

**BOROUGH OF KINNELON**

Financial Statements  
with Additional Financial Information

December 31, 2013

(With Independent Auditor's Report Thereon)

**BOROUGH OF KINNELON**

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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, 2013 and 2012 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, 2013, 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, 2013 and 2012 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, 2013 and 2012 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, 2013 on the regulatory basis of accounting described in note 1.

***Other Matters***

***Additional Financial Information***

Our audit was conducted for the purpose of forming an opinion on the regulatory financial statements that collectively comprise the 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 November 10, 2014 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

November 10, 2014



***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, 2013 and 2012 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, 2013, 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 November 10, 2014.

**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

November 10, 2014

## FINANCIAL STATEMENTS

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Current Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
<b>Regular Fund:</b>			
Cash - checking	A-4	\$ 3,294,743	2,494,536
Change Fund - cash		580	580
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-6	<u>5,092</u>	<u>5,092</u>
		<u>3,300,415</u>	<u>2,500,208</u>
<b>Receivables and other assets with full reserves:</b>			
Delinquent property taxes receivable	A-7	437,171	510,807
Tax title liens	A-8	325,700	882,709
Foreclosed property	A-25	1,410,350	32,150
Revenue accounts receivable	A-9	5,736	4,582
<b>Due from:</b>			
Dog Fund	A-21	138	—
Water Utility Operating Fund	A-21	31,401	105,431
General Capital Fund	A-21	—	396,251
Public Assistance Trust Fund	A-21	2,106	2,106
Due from Payroll Account		24,761	39,028
Due from General Account	A-28	4,970	—
Prepaid school taxes	A-12	—	250
Prepaid County Taxes	A-14	—	45
		<u>2,242,333</u>	<u>1,973,359</u>
<b>Deferred charges:</b>			
Special emergency authorizations (40A-4:53)	A-27	<u>181,000</u>	<u>228,000</u>
		<u>5,723,748</u>	<u>4,701,567</u>
<b>Federal and State Grant Fund:</b>			
Grants receivable	A-22	222,970	33,306
Due from Current Fund	A-21	<u>183,457</u>	<u>139,430</u>
		<u>406,427</u>	<u>172,736</u>
		<u>\$ 6,130,175</u>	<u>4,874,303</u>

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Current Fund

December 31, 2013 and 2012

<b>Liabilities, Reserves and Fund Balance</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-10	\$ 637,098	596,554
Encumbrances payable	A-15	197,421	402,520
Tax overpayments	A-16	7,882	64,290
Prepaid taxes	A-17	172,089	178,879
Electric liens redeemed	A-18	3,335	259
Due to:			
Federal and State Grant Fund	A-21	183,457	139,430
General Capital Fund	A-21	374,999	—
Other Trust Fund	A-21	118,800	218,670
Library	A-3	797	24,660
Various reserves	A-20	19,601	17,214
Reserve for tax appeals	A-19	38,776	—
Accounts payable	A-10	46,635	9,444
Unappropriated reserves	A-11	39,508	252,704
		<u>1,840,398</u>	<u>1,904,624</u>
Reserve for receivables and other assets		2,242,333	1,973,359
Fund balance	A-1	<u>1,641,017</u>	<u>823,584</u>
		<u>5,723,748</u>	<u>4,701,567</u>
Federal and State Grant Fund:			
Appropriated reserves	A-23	390,601	170,611
Encumbrances payable	A-26	2,329	—
Unappropriated reserves	A-24	13,497	2,125
		<u>406,427</u>	<u>172,736</u>
		<u>\$ 6,130,175</u>	<u>4,874,303</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income realized:		
Fund balance utilized	\$ 590,000	750,000
Miscellaneous revenue anticipated	2,159,852	1,662,180
Receipts from delinquent taxes	504,354	624,176
Receipts from current taxes	48,121,963	46,977,063
Non-budget revenues	226,967	207,243
Other credits to income:		
Budget appropriations canceled	1,012	37,494
Unexpended balance of appropriation reserves	223,811	264,406
Interfunds returned	15,845	—
Prior Year Prepaid School Taxes Applied	250	—
Reserves cancelled	24,660	—
Total income	<u>51,868,714</u>	<u>50,522,562</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	3,607,438	3,506,102
Other expenses	3,439,345	3,446,720
Deferred charges and statutory expenditures	918,718	957,437
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	36,000	36,000
Other expenses	1,585,640	1,397,755
Capital improvements	62,000	100,000
Municipal debt service	1,262,757	1,112,640
Deferred charges	47,000	12,000
County taxes	5,286,756	5,318,670
Amount due County for added and omitted taxes	5,966	5,798
Local district school taxes	34,121,568	33,557,564
Municipal open space tax	80,266	80,873
Library added taxes	797	789
Interfunds advanced	4,781	485,150
Senior Citizens state audit	2,250	—
Refund of prior year revenue	—	1,331
Total expenditures	<u>50,461,282</u>	<u>50,018,829</u>
Excess in revenue	1,407,433	503,733
Fund balance, January 1	<u>823,584</u>	<u>869,851</u>
	2,231,017	1,573,584
Decreased by utilized as anticipated revenue	<u>590,000</u>	<u>750,000</u>
Fund balance, December 31	<u>\$ 1,641,017</u>	<u>823,584</u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Statement of Revenues  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 590,000	590,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	1,600	1,619	19
Other	9,500	11,361	1,861
Fees and permits	17,000	17,435	435
Fines and costs - municipal court	105,000	92,628	(12,372)
Interest and costs on taxes	130,000	120,682	(9,318)
Interest on investments and deposits	8,000	9,841	1,841
Energy Receipts Tax (P.L. 1999, Ch 162 & 167)	557,994	557,994	—
Garden State Trust Fund	173,696	173,696	—
Watershed Moratorium Offset Aid	45,261	45,261	—
Uniform construction code fees	180,000	187,839	7,839
Boonton Township Shared Service - Catch Basin	3,380	3,380	—
Click It or Ticket	4,000	4,000	—
Drunk Driving Enforcement Fund	3,858	3,858	—
Clean Communities Programs	19,795	19,795	—
Alcohol Education and Rehabilitation Act	844	844	—
NJ Dept. of LPS - Div. of Criminal Justice Body Armor Fund	2,327	2,327	—
Cablevision Grant	4,000	4,000	—
Historical Commission Grant	256,580	256,580	—
General Capital Surplus	25,000	25,000	—
Due from Trust Fund	10,500	10,500	—
Due from General Capital Fund	390,000	390,000	—
Due from Water Utility Operating Fund	68,000	68,000	—
Cable television Franchise Fee	40,000	39,913	(87)
Due from Clerk's Special Account	20,000	25,000	5,000
Reserve for Payment of Debt Service	48,799	48,799	—
Reserve for Library Surplus	39,500	39,500	—
	<u>2,164,634</u>	<u>2,159,852</u>	<u>(4,782)</u>
Receipts from delinquent taxes	\$ 500,000	504,354	4,354
Amount to be raised by taxes for support of municipal budget			
a) Local tax for municipal purposes	8,542,687	8,760,024	217,337
c) Minimum Library Tax	705,807	705,807	—
Total amount to be raised by taxes for support of municipal budget	<u>9,248,494</u>	<u>9,465,831</u>	<u>217,337</u>
Budget totals	<u>\$ 12,503,128</u>	12,720,037	<u>216,909</u>

