,000			
					\$ 1,385,000			
						\$ 220,423		
						1,619,186		
						\$ 1,839,609		

**BOROUGH OF KINNELON**

Schedule of Encumbrances Payable

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	213,777
Increased by improvement authorization encumbrances		<u>220,423</u>
		434,200
Decreased by:		
Paid		<u>200,277</u>
Balance, December 31, 2012	\$	<u><u>233,923</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Cost of Issuance

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>17,701</u>
Balance, December 31, 2012	\$ <u>17,701</u>

**BOROUGH OF KINNELON**

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2012

<b>Ordinance number</b>	<b>Purpose</b>	<b>Original date of issue</b>	<b>Date of issue</b>	<b>Date of maturity</b>	<b>Interest rate</b>	<b>Balance, Dec. 31, 2011</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2012</b>
13-01	Acq. New Fire Apparatus	5/30/02	2/23/12	2/22/13	1.250%	41,000	—	41,000	—
8-02	Acq. Of Police and DPW Equipment	7/25/02	2/23/12	2/22/13	1.250%	13,000	—	13,000	—
7-99/4-00	Improvement of Fayson Lake Road	5/1/03	2/23/12	2/22/13	1.250%	6,200	4,778	6,200	4,778
13-02	Imp. Municipal Complex HVAC	10/9/03	2/23/12	2/22/13	1.250%	93,000	79,896	93,000	79,896
14-03	Acq. of New and Additional equipmen	3/4/04	2/23/12	2/22/13	1.250%	52,000	36,133	52,000	36,133
13-03	Various Road Improvements	8/12/04	2/23/12	2/22/13	1.250%	45,000	38,736	45,000	38,736
10-04	Various Road Improvements	8/12/04	2/23/12	2/22/13	1.250%	56,000	47,736	56,000	47,736
11-04	Various Road Improvements	8/12/04	2/23/12	2/22/13	1.250%	42,000	37,241	42,000	37,241
20-03/13-04	Construction of Recreation Fields	3/4/05	2/23/12	2/22/13	1.250%	1,267,700	1,215,172	1,267,700	1,215,172
9-04	Construction of Salt Storage Facility	3/4/05	2/23/12	2/22/13	1.250%	194,700	185,176	194,700	185,176
4-05	Acq. Of Various equipment	11/9/05	2/23/12	2/22/13	1.250%	263,000	208,677	263,000	208,677
11-02	Improvement of Various Roads	7/19/07	2/23/12	2/22/13	1.250%	8,000	7,315	8,000	7,315
1-03	Imp. Chilhowie Drive	7/19/07	2/23/12	2/22/13	1.250%	23,000	21,236	23,000	21,236
6-03	Acqisition of Land	7/19/07	2/23/12	2/22/13	1.250%	20,000	19,620	20,000	19,620
10-03	Construction of New Bike Path	7/19/07	2/23/12	2/22/13	1.250%	11,000	10,131	11,000	10,131