(Continued)

## BOROUGH OF KINNELON

Statement of Revenues  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Non-budget revenues		226,967	
		\$ 12,947,004	
Allocation of current tax collections:			
Revenue from collections		\$ 48,121,963	
Allocated to:			
School, County, and Open Space taxes		40,200,363	
Balance for support of municipal budget		7,921,601	
Add appropriation reserve for uncollected taxes		1,544,230	
Amount for support of municipal budget		\$ 9,465,831	
Receipts from delinquent taxes:			
Delinquent tax collections		\$ 504,354	
Tax title liens		—	
		\$ 504,354	
Miscellaneous revenue not anticipated:			
Prior year refunds		\$ 7,068	
Returned check fees		320	
FEMA prior year reimbursement		29,559	
Court forfeiture		427	
Police misc.		25	
DMV Fees		37,783	
Clothing Bin Fees		3,600	
Police outside duty		12,632	
Concession Fee		200	
Copy duplication fees		1,178	
Voided checks		45,983	
Administrative fee Senior and Veterans deductions		1,455	
Maps		38	
PSE&G Contribution		83,918	
Miscellaneous		2,781	
		\$ 226,967	

See accompanying notes to financial statements.



**BOROUGH OF KINNELON**

Statement of Expenditures  
 Regulatory Basis  
 Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	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	1,000	1,000	780	220	—
Municipal Clerk:					
Salaries and wages	80,449	67,449	60,687	6,762	—
Other expenses	67,500	67,500	65,190	2,310	—
General Administration:					
Salaries and wages	115,260	106,260	106,248	12	—
Other expenses	29,200	29,200	27,883	1,317	—
Financial Administration:					
Salaries and wages	99,168	93,168	88,920	4,248	—
Other expenses	22,500	22,500	17,738	4,762	—
Webmaster - Other Expenses	3,500	3,500	3,500	—	—
Auditor:					
Other expenses	30,000	30,000	—	30,000	—
Collection of Taxes:					
Salaries and wages	61,799	56,999	53,741	3,258	—
Other expenses	10,030	10,030	9,473	557	—
Assessment of Taxes					
Salaries and wages	57,614	57,614	56,277	1,337	—
Other expenses	9,580	9,580	4,034	5,546	—
Legal Services and Costs:					
Other expenses	84,500	84,500	62,899	21,601	—

(continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Engineering Services and Costs:					
Other expenses	\$ 10,000	10,000	2,520	7,480	—
Historical preservation Commission:					
Salaries and wages	3,650	3,650	2,397	1,253	—
Other expenses	8,050	8,050	7,060	990	—
Municipal Land Use Law (N.J.S.A. 40:55):					
Planning Board:					
Salaries and wages	14,178	14,178	14,178	—	—
Other expenses	12,650	8,450	2,303	6,147	—
Zoning Board:					
Salaries and wages	1,122	1,122	1,122	—	—
Other expenses	21,025	17,025	14,253	2,772	—
Insurance:					
General Liability:					
Other expenses	203,000	203,000	190,761	12,239	—
Workers Compensation:					
Other expenses	156,000	156,000	156,000	—	—
Employee Group Health:					
Other expenses	925,176	925,176	781,227	143,949	—
Health Insurance Waiver:					
Other expenses	25,000	25,000	25,000	—	—
Public Safety:					
Police:					
Salaries and wages	1,930,480	1,955,480	1,941,541	13,939	—
Other expenses	105,675	105,675	98,280	7,395	—

(continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Police Dispatching/ 911:					
Salaries and wages	\$ 130,000	115,000	104,777	10,223	—
Other expenses	—	—	—	—	—
Emergency Management Services:					
Salaries and wages	4,080	4,080	4,027	53	—
Other expenses	675	675	75	600	—
Aid to Volunteer Fire Companies:					
Other expenses	75,000	75,000	72,199	2,801	—
Aid to Tri-Borough Ambulance Squad:					
Other expenses	36,000	36,000	25,000	11,000	—
Fire Hydrants	45,000	45,000	44,880	120	—
Fire Prevention Bureau:					
Salaries and wages	10,710	10,710	9,645	1,065	—
Other expenses	7,790	7,790	4,056	3,734	—
Municipal Prosecutor:					
Salaries and wages	16,000	16,000	16,000	—	—
Streets and Roads:					
Road Repair and Maintenance:					
Salaries and wages	827,131	827,131	826,888	243	—
Other expenses	188,250	188,250	180,862	7,388	—
Garbage and Trash Removal:					
Salaries and wages	20,000	16,000	14,560	1,440	—
Other expenses	453,734	453,734	448,289	5,445	—
Public Buildings and Grounds:					
Salaries and wages	3,000	3,000	3,000	—	—
Other expenses	47,250	47,250	40,000	7,250	—

(continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Vehicle Maintenance:					
Other expenses	\$ 32,000	37,000	34,355	2,645	—
Health and Human Services Programs:					
Board of Health:					
Salaries and wages	45,831	45,831	45,130	701	—
Other expenses	10,450	10,450	3,817	6,633	—
Environmental Commission:					
Salaries and wages	6,528	6,528	5,656	872	—
Other expenses	1,650	1,650	1,479	171	—
Animal Control Regulations:					
Other expenses	1,000	1,000	745	255	—
Recreation Services and Programs:					
Recreation:					
Salaries and wages	50,342	50,342	50,342	—	—
Other expenses	4,700	4,700	3,647	1,053	—
Celebration of Public Events					
Other expenses	5,000	5,000	572	4,428	—
Municipal Court:					
Municipal Court:					
Salaries and wages	88,930	88,930	88,930	—	—
Other expenses	10,550	10,550	5,844	4,706	—
Public Defender:					
Other expenses	1,560	1,560	750	810	—
Smoke Rise Condo Costs:					
Other expenses	110,000	120,000	120,000	—	—

(continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
 Regulatory Basis  
 Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Uniform Construction Code:					
Salaries and wages	\$ 8,466	8,466	7,729	737	—
Other expenses	350	350	—	350	—
Unclassified:					
Gasoline	110,000	110,000	73,024	36,976	—
Fuel oil - Diesel	10,000	11,200	10,988	212	—
Electricity	61,500	61,500	48,539	12,961	—
Street lighting	19,000	19,000	11,542	7,458	—
Telephone	35,000	35,000	30,120	4,880	—
Natural gas	8,000	8,000	6,289	1,711	—
Landfill/ Solid waste Disposal Costs	400,000	400,000	328,792	71,208	—
Hurricane Sandy Storm Damage	—	—	—	—	—
Preparation of Tax Maps	—	—	—	—	—
Salary and Wage Adjustment Program:	40,000	40,000	20,191	19,809	—
Accumulated leave Compensation	29,500	29,500	29,500	—	—
Total operations within "CAPS"	7,062,583	7,043,783	6,535,751	508,032	—
Contingent	3,000	3,000	257	2,743	—
Total operations including contingent-within "CAPS"	7,065,583	7,046,783	6,536,008	510,775	—
Detail:					
Salaries and wages	3,634,238	3,607,438	3,541,486	65,952	—
Other expenses (including contingent)	3,431,345	3,439,345	2,994,522	444,823	—
	7,065,583	7,046,783	6,536,008	510,775	—

(continued)

## BOROUGH OF KINNELON

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Deferred charges and statutory expenditures - municipal within "CAPS":					
Deferred Charges:					
Water Utility Deficit	\$ —	—	—	—	—
Statutory expenditures - contributions to:					
Public Employees retirement System	255,043	255,043	255,043	—	—
Social Security System (O.A.S.I.)	265,000	265,000	256,592	8,408	—
Police and Firemen's Retirement System of N.J.	364,175	364,175	364,175	—	—
Unemployment Insurance	15,500	15,500	14,676	824	—
Defined Contribution Retirement Program (DCRP)	1,500	1,800	1,679	121	—
Volunteer Fire - VSAP	15,500	17,200	17,146	54	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	916,718	918,718	909,311	9,407	—
Total general appropriations for municipal purposes within "CAPS"	7,982,301	7,965,501	7,445,319	520,182	—
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	705,807	705,807	638,999	66,808	—
Reserve for Pending Tax Appeals	50,000	50,000	23,826	26,174	—
Storm Water Management:					
Salaries and wages	36,000	36,000	35,999	1	—
Other expenses	3,000	3,000	2,132	868	—
Employee Health insurance	44,824	44,824	44,824	—	—

(continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
Shared Service Agreements:					
Health Services Agreement - Pequannock	\$ 116,120	116,120	116,113	7	
Construction Code Services - Bloomingdale	215,000	215,000	210,883	4,117	
Dial-a-Ride - Pequannock	82,000	82,000	82,000	—	
ACO Services - Bloomingdale	20,400	20,400	20,400	—	
Catch Basin Services - Boonton Township	3,380	3,380	—	3,380	
Dispatch Butler	29,705	29,705	29,400	305	
Mechanic Services - Bloomingdale	24,000	24,000	8,744	15,256	
Public and private programs offset by revenues:					
Alcohol Education Rehabilitation Fund	844	844	844	—	—
Drunk Driving Enforcement Act	3,858	3,858	3,858	—	—
NJ Clean Communities Grant	19,795	19,795	19,795	—	—
Recycling Tonnage Grant	—	—	—	—	—
Morris County Historic Preservation	256,580	256,580	256,580	—	—
NJ Dept. L&PS:					
Body Armor Fund	2,327	2,327	2,327	—	—
Cablevision Grant	4,000	4,000	4,000	—	—
NJ Dept. L&PS Div. of Highway Traffic Safety:					
Click It Or Ticket	4,000	4,000	4,000	—	—
Total operations-excluded from "CAPS"	1,621,640	1,621,640	1,504,724	116,916	—
Detail:					
Salaries and wages	36,000	36,000	35,999	1	—
Other expenses	1,585,640	1,585,640	1,468,725	116,915	—
	1,621,640	1,621,640	1,504,724	116,916	—

(continued)

**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Canceled</u>
Capital improvements excluded from "CAPS":					
Capital Improvement Fund	\$ 62,000	62,000	62,000	—	—
Capital Outlay	—	—	—	—	—
Total capital improvements excluded from "CAPS"	<u>62,000</u>	<u>62,000</u>	<u>62,000</u>	<u>—</u>	<u>—</u>
Municipal debt service excluded from "CAPS":					
Payment of bond principal	415,000	415,000	415,000	—	—
Payment of bond anticipation notes	465,000	481,800	481,772	—	28
Interest on bonds	214,000	214,000	213,663	—	337
Interest on notes	82,000	82,000	81,354	—	646
Green Trust Loan Program:	—	—	—	—	—
Principal and Interest	<u>69,957</u>	<u>69,957</u>	<u>69,956</u>	<u>—</u>	<u>1</u>
Total municipal debt service excluded from "CAPS"	<u>1,245,957</u>	<u>1,262,757</u>	<u>1,261,745</u>	<u>—</u>	<u>1,012</u>
Deferred charges - municipal - excluded from "CAPS":					
Emergency Authorization	—	—	—	—	—
Special Emergency Authorization	<u>47,000</u>	<u>47,000</u>	<u>47,000</u>	<u>—</u>	<u>—</u>
Total deferred charges - municipal - excluded from "CAPS"	<u>47,000</u>	<u>47,000</u>	<u>47,000</u>	<u>—</u>	<u>—</u>
Total general appropriations excluded from "CAPS"	<u>2,976,597</u>	<u>2,993,397</u>	<u>2,875,469</u>	<u>116,916</u>	<u>1,012</u>
Subtotal general appropriations	10,958,898	10,958,898	10,320,788	637,098	1,012
Reserve for uncollected taxes	<u>1,544,230</u>	<u>1,544,230</u>	<u>1,544,230</u>	<u>—</u>	<u>—</u>
Total general appropriations	<u>\$ 12,503,128</u>	<u>12,503,128</u>	<u>11,865,018</u>	<u>637,098</u>	<u>1,012</u>
Original budget	\$ 12,212,729				
Added by NJSA 40A:4-87 (CH 159)	<u>290,399</u>				
	<u>\$ 12,503,128</u>				