18-05	Construction of Recreation Fields	7/19/07	2/23/12	2/22/13	1.250%	34,000	32,275	34,000	32,275
19-05	Imp. Of Forestdale Rd. and eric Drive	7/19/07	2/23/12	2/22/13	1.250%	213,000	197,973	213,000	197,973
13-06	Various Improvements of 2006	7/19/07	2/23/12	2/22/13	1.250%	186,000	172,918	186,000	172,918
14-06	Various Road Improvements	7/19/07	2/23/12	2/22/13	1.250%	96,400	89,384	96,400	89,384
3-06	Imp. Of Forestdale Rd. and eric Drive	12/13/07	12/6/12	12/6/13	1.250%	29,500	27,745	29,500	27,745
4-07	Improvement of Kiel Ave,	12/13/07	12/6/12	12/6/13	1.250%	402,900	379,845	402,900	379,845
10-07A	Various Improvements of 2007	12/13/07	12/6/12	12/6/13	1.250%	544,100	509,430	544,100	509,430
9-08	Various Improvements of 2008	12/12/08	12/6/12	12/6/13	1.250%	428,700	428,700	428,700	428,700
18-05	Construction of Recreation Fields	12/10/09	12/6/12	12/6/13	1.250%	45,000	43,445	45,000	43,445
1-06	Acq. Of Communication Equipment	12/10/09	12/6/12	12/6/13	1.250%	71,400	67,640	71,400	67,640
10-09	Various Improvements of 2009	12/10/09	12/6/12	12/6/13	1.250%	150,000	142,730	150,000	142,730
11-09	Improvement of Kiel Ave,	12/10/09	12/6/12	12/6/13	1.250%	100,000	94,735	100,000	94,735
9-08	Various Improvements of 2008	8/3/10	2/23/12	2/22/13	1.250%	347,200	347,200	347,200	347,200
10-09	Various Improvements of 2009	8/3/10	2/23/12	2/22/13	1.250%	270,800	270,800	270,800	270,800
18-09	Acquisition of Fire Truck	8/3/10	2/23/12	2/22/13	1.250%	457,000	457,000	457,000	457,000
19-09	Recondition of Fire Rescue Truck	8/3/10	2/23/12	2/22/13	1.250%	285,000	285,000	285,000	285,000
6-10	Imp. of Brookvalley Road	12/9/10	12/6/12	12/6/13	1.250%	252,000	252,000	252,000	252,000
12-10	Various Improvements 2010	12/9/10	12/6/12	12/6/13	1.250%	406,600	406,600	406,600	406,600
13-11	Various road improvements	12/12/08	12/6/12	12/6/13	1.250%	70,000	70,000	70,000	70,000
15-11	Construction of Firehouse	12/6/12	12/6/12	12/6/13	1.250%	—	333,000	—	333,000
						<u>\$ 6,525,200</u>	<u>6,520,267</u>	<u>6,525,200</u>	<u>6,520,267</u>
							Renewal \$ 6,187,267	6,187,267	
							Issued 333,000	—	
							Paid from budget appropriation —	337,933	
							<u>\$ 6,520,267</u>	<u>6,525,200</u>	

**BOROUGH OF KINNELON**

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2012

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2011</u>	<u>Bonds paid</u>	<u>Balance, Dec. 31, 2012</u>
			<u>Date</u>	<u>Amount</u>				
12/16/2009	General refunding Bonds of 2009	\$ 6,070,000	3/01/13	\$ 415,000	3.000			
			3/01/14	430,000	3.000			
			3/01/15	440,000	4.000			
			3/01/16	445,000	4.000			
			3/01/17	455,000	4.000			
			3/01/18	460,000	4.250			
			3/01/19	465,000	4.250			
			3/01/20	475,000	4.250			
			3/01/21	475,000	4.000			
			3/01/22	485,000	4.750			
			3/01/23	490,000	4.000			
			3/01/24	495,000	4.000			
						<u>5,935,000</u>	<u>405,000</u>	<u>5,530,000</u>
						<u>\$ 5,935,000</u>	<u>405,000</u>	<u>5,530,000</u>

## BOROUGH OF KINNELON

## Schedule of Bonds and Notes Authorized but not Issued

## General Capital Fund

Year ended December 31, 2012

<b>Ordinance number</b>	<b>Description</b>	<b>Balance, Dec. 31, 2011</b>	<b>2012 authori- zations</b>	<b>Debt Issued</b>	<b>Cancellation/ Reappropriated</b>	<b>Balance, Dec. 31, 2012</b>
7-99/4-00	Imp. Fayson Lake Rd.	\$ 17,409	—	—	—	17,409
01-01	Imp. Kakeout Rd.	11,750	—	—	—	11,750
11-02	Imp. Various Rds.	47,236	—	—	—	47,236
01-03	Imp. Chillhowie Dr.	4,224	—	—	—	4,224
06-03	Acq. Of Land	109	—	—	—	109
10-03	Const. New Bike Path	420	—	—	—	420
06-06	Rehab Lake Rickabear dam	250,000	—	—	—	250,000
10-09	Var. Improvements 2009	50	—	—	—	50
11-09	Imp. Kiel Ave.	265,654	—	—	—	265,654
06-10	Imp. Brookvalley Rd.	68,750	—	—	—	68,750
09-10/15-11	Const. New Firehouse	1,190,000	—	333,000	—	857,000
12-10	Var. Improvements 2010	1,400	—	—	—	1,400
02-11	Imp. Cutlass Rd.	452,000	—	—	—	452,000
11-11	Var. Improvements	152,000	—	—	—	152,000
16-11	Reconstruct Forge Rd.	1,330,000	—	—	—	1,330,000
13-11	Various road improvements	105,000	—	—	—	105,000
17-12	Various improvements	—	1,128,000	—	—	1,128,000
		<u>\$ 3,896,002</u>	<u>1,128,000</u>	<u>333,000</u>	<u>—</u>	<u>4,691,002</u>



**BOROUGH OF KINNELON**

Schedule of Green Acres Loan Payable

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	202,715
Decreased by:		
Repayment of Loan		<u>66,232</u>
Balance, December 31, 2012	\$	<u><u>136,483</u></u>

Analysis of Balance

<u>Payment No.</u>	<u>Due Date</u>	<u>Amount</u>
36	3/23/2013	\$ 33,613
37	9/23/2013	33,950
38	3/23/2014	34,289
39	9/23/2014	<u>34,631</u>
		\$ <u><u>136,483</u></u>

**BOROUGH OF KINNELON**

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	—
Increased by Transfer from State Grants receivable		<u>195,000</u>
Balance, December 31, 2012	\$	<u><u>195,000</u></u>

**BOROUGH OF KINNELON**

Schedule of Due to Water Operating Fund

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	—
Increased by premiums on note sale		<u>1,955</u>
Balance, December 31, 2012	\$	<u><u>1,955</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>          —</u>
Increased by:	
County grants	80,000
State grants	<u>229,734</u>
Balance, December 31, 2012	\$ <u><u>309,734</u></u>

Analysis of Balance

Morris county firehouse contribution	\$ 80,000
Kiel Ave	10,984
Brook Valley Road	68,750
Cutlass Road	<u>150,000</u>
	\$ <u><u>309,734</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2012

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2011	\$ 54,665	179,019
Increased by receipts:		
Water rents	481,921	—
Miscellaneous revenue not anticipated	670	—
Deficit funded by Current Fund	42,569	—
Due from Sewer Operating Fund	2,474	—
Advance from Current Fund	37,431	—
Refunds	—	3,900
	<u>565,065</u>	<u>3,900</u>
	<u>619,730</u>	<u>182,919</u>
Decreased by disbursements:		
Budget appropriations	424,407	—
Appropriation reserves	43,190	—
Due to Current Fund	16,418	—
Accrued Interest on Notes	7,392	—
Due from General Capital	—	97,334
	<u>491,407</u>	<u>97,334</u>
Balance, December 31, 2012	\$ <u><u>128,323</u></u>	<u><u>85,585</u></u>

**BOROUGH OF KINNELON**

Schedule of Analysis of Capital Fund Cash

Water Utility Capital Fund

December 31, 2012

Capital Improvement Fund		\$	84,868
Due from General Capital			(97,334)
Due to Water Operating Fund			4,123
Improvement authorizations:			
<b>Ordinance</b>			
<b>number</b>	<b>Improvement description</b>		
9-02	Improvement of water supply system		4,883
15-04	Improvement of water supply system		70,284
11-07	Improvement of water supply system		5,873
10-08	Acquisition of vehicular equipment		6,888
12-09	Acquisition of generator		6,000
			<u>6,000</u>
		\$	<u><u>85,585</u></u>

## BOROUGH OF KINNELON

## Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year ended December 31, 2012