(continued)



**BOROUGH OF KINNELON**

Statement of Expenditures  
Regulatory Basis  
Current Fund

Year ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or charged	Reserved	Canceled
<u>Analysis of paid or charged</u>					
Cash disbursed			\$ 9,784,963		
Transferred to Appropriated Reserves - Grant Fund			291,404		
Deferred Charges			47,000		
Reserve for uncollected taxes			1,544,230		
Reserve for encumbrances			<u>197,421</u>		
			<u>\$ 11,865,018</u>		

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis

Trust Funds

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>			
Dog License Fund:			
Cash	B-1	\$ 27,945	11,613
Due from Payroll		<u>—</u>	<u>3,312</u>
		<u>27,945</u>	<u>14,925</u>
Other Trust Funds:			
Cash	B-1	2,487,626	2,210,396
Due from Current Fund	B-7	<u>118,800</u>	<u>218,900</u>
		<u>2,606,426</u>	<u>2,429,296</u>
Payroll Account:			
Cash	B	27,909	—
Due from Sewer Operating Fund	B	<u>164</u>	<u>—</u>
		<u>28,073</u>	<u>—</u>
General Account:			
Due from Sewer Operating Fund	B	<u>10,000</u>	<u>—</u>
		<u>\$ 2,672,444</u>	<u>2,444,221</u>
<b>Liabilities and Reserves</b>			
Dog License Fund:			
Due to Current Fund	B-8	\$ 138	1,468
Prepaid licenses	B-6	7,533	8,273
Due to State of New Jersey	B-3	261	271
Reserve for Dog License Fund expenditures	B-2	<u>20,013</u>	<u>4,913</u>
		<u>27,945</u>	<u>14,925</u>
Other Trust Funds:			
Reserve for special funds	B-4	2,606,426	2,424,047
Interfund accounts payable	B-5	<u>—</u>	<u>5,249</u>
		<u>2,606,426</u>	<u>2,429,296</u>
Payroll Account:			
Due to Current Fund	B	24,761	—
Due to General Capital Fund	B	<u>3,312</u>	<u>—</u>
		<u>28,073</u>	<u>—</u>
General Account:			
Due to Current Fund	B	4,970	—
Due to Bank	B	<u>5,030</u>	<u>—</u>
		<u>10,000</u>	<u>—</u>
		<u>\$ 2,672,444</u>	<u>2,444,221</u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Balance Sheet  
Regulatory Basis  
General Capital Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
Cash	C-2,C-3	\$ <u>1,064,081</u>	<u>176,688</u>
Deferred charges to future taxation unfunded	C-6	12,074,552	11,162,471
Deferred charges to future taxation funded	C-5	5,183,920	5,666,483
Due from Current Fund	C-4	374,999	—
Due from Payroll Account	C-18	3,312	—
Excess Proceeds	C-2	48,799	48,799
Grants receivable	C-15	<u>—</u>	<u>195,000</u>
		<u>17,685,582</u>	<u>17,072,753</u>
		\$ <u><u>18,749,663</u></u>	<u><u>17,249,441</u></u>
<b>Liabilities, Reserves and Fund Balance</b>			
Encumbrances payable	C-9	\$ 583,873	233,923
Bond anticipation notes	C-11	8,573,046	6,520,267
Green Acres loan payable	C-14	68,920	136,483
Improvement authorizations:			
Funded	C-8	26,627	251,503
Unfunded	C-8	3,944,204	3,700,167
Due to Current Fund	C-4	—	396,251
Due to Water Operating Fund	C-16	3,318	1,955
Due to Water Capital Fund	C-2	97,334	97,334
Reserve for Payment of Debt	C-17	262,185	309,734
Reserve for cost of issuance	C-10	17,701	17,701
Reserve for housing rehabilitation		9,350	9,350
Due to Sewer Operating Fund	C-8	14,363	—
Serial bonds payable	C-12	5,115,000	5,530,000
Capital Improvement Fund	C-7	2,750	14,750
Fund balance	C-1	<u>30,992</u>	<u>30,023</u>
		\$ <u><u>18,749,663</u></u>	<u><u>17,249,441</u></u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$3,550,304 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance, Beginning of year	\$ 30,023	15,896
Increased by:		
Premium on sale of notes	<u>25,969</u>	<u>29,127</u>
	55,992	45,023
Decreased by budget appropriation	<u>25,000</u>	<u>15,000</u>
Balance, End of year	<u><u>\$ 30,992</u></u>	<u><u>30,023</u></u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Balance Sheets  
 Regulatory Basis  
 Water Utility Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
<b>Operating Fund:</b>			
Cash	D-5	\$ 111,518	128,323
Due from Water Capital Fund	D-9	—	4,123
Due from General Capital	D-21	3,318	1,955
Due from Sewer Operating Fund	D-22	<u>3,176</u>	<u>6,062</u>
		<u>118,012</u>	<u>140,463</u>
<b>Receivables with full reserve:</b>			
Water accounts receivable	D-8	<u>9,866</u>	<u>13,621</u>
Total Operating Fund		<u>127,878</u>	<u>154,084</u>
<b>Capital Fund:</b>			
Cash	D-5,D-6	31,202	85,585
Due from General Capital	D-20	97,334	97,334
Fixed capital	D-10	414,100	414,100
Fixed capital authorized and uncompleted	D-11	<u>936,000</u>	<u>936,000</u>
Total Capital Fund		<u>1,478,636</u>	<u>1,533,019</u>
		<u>\$ 1,606,514</u>	<u>1,687,103</u>

(Continued)