<u>Ordinance number</u>	<u>Purpose</u>	<u>Original date of issue</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Interest rate</u>	<u>Balance, Dec. 31, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance, Dec. 31, 2012</u>
09-02	Imp. Water Supply System	07/25/02				\$ 15,000	—	15,000	—
15-04	Imp. Water Supply System	08/12/04	2/23/2012	2/22/2013	1.25%	101,000	97,334	101,000	97,334
11-07	Imp. Water Supply System	12/13/07	12/7/2012	12/6/2013	1.25%	346,000	341,000	346,000	341,000
11-07	Imp. Water Supply System	12/12/08	12/7/2012	12/6/2013	1.25%	23,000	20,030	23,000	20,030
10-08	Acq.of vehicular Equipment	12/12/08	12/7/2012	12/6/2013	1.25%	51,000	49,100	51,000	49,100
						<u>\$ 536,000</u>	<u>507,464</u>	<u>536,000</u>	<u>507,464</u>
				Renewed			\$ 507,464	507,464	
				Paid - Budget			—	28,536	
							<u>\$ 507,464</u>	<u>536,000</u>	

**BOROUGH OF KINNELON**

Schedule of Water Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2012

Balance, December 31, 2011	\$ 26,474
Increased by water rents levied	<u>475,363</u>
	<u>501,837</u>
Decreased by:	
Water rents collected	481,921
Overpayments applied	233
Due from Sewer Operating Fund	<u>6,062</u>
	<u>488,216</u>
Balance, December 31, 2012	\$ <u><u>13,621</u></u>



**BOROUGH OF KINNELON**

Schedule of Prepaid Rents

Water Utility Operating Fund

Year Ended December 31, 2012

Balance, December 31, 2011	\$	233
Decreased by disbursements		<u>233</u>
Balance, December 31, 2012	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2012

	<b>Balance, Dec. 31, 2011</b>	<b>Additions</b>	<b>Balance, Dec. 31, 2012</b>
Steel water tank	\$ 109,773	—	109,773
Meters	10,784	—	10,784
General equipment	5,549	14,926	20,475
Pump house and pumps	61,032	—	61,032
Improvement of water supply and distribution system	<u>212,036</u>	<u>—</u>	<u>212,036</u>
	<u>\$ 399,174</u>	<u>14,926</u>	<u>414,100</u>

**BOROUGH OF KINNELON**

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2012

Improvement description	Balance, Dec. 31, 2011	Balance, Dec. 31, 2012
Refurbishing of pressure reducing valves	\$ 4,000	4,000
Purchase of water utility equipment	17,000	17,000
Improvement of water supply system	360,000	360,000
Improvement of water supply system	440,000	440,000
Acquisition of vehicular equipment	55,000	55,000
Acquisition of generator	60,000	60,000
	\$ 936,000	936,000

**BOROUGH OF KINNELON**

Schedule of Accrued Interest  
on Notes

Water Utility Operating Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$	4,234
Increased by:		
Budget appropriation		<u>5,400</u>
		9,634
Decreased by:		
Payments		<u>7,392</u>
Balance, December 31, 2012	\$	<u><u>2,242</u></u>

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2012

	<b>Balance Dec. 31, 2011</b>	<b>Transfer of encum- brances</b>	<b>Balance after transfers</b>	<b>Paid or charged</b>	<b>Balance lapsed</b>
Salaries and wages	\$ 5,280	—	5,280	1,404	3,876
Other expenses	109,069	5,430	114,499	41,688	72,811
Statutory expenditures - contribution to:					
Social Security System (O.A.S.I.)	501	—	501	93	408
Unemployment Compensation Insurance	203	—	203	5	198
	<u>\$ 115,053</u>	<u>5,430</u>	<u>120,483</u>	<u>43,190</u>	<u>77,293</u>
					\$ 68,000
					9,293
					<u>\$ 77,293</u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2012