## BOROUGH OF KINNELON

Balance Sheets  
 Regulatory Basis  
 Water Utility Fund

December 31, 2013 and 2012

<b>Liabilities, Reserves and Fund Balance</b>	<b>Ref.</b>	<b>2012</b>	<b>2012</b>
Operating Fund:			
Liabilities:			
Appropriation reserves	D-3,D-13	\$ 25,457	30,617
Encumbrances	D-3,D-13	48,530	1,679
Accrued interest on notes payable	D-12	1,884	2,242
Due to Current Fund	D-16	<u>31,401</u>	<u>105,431</u>
		107,272	139,969
Reserve for receivables		9,866	13,621
Fund balance	D-1	<u>10,740</u>	<u>494</u>
Total Operating Fund		<u>127,878</u>	<u>154,084</u>
Capital Fund:			
Bond anticipation notes	D-7	487,954	507,464
Reserve for amortization	D-14	731,146	711,636
Improvement authorizations:			
Funded	D-17	—	6,000
Unfunded	D-17	97,668	141,928
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-9	<u>—</u>	<u>4,123</u>
Total Capital Fund		<u>1,478,636</u>	<u>1,533,019</u>
		<u>\$ 1,606,514</u>	<u>1,687,103</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income realized:		
Rents	\$ 484,699	488,216
Water connection fees	2,841	—
Miscellaneous revenue not anticipated	12,241	2,625
Water Capital Fund Balance	—	4,123
Deficit raised in Current Fund	—	42,569
Other credits to income:		
Unexpended balances of appropriations	90	464
Unexpended balances of appropriation reserves	—	9,293
Total income	<u>499,871</u>	<u>547,290</u>
Expenditures:		
Budget Appropriations:		
Salaries and wages	168,400	174,992
Other expenses	281,200	241,175
Debt service	25,600	34,400
Deferred charges and statutory expenditures	14,000	96,056
Refund of prior year revenue	425	667
Total expenditures	<u>489,625</u>	<u>547,290</u>
Excess in revenue	10,246	—
Fund balance, January 1	<u>494</u>	<u>494</u>
Fund balance, December 31	<u>\$ 10,740</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, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Rents	\$ 489,000	484,699	(4,301)
Miscellaneous	<u>200</u>	2,841	<u>2,641</u>
	<u>\$ 489,200</u>	487,540	<u>(1,660)</u>
Miscellaneous revenue not anticipated		<u>12,241</u>	
		<u>\$ 499,781</u>	

**Analysis of Miscellaneous Revenue Not Anticipated**

Interest on water rents	\$ 3,524
Premium on sale of notes	1,363
Prior year voided check	<u>7,354</u>
	12,241
Less amount due from Current Fund	(7,354)
Less amount due from General Capital Fund	<u>(1,363)</u>
Cash received	<u>\$ 3,524</u>

See accompanying notes to financial statements.



## BOROUGH OF KINNELON

Statement of Expenditures  
Regulatory Basis  
Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and wages	\$ 175,000	168,400	167,545	855	—
Other expenses	281,200	281,200	257,395	23,805	—
Debt service:					
Payment of Bond Anticipation Notes and Capital Notes	15,000	19,600	19,510	—	90
Interest on notes	6,000	6,000	6,000	—	—
Statutory expenditures - contribution to:					
Social Security System (O.A.S.I.)	11,500	13,500	12,890	610	—
Unemployment compensation insurance	500	500	313	187	—
	<u>\$ 489,200</u>	<u>489,200</u>	<u>463,653</u>	<u>25,457</u>	<u>90</u>
Encumbrances			\$ 48,530		
Accrued interest on notes			6,000		
Cash disbursed			<u>409,123</u>		
			<u>\$ 463,653</u>		

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Fund Balance  
 Regulatory Basis  
 Water Utility Capital Fund

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance, Beginning of year	\$ —	4,123
Increased by:		
Premium on sale of notes	<u>—</u>	<u>—</u>
	—	4,123
Decreased by:		
Anticipated revenue in Water Operating Fund budget	<u>—</u>	<u>4,123</u>
Balance, End of year	<u><u>\$ —</u></u>	<u><u>—</u></u>

See accompanying notes to financial statements.

## BOROUGH OF KINNELON

Balance Sheets  
Regulatory Basis  
Sewer Utility Fund

December 31, 2013 and 2012

<b>Assets</b>	<b>Ref.</b>	<b>2013</b>	<b>2012</b>
Operating Fund:			
Cash	E-4	3,818	125,113
Due from General Capital Fund	E-12	14,363	—
Operating Deficit	E-1	8,739	—
Overexpenditure of Appropriations	E-3	3,631	—
		<u>30,551</u>	<u>—</u>
Receivables with full reserves:			
Installment billing receivable	E-9	—	202,693
Sewer rents	E-5	139,011	18,292
Total receivables		<u>139,011</u>	<u>220,985</u>
		<u>\$ 169,562</u>	<u>346,098</u>
<b>Liabilities, Reserves and Fund Balance</b>			
Operating Fund:			
Appropriation reserves	E-3,E-6	\$ 1,638	5,594
Reserve for encumbrances	E-3,E-6	12,083	21,529
Prepaid rent	E-8	—	418
Due to Payroll	E-10	164	164
Due to General Fund	E-11	10,000	—
Overpayments	E-4	1,744	—
Due to Water Operating Fund	E-7	3,176	6,062
		28,805	33,767
Reserve for receivables		139,011	220,985
Fund balance	E-1	1,746	91,346
		<u>\$ 169,562</u>	<u>346,098</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income realized:		
Fund balance utilized	89,600	124,980
PRBRSA surplus	8,660	—
Rents	425,916	437,520
Miscellaneous revenues	1,354	3,425
Other credits to income:		
Unexpended balances of appropriation reserves	<u>5,674</u>	<u>29,976</u>
Total income	<u>531,204</u>	<u>595,901</u>
Expenditures:		
Budget appropriations:		
Operating	528,795	510,480
Deferred charges and statutory expenditures	9,465	7,500
Refund prior year revenue	<u>1,683</u>	<u>72</u>
Total expenditures	<u>539,943</u>	<u>518,052</u>
Excess (Deficit) in revenue	(8,739)	77,849
Less:		
Expenditures included above which by statute are deferred charges to budget of succeeding year	<u>8,739</u>	—
Fund balance, January 1	<u>91,346</u>	<u>138,477</u>
	91,346	216,326
Decreased by utilized as anticipated revenue	<u>89,600</u>	<u>124,980</u>
Fund balance, December 31	<u>\$ 1,746</u>	<u>91,346</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Revenues  
 Regulatory Basis  
 Sewer Utility Operating Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund balance appropriated	\$ 89,600	89,600	—
Sewer rents	437,000	425,916	(11,084)
Miscellaneous	3,000	1,354	(1,646)
PRBRSA surplus	<u>8,660</u>	<u>8,660</u>	<u>—</u>
	<u>\$ 538,260</u>	<u>525,530</u>	<u>(12,730)</u>

**Analysis of Miscellaneous Revenues Anticipated**

Interest on investments	\$ 57
Interest on rents	<u>1,297</u>
Cash	<u>\$ 1,354</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Statement of Expenditures  
 Regulatory Basis  
 Sewer Utility Operating Fund

Year ended December 31, 2013

	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Overexpended</u>
Operating:					
Salaries and wages	\$ 108,660	104,160	103,187	973	—
Other expenses	421,635	424,635	428,266	—	3,631
Statutory expenditures - contribution to:					
Social Security System	7,600	9,100	8,591	509	—
Unemployment Compensation Insurance	<u>365</u>	<u>365</u>	<u>209</u>	<u>156</u>	<u>—</u>
	<u>\$ 538,260</u>	<u>538,260</u>	<u>540,253</u>	<u>1,638</u>	<u>3,631</u>
			Cash disbursed	\$ 518,170	
			Due to Current Fund	10,000	
			Encumbrances	<u>12,083</u>	
				<u>\$ 540,253</u>	

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**

Balance Sheets  
Regulatory Basis

Public Assistance Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>			
Cash:			
Public Assistance I		\$ <u>24,106</u>	<u>24,019</u>
	F-3	<u>24,106</u>	<u>34,785</u>
<b>Liability and Reserve</b>			
Reserve for expenditures	F-4	\$ 22,000	21,913
Due to Current Fund	F-5	<u>2,106</u>	<u>2,106</u>
		<u>\$ 24,106</u>	<u>34,785</u>

See accompanying notes to financial statements.

**BOROUGH OF KINNELON**  
 Statement of Public Assistance Revenues  
 Regulatory Basis  
 Public Assistance Fund  
 Year ended December 31, 2013

		<b>P.A.T.F</b>	<b><u>Account #1</u></b>
Donations	\$	1,642	
Interest and other			<u>33</u>
Total revenues	\$	<u>1,675</u>	<u><u>          </u></u>

See accompanying notes to financial statements.

Statement of Public Assistance Expenditures  
 Public Assistance Fund  
 Regulatory Basis  
 Year ended December 31, 2013

		<b>P.A.T.F</b>	<b><u>Account #1</u></b>
Disbursements:			
Local assistance	\$	1,221	
Service charges			<u>367</u>
Total expenditures	\$	<u>1,588</u>	<u><u>          </u></u>

See accompanying notes to financial statements.



**BOROUGH OF KINNELON**

Statement of General Fixed Assets  
Regulatory Basis

General Fixed Asset Account Group

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land	\$ 4,442,060	4,442,060
Buildings	13,870,261	12,661,546
Vehicular equipment	957,615	814,012
General equipment and machinery	<u>3,451,770</u>	<u>3,445,770</u>
Total fixed assets	<u>\$ 22,721,706</u>	<u>21,363,388</u>

See accompanying notes to financial statements.

# BOROUGH OF KINNELON

## Notes to Financial Statements

December 31, 2013

### (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, 2013

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.

Account Groups – The General Fixed Asset group is used to account for all fixed assets purchased by the current and general capital funds. The Payroll and General Accounts are used to record disbursements for all funds and reimbursements for those disbursements.

### ***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, 2013

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, 2013

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, 2013

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 a least 1.5% of salary.
- In addition, this legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

### **Funding Policy**

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

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

**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2013

10% of base salary, as defined. Members of PERS contribute at a uniform rate of 6.62% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS. In the 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,				
		2013	2012	2011	2010	2009
PERS	\$	255,043	247,480	236,674	209,885	179,580
PFRS	\$	364,175	353,956	436,909	352,939	319,656

**(3) Long-term Debt**

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Issued:			
General - bonds and notes	\$ 13,754,573	12,186,750	12,662,915
Water Utility – notes	487,954	507,464	536,000
Sewer Utility – notes	—	—	—
Total issued	<u>14,242,527</u>	<u>12,694,214</u>	<u>13,198,915</u>
Authorized but not issued:			
General - bonds and notes	5,816,704	4,691,002	3,896,002
Water Utility - bonds and notes	54,000	54,000	54,000
Sewer Utility - bonds and notes	—	—	—
Total authorized but not issued	<u>5,870,704</u>	<u>4,745,002</u>	<u>3,950,002</u>
Total bonds and notes issued and authorized but not issued	\$ <u>20,113,231</u>	<u>17,439,216</u>	<u>17,148,917</u>

**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2013

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicates a statutory net debt of .923%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 23,714,000	23,714,000	—
Water Utility debt	541,954	518,534	23,420
Sewer Utility debt	—	—	—
General debt	19,571,277	—	19,571,277
	<u>\$ 43,827,231</u>	<u>24,232,534</u>	<u>19,594,697</u>

Net debt of \$19,594,697 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,123,180,525 equals .923%.

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

3-1/2% of equalized valuation basis (municipal)	\$74,311,318
Net debt	<u>19,594,697</u>
Remaining borrowing power	<u>\$ 54,716,621</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 \$5,115,000 and \$5,530,000 of bonds outstanding at December 31, 2013 and 2012, respectively.

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

<b>Year Ended <u>December 31,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2014	\$ 430,000	200,988
2015	440,000	185,737
2016	445,000	168,138
2017	455,000	150,037
2018	460,000	131,162
2019-2023	2,390,000	355,494
2024	495,000	9,900
	<u>\$ 5,115,000</u>	<u>1,201,356</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, 2013

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, 2013 and 2012, the Borough had outstanding bond anticipation notes as follows:

	<u>2013</u>	<u>2012</u>
Water Utility Capital Fund	\$ 487,954	507,464
General Capital Fund	8,573,046	6,520,267

**(5) Fund Balances Appropriated**

Fund balances appropriated and included as anticipated revenue in the 2014 and 2013 budgets are as follows:

	<u>2014</u>	<u>2013</u>
Current Fund	\$ 750,000	590,000
Water Utility Operating Fund	—	—
Sewer Utility Operating Fund	—	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, 2013, the Borough Current Fund had the following deferred charges to be raised in the 2014 or subsequent budgets.