Balance, December 31, 2011	\$	668,174
Increased by:		
Transfer from Deferred Reserve		—
Fixed assets acquired		14,926
Bond anticipation notes paid		28,536
		<u>43,462</u>
Balance, December 31, 2012	\$	<u><u>711,636</u></u>

**BOROUGH OF KINNELON**

Schedule of Deferred Reserve for  
Amortization

Water Utility Capital Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$ <u>77,000</u>
Balance, December 31, 2012	\$ <u>77,000</u>

**Analysis of Balance**

Ordinance #13-86	\$ 4,000
Ordinance #18-99	17,000
Ordinance #11-07	50,000
Ordinance #12-09	<u>6,000</u>
	\$ <u>77,000</u>

**BOROUGH OF KINNELON**

Schedule of Amount Due to (from) Current Fund

Water Utility Operating Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$ <u>16,418</u>
Increased by:	
Advance from Current Fund	37,431
Appropriation reserves lapsed	<u>68,000</u>
	<u>105,431</u>
	121,849
Decreased by cash disbursed	<u>16,418</u>
Balance, December 31, 2012	\$ <u><u>105,431</u></u>



**BOROUGH OF KINNELON**

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2012

Ordinance number	Improvement description	Ordinance		Balance, December 31, 2011			Balance, December 31, 2012	
		Date	Amount	Amount	Unfunded	Expended	Funded	Unfunded
9-02	Improvement of water supply system	05/16/02	\$ 110,000	—	4,883	—	—	4,883
15-04	Improvement of water supply system	06/17/04	250,000	—	66,384	(3,900)	—	70,284
11-07	Improvement of water supply system	03/23/07	440,000	—	5,873	—	—	5,873
10-08	Acquisition of vehicular equipment	06/19/08	55,000	—	6,888	—	—	6,888
12-09	Acquisition of generator	08/20/09	60,000	6,000	54,000	—	6,000	54,000
				\$ 6,000	138,028	(3,900)	6,000	141,928

**BOROUGH OF KINNELON**

Schedule of Bonds and Notes Authorized but not Issued

Water Utility Capital Fund

Year Ended December 31, 2012

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2011</u>	<u>Balance, Dec. 31, 2012</u>
12-09	Acquisition of generator	\$ 54,000	54,000
		<u>\$ 54,000</u>	<u>54,000</u>

**BOROUGH OF KINNELON**

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2012

Balance, December 31, 2011	\$ <u>84,868</u>
Balance, December 31, 2012	\$ <u>84,868</u>

**BOROUGH OF KINNELON**

Schedule of Amount Due from General Capital

Water Utility Capital Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$ <u>          —</u>
Increased by:	
Cash disbursed	<u>          97,334</u>
Balance, December 31, 2012	\$ <u><u>          97,334</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from General Capital

Water Utility Operating Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$ <u>          —</u>
Increased by:	
Premium on sale of notes	<u>          1,955</u>
Balance, December 31, 2012	\$ <u><u>          1,955</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from Sewer Operating Fund

Water Utility Operating Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$ <u>2,474</u>
Increased by cash collected	<u>6,062</u>
	8,536
Decreased by cash received	<u>2,474</u>
Balance, December 31, 2012	\$ <u><u>6,062</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from Water Capital Fund

Water Utility Operating Fund  
Year Ended December 31, 2012

Balance, December 31, 2011	\$	—
Increased by anticipated fund balance		<u>4,123</u>
Balance, December 31, 2012	\$	<u><u>4,123</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash

Sewer Utility Fund

Year ended December 31, 2012

	<u>Operating</u>
Balance, December 31, 2011	\$ <u>205,793</u>
Increased by receipts:	
Sewer rents	437,520
Miscellaneous revenues not anticipated	3,425
Due to Water Operating Fund	<u>6,062</u>
	<u>447,007</u>
	<u>652,800</u>
Decreased by disbursements:	
Budget appropriations	490,693
Appropriation reserves	34,448
Due to Water Operating Fund	2,474
Refund of overpayments	<u>72</u>
	<u>527,687</u>
Balance, December 31, 2012	\$ <u><u>125,113</u></u>



**BOROUGH OF KINNELON**

Schedule of Sewer Rents Receivable

Sewer Utility Operating Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>39,380</u>
Increased by;	
Adjustments	14,968
Rents levied	<u>401,464</u>
	<u>416,432</u>
	455,812
Decreased by sewer rents collected	<u>437,520</u>
Balance, December 31, 2012	\$ <u><u>18,292</u></u>

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year ended December 31, 2012

	<b>Balance Dec. 31, 2011</b>	<b>Encum- brances</b>	<b>Balance after transfers</b>	<b>Paid or charged</b>	<b>Balance lapsed</b>
Operating:					
Salaries and wages	\$ 3,949	—	3,949	—	3,949
Other expenses	47,590	12,101	59,691	34,448	25,243
Deferred charges:					
Statutory expenditures - contribution to: Social Security System	784	—	784	—	784
	<u>\$ 52,323</u>	<u>12,101</u>	<u>64,424</u>	<u>34,448</u>	<u>29,976</u>

**BOROUGH OF KINNELON**

Schedule of Due to Water Operating Fund

Sewer Utility Operating Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	2,474
Increased by:		
Collections		<u>6,062</u>
		<u>8,536</u>
Decreased by:		
Disbursement		<u>2,474</u>
Balance, December 31, 2012	\$	<u><u>6,062</u></u>

**BOROUGH OF KINNELON**

Schedule of Prepaid Rents

Sewer Operating Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>418</u>
Balance, December 31, 2012	\$ <u>418</u>

**BOROUGH OF KINNELON**

Schedule of Installment Billing Receivable

Sewer Utility Operating Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	—
Increased by billings		<u>202,693</u>
Balance, December 31, 2012	\$	<u><u>202,693</u></u>

**BOROUGH OF KINNELON**

Schedule of Due to Payroll

Sewer Utility Operating Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$	—
Increased by:		
Unreimbursed salaries to payroll fund		<u>164</u>
Balance, December 31, 2012	\$	<u><u>164</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash

Public Assistance Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ <u>34,785</u>
Increased by:	
Donations	1,095
SSI reimbursements	—
Interest and other	<u>72</u>
	<u>1,167</u>
	35,952
Decreased by:	
Public assistance expenditures	<u>11,933</u>
Balance, December 31, 2012	\$ <u><u>24,019</u></u>
Analysis of Balance	
P.A.T.F. 1	\$ 24,019
P.A.T.F. 2	<u>—</u>
	\$ <u><u>24,019</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for  
Public Assistance Expenditures

Public Assistance Fund

Year ended December 31, 2012

Balance, December 31, 2011	\$ 32,679
Increased by:	
Revenue	<u>1,167</u>
	<u>33,846</u>
Decreased by:	
Cancellation of Due to Current Fund Expenditures	<u>11,933</u>
	<u>11,933</u>
Balance, December 31, 2012	\$ <u><u>21,913</u></u>



**BOROUGH OF KINNELON**

Schedule of Due to Current Fund

Public Assistance Fund

Year ended December 31, 2012

	<u>P.A.T.F Account #1</u>	<u>P.A.T.F Account #2</u>	<u>Total</u>
Balance, December 31, 2011	\$ 1,575	\$ 531	\$ 2,106
Transfer of obligation	<u>531</u>	<u>(531)</u>	<u>—</u>
Balance, December 31, 2012	\$ <u>2,106</u>	\$ <u>—</u>	\$ <u>2,106</u>

**BOROUGH OF KINNELON**

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2012

<b>Category</b>	<b>Balance Dec. 31, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance Dec. 31, 2012</b>
Land	\$ 4,442,060	—	—	4,442,060
Buildings	12,661,546	—	—	12,661,546
Vehicular equipment	790,562	23,450	—	814,012
General equipment and machinery	3,445,770	—	—	3,445,770
	<u>\$ 21,339,938</u>	<u>23,450</u>	<u>—</u>	<u>21,363,388</u>