	<b><u>Balance, Dec. 31, 2013</u></b>	<b><u>2014 Budget Appropriation</u></b>
Current Fund:		
Special emergencies	\$181,000	47,000
Sewer Operating Fund:		
Operating Deficit	8,739	6,994
Overexpenditure of Appropriations	3,631	1,315

**(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 \$554,358 and \$114,707 for the years ended December 31, 2012 and 2013 respectively.. This amount, in accordance with state accounting requirements, is not reported either as an expenditure or liability.

# **BOROUGH OF KINNELON**

## Notes to Financial Statements

December 31, 2013

### **(8) Contingencies**

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013. 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. 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, 2013 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, 2013

The Borough's fixed assets are summarized as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>Dec 31, 2012</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Dec. 31, 2013</b>
General Fixed Assets:				
Land	\$ 4,442,060	—	—	4,442,060
Buildings	12,661,546	1,208,715	—	13,870,261
Vehicular equipment	814,012	143,603	—	957,615
General equipment	3,445,770	6,000	—	3,451,770
	<u>21,363,388</u>	<u>1,358,318</u>	<u>—</u>	<u>22,721,706</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	20,475	—	—	20,475
	<u>414,100</u>	<u>—</u>	<u>—</u>	<u>414,100</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	\$ 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, 2013

**(11) Interfund Balances**

The Borough has interfund balances at December 31, 2013 and 2012 as follows:

	2013		2012	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	\$	118,800	\$	218,670
Public Assistance	2,106		2,106	
Federal and State Grant Fund		183,457		139,430
General Capital Fund		374,999	396,251	
Water Operating Fund	31,401		105,431	
Dog Fund	138			
Payroll Account	24,761			
General Account	4,970			
Federal and State Grant Fund:				
Current Fund	183,457		139,430	
Other Trust Fund				
Current Fund	118,800		218,670	
Dog Fund:				
Current Fund		138		
General Capital Fund:				
Current Fund	374,999			396,251
Payroll Account	3,312			
Water Operating Fund		3,318		
Water Capital Fund		97,334		
Sewer Operating Fund		14,363		
Water Utility Operating Fund:				
Current Fund		31,401		105,431
Sewer Utility Operating Fund	3,176			
General Capital Fund	3,318			
Water Utility Capital Fund:				
General Capital Fund	97,334			
Sewer Utility Operating Fund:				
General Capital Fund	14,363			
Water Utility Operating Fund		3,176		
Payroll Account		164		
General Account		10,000		
Public Assistance Fund:				
Current Fund		2,106		2,106
Payroll Account:				
Sewer Operating Fund	164			
General Capital Fund		3,312		
Current Fund		24,761		
General Account:				
Current Fund		4,970		
Sewer Operating Fund	10,000			

# BOROUGH OF KINNELON

## Notes to Financial Statements

December 31, 2013

### **(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%.

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.

**BOROUGH OF KINNELON**

Notes to Financial Statements

December 31, 2013

**(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, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>
2014	\$ 68,920	1,036

ADDITIONAL FINANCIAL INFORMATION

## BOROUGH OF KINNELON

## Schedule of Cash - Treasurer

## Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>2,494,536</u>
Increased by receipts:	
Collector of taxes	48,552,368
Revenue accounts receivable	1,655,252
Miscellaneous revenue not anticipated	226,967
Due from State of New Jersey	70,500
Due to Grant Fund - appropriated grants received	101,429
Due to Grant Fund - unappropriated grants received	11,372
Various reserves	10,405
Due from General Capital Fund	600,000
Due from Other Trust Fund	3,249
Electric liens redeemed	<u>6,014</u>
	<u>51,237,556</u>
	<u>53,732,092</u>
Decreased by disbursements:	
Budget appropriations	9,784,963
Appropriation reserves	737,868
Local district school taxes	34,121,568
County taxes	5,286,756
Municipal open space tax	80,266
Due County for added taxes	5,921
Due from Other Trust Funds	98,100
Due from General Capital Fund	218,750
Various reserves	8,018
Grant expenditures	68,774
Electric liens returned	2,938
Accounts payable	204
Tax overpayment refunds	<u>23,223</u>
	<u>50,437,349</u>
Balance, December 31, 2013	\$ <u><u>3,294,743</u></u>



**BOROUGH OF KINNELON**

Schedule of Cash - Tax Collector

Current Fund

Year ended December 31, 2013

Receipts:		
Taxes receivable	\$	48,374,688
Tax overpayments		5,591
Prepaid taxes		<u>172,089</u>
Decreased by deposit in Treasurer's account	\$	<u><u>48,552,368</u></u>

**BOROUGH OF KINNELON**

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

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>5,092</u>
Increased by:	
Senior Citizens' deductions per duplicate	10,500
Veterans' deductions per duplicate	62,250
Senior Citizens' deductions allowed by tax collector	750
Veterans' deductions allowed by tax collector	750
Senior Citizens' deductions allowed by tax collector - 2012	250
Veterans' deductions allowed by tax collector - 2012	<u>750</u>
	<u>75,250</u>
	<u>80,342</u>
Decreased by:	
Cash received	70,500
Senior Citizens' and Veterans' deductions disallowed	2,500
Senior Citizens' and Veterans' deductions disallowed - state audit	<u>2,250</u>
	<u>75,250</u>
Balance, December 31, 2013	\$ <u><u>5,092</u></u>

**BOROUGH OF KINNELON**

Schedule of Taxes Receivable

Current Fund

Year ended December 31, 2013

Year	Balance, Dec. 31, 2012	2013 levy	Added Taxes	Cash collections		Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2013
				2012	2013			
2010	\$ 1,807	—	—	—	—	—	1,807	—
2011	20,842	—	—	—	18,072	—	2,339	431
2012	488,158	—	—	—	486,282	1,671	—	205
	510,807	—	—	—	504,354	1,671	1,807	636
2013	—	48,736,978	54,832	178,879	47,943,084	84,914	148,398	436,535
	\$ 510,807	48,736,978	54,832	178,879	48,447,438	86,585	150,205	437,171
					\$ 72,750			
					48,374,688			
					\$ 48,447,438			