**SUPPLEMENTARY DATA**

**BOROUGH OF KINNELON**

Supplementary Data

December 31, 2012

**Comparative Schedule of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax rate	\$ 2.968	2.875	2.807
Apportionment of tax rate:			
Municipal	0.505	0.479	0.500
Municipal Open Space	0.005	0.005	0.010
County	0.330	0.330	0.330
Local school	2.082	2.014	1.967
Library	0.046	0.047	0.000
Assessed valuation:			
2012		\$ 1,611,570,400	
2011		1,631,644,600	
2010		1,666,735,965	

**Comparison of Tax Levies and Collections Currently**

<u>Year</u>	<u>Tax levy</u>	<u>Currently</u>	
		<u>Cash collections</u>	<u>Percentage of collection</u>
2012	\$ 47,870,476	46,977,063	98.13 %
2011	46,933,141	45,817,897	97.64
2010	46,362,890	45,197,096	97.48
2009	45,484,564	44,523,650	97.88
2008	44,444,714	43,526,497	97.93

**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 five years.

<u>Dec.31</u>	<u>Amount of tax title liens</u>	<u>Amount of delinquent taxes</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2012	\$ 882,709	510,807	1,393,516	2.91 %
2011	850,267	586,975	1,437,242	3.06
2010	829,997	618,481	1,448,478	3.12
2009	733,954	646,811	1,380,765	3.04
2008	710,555	686,520	1,397,075	3.14

(Continued)

**BOROUGH OF KINNELON**

Supplementary Data

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>		<u>Amount</u>
2012	\$	32,150
2011		32,150
2010		32,150
2009		17,150
2008		17,150

**Comparison of Water Utility Levies**

<u>Year</u>		<u>Levy</u>	<u>Cash collections</u>	<u>Percent collected</u>
2012	\$	475,363	482,154	101%
2011		431,409	422,696	98%
2010		338,104	325,841	96%
2009		218,012	223,808	103%
2008		260,978	261,175	100%

**Comparison of Sewer Utility Levies**

<u>Year</u>		<u>Levy</u>	<u>Cash collections</u>	<u>Percent collected</u>
2012	\$	416,432	437,520	105%
2011		392,882	392,273	100%
2010		361,545	261,812	72%
2009		356,446	348,370	98%
2008		387,799	397,076	102%

(Continued)

**BOROUGH OF KINNELON**

Supplementary Data

**Comparative Schedule of Fund Balances**

<b>Fund</b>	<b>Year</b>	<b>Balance, Dec.31</b>	<b>Utilized in budget of succeeding year</b>	<b>Percent utilized</b>
Current	2012	\$ 823,584	590,000	72%
	2011	869,851	750,000	86%
	2010	1,725,815	1,657,000	96%
	2009	1,658,342	1,657,000	100%
	2008	2,542,020	1,950,000	77%
	2007	2,693,513	1,950,000	72%
	Water Utility Operating	2012	\$ 494	—
2011		494	—	0%
2010		494	—	0%
2009		88,494	88,000	99%
2008		259,043	202,000	78%
2007		443,498	275,615	62%
Sewer Utility Operating		2012	\$ 91,346	89,600
	2011	138,477	124,980	90%
	2010	254,617	229,500	90%
	2009	403,786	229,500	57%
	2008	590,196	200,000	34%
	2007	669,982	145,000	22%

(Continued)