**Analysis of Property Tax Levy**

Tax yield:

General purpose tax	\$ 48,736,978
Added and omitted taxes	54,832
	<u>\$ 48,791,810</u>

Tax levy:

County taxes	\$ 5,049,630
County Open Space	237,126
Local district school taxes	34,121,568
Due County for added taxes	5,966
Library Tax	705,807
Library added taxes	797
Local tax for municipal purposes	8,542,687
Municipal open space	80,266
Additional taxes levied	47,964
	<u>\$ 48,791,810</u>

**BOROUGH OF KINNELON**

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>882,709</u>
Increased by:	
Interest and cost of tax sale	252
Transferred from prior year taxes	1,671
Transferred from current taxes receivable	84,914
Adjustment to detail	<u>85,460</u>
	<u>172,297</u>
	1,055,006
Decreased by:	
Transferred to foreclosed property	<u>729,306</u>
Balance, December 31, 2013	\$ <u><u>325,700</u></u>

## BOROUGH OF KINNELON

## Schedule of Revenue Accounts Receivable

## Current Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Accrued in 2013</b>	<b>Collected by Treasurer</b>	<b>Balance, Dec. 31, 2013</b>
Clerk:				
Alcoholic beverage license	\$ —	1,619	1,619	—
Licenses - other	—	11,361	11,361	—
Fees and permits	—	17,435	17,435	—
Fines and costs - municipal court	4,582	93,782	92,628	5,736
Interest and costs on taxes	—	120,682	120,682	—
Interest on investments and deposits	—	9,841	9,841	—
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	—	187,839	187,839	—
Watershed Moratorium Offset Aid	—	45,261	45,261	—
Due from Trust Fund	—	10,500	10,500	—
Due from General Capital Fund	—	390,000	390,000	—
Due from Water Utility Operating Fund	—	68,000	68,000	—
Due from Clerk's Special	—	25,000	25,000	—
General Capital Surplus	—	25,000	25,000	—
Reserve for payment of Debt Service	—	48,799	48,799	—
Boonton Township Shared Service - Catch Basin	—	3,380	3,380	—
Cable television franchise fee	—	39,913	39,913	—
Reserve for library surplus	—	39,500	39,500	—
	<u>\$ 4,582</u>	<u>1,869,602</u>	<u>1,868,448</u>	<u>5,736</u>
Cash			\$ 1,655,252	
Unappropriated reserves			<u>213,196</u>	
			<u>\$ 1,868,448</u>	

## BOROUGH OF KINNELON

## Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2013

	Appropriations		Expended	
	Balance Dec. 31, 2012	Balance after transfers	Paid or charged	Lapsed
General appropriations:				
Operations within "CAPS":				
General Government:				
Mayor and Council:				
Other expenses	179	358	177	181
Municipal Clerk:				
Other expenses	2,171	2,200	1,587	613
General Administration:				
Salaries and wages	10,011	10,011	—	10,011
Other expenses	3,585	7,419	6,116	1,303
Financial Administration:				
Other expenses	860	3,348	3,251	97
Auditor:				
Other expenses	30,000	30,000	30,000	—
Collection of Taxes:				
Salaries and wages	1,609	1,609	—	1,609
Other expenses	561	994	458	536
Assessment of Taxes				
Other expenses	850	1,877	1,288	589
Legal Services and Costs:				
Other expenses	6,414	18,036	17,736	300
Engineering Services and Costs:				
Other expenses	1,720	1,720	690	1,030
Historical preservation Commission:				
Salaries and wages	455	455	—	455
Other expenses	2,723	3,577	1,026	2,551
Municipal Land Use Law (N.J.S.A. 40:55):				
Planning Board:				
Salaries and wages	865	865	—	865
Other expenses	4,666	6,456	10	6,446
Zoning Board:				
Salaries and wages	104	104	—	104
Other expenses	824	1,199	158	1,041
Insurance:				
General Liability:				
Other expenses	12,778	12,778	—	12,778
Employee Group Health:				
Other expenses	126,037	108,437	79,604	28,833
Public Safety:				
Police:				
Salaries and wages	4,598	4,598	2,698	1,900
Other expenses	390	12,838	12,679	159
Police Dispatching/ 911:				
Salaries and wages	5,932	5,932	—	5,932
Emergency Management Services:				
Salaries and wages	45	45	—	45
Other expenses	75	75	—	75
Aid to Volunteer Fire Companies:				
Salaries and wages	7,597	7,726	7,544	182
Aid to Tri-Borough Ambulance Squad:				
Other expenses	11,000	11,000	9,944	1,056

(continued)

## BOROUGH OF KINNELON

## Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2013

	Appropriations		Expended	
	Balance Dec. 31, 2012	Balance after transfers	Paid or charged	Lapsed
Fire Prevention Bureau:				
Salaries and wages	1,550	1,550	—	1,550
Other expenses	758	2,126	1,504	622
Municipal Prosecutor:				
Salaries and wages	—	3,500	3,500	—
Streets and Roads:				
Road Repair and Maintenance:				
Salaries and wages	7,016	7,016	—	7,016
Other expenses	82,772	159,607	128,131	31,476
Garbage and Trash Removal:				
Other expenses	41,148	80,129	75,374	4,755
Public Buildings and Grounds:				
Other expenses	2,817	6,678	4,456	2,222
Vehicle Maintenance:				
Other expenses	1,209	3,845	3,406	439
Health and Human Services Programs:				
Board of Health:				
Other expenses	1,361	2,526	1,164	1,362
Environmental Commission:				
Salaries and wages	1,000	1,000	—	1,000
Other expenses	47	107	60	47
Animal Control Regulations:				
Other expenses	557	732	175	557
Senior Citizen Transportation:				
Other expenses	1,027	1,027	360	667
Recreation Services and Programs:				
Recreation:				
Salaries and wages	—	—	—	—
Other expenses	287	735	430	305
Municipal Court:				
Municipal Court:				
Salaries and wages	6,546	6,546	80	6,466
Other expenses	1,445	2,248	988	1,260
Public Defender:				
Other expenses	2,000	2,000	—	2,000
Smoke Rise Condo Costs:				
Other expenses	4,000	4,000	—	4,000
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):				
Uniform Construction Code:				
Salaries and wages	590	590	—	590
Other expenses	290	350	60	290

(continued)

## BOROUGH OF