**BOROUGH OF KINNELON**

Supplementary Data

**Officials in Office and Surety Bonds**

The following officials were in office on December 31, 2012

<b>Name</b>	<b>Title</b>	<b>Amount of bond</b>
Robert W. Collins	Mayor	
Stephen A. Cobell	Councilmember	
Gary Moleta	Councilmember	
James Freda	Councilmember	
Ronald Mondello	Councilmember	
Daniel O'Dougherty	Councilmember	
Andrew San Filippo	Councilmember	
Elizabeth Sebrovski	Borough Clerk	
Karen Iuele	Acting Borough Clerk	
Donna M. Mollineaux	Chief Financial Officer	
Jennifer Stillman	Treasurer	1,000,000
Lisa Ann Kimkowski	Tax and Collector and Tax Search Officer	1,000,000
	Water and Sewer Collector	
Andrew Wubbenhorst	Magistrate	
Elizabeth Bansfield-Mossa	Court Administrator	
Susan Inturrisi	Deputy Court Administrator	
John Finkle	Police Chief	
Karen L Perry	Recreation Commission Director	
John Whitehead	Public Works Manager	
Robert Edgar	Tax Assessor	
Paul P Darmofalski	Township Engineer	
Mark Madaio	Township Attorney	

The Borough purchased a \$1,000,000 blanket bond through the Morris County Joint Insurance Fund with excess coverage provided through Municipal Excess Liability Insurance Fund.

## **BOROUGH OF KINNELON**

### **General Comments and Recommendations**

December 31, 2012

#### **Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4**

N.J.S.A. 40A:-11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

The governing body of the Borough has the responsibility of determining whether the expenditures in any category will exceed the statutory bid limit, within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements that exceeded the bid threshold, that may have been negotiated and awarded without public advertising for bids and bidding per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments by categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory bid limit "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those for which bids had been previously sought by public advertisement or for which a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

#### **Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

**NOW, THEREFORE, BE IT RESOLVED**

- “1. The Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after the due date and eighteen percent (18%) per annum any amount of taxes in excess of \$1,500 becoming delinquent after the due date.
2. There will be a ten-(10) day grace period for quarterly tax payments. Should the tenth fall on a Saturday, Sunday or legal holiday, said grace period would extend to the next regular business day.
3. The tax Collector is hereby authorized and directed to charge a six percent (6%) per annum penalty on any fiscal year delinquency in excess of \$10,000.”

It appears from an examination of the Tax Collector's record that interest was collected in accordance with the foregoing resolution.

(Continued)



**BOROUGH OF KINNELON**

General Comments and Recommendations

December 31, 2012

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 5, 2012 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>
2012	45
2011	45
2010	43
2009	43
2008	42

**Status of Prior Year Comments**

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

**Other Comments**

**Finance**

There was no functioning general ledger (Material Weakness)\*

The anticipated grant budget revenues and appropriations adopted as Ch.159's were not all recorded.

Personnel files did not contain all required documentation, I-9 and miscellaneous payroll deduction authorizations.\*

Payroll time sheets are not signed by the department head for Department of Public Works( 12/25/12) and Recreation Department (8/10/12).

The Payroll bank account is underfunded.\*

Purchase orders issued for items purchased through coop purchasing groups or state contracts did not have the appropriate identifier number listed on the purchase order.

The filing of continuing disclosures as required by the Municipal Securities Rulemaking Board were not filed on a timely basis.\*

Bank reconciliations contain reconciling items were not cleared on a current basis.\*

**Municipal Court**

Two out of fifteen bails tested did not have bail recognizance forms.

(Continued)

# **BOROUGH OF KINNELON**

## **General Comments and Recommendations**

December 31, 2012

### **RECOMMENDATIONS**

#### **Finance**

A complete functioning general ledger including revenue and appropriation subsidiary ledgers be implemented, reconciled and maintained.\*

Personnel files should contain all required documentation, I-9 and miscellaneous payroll deduction authorizations.\*

Payroll time sheets for the DPW and Recreation departments should be approved by the respective department head.

Continuing disclosures as required by the MSRB should be timely filed. \*

Purchase orders issued for items purchased through coop purchasing groups or state contracts did not have the appropriate identifier number listed on the purchase order.

The payroll bank account should be maintained in an imprest manner with an established fixed balance.

Reconciling items on the bank reconciliations should be cleared in a timely period.

#### **Municipal Court**

Bail recognizance forms should be obtained when appropriate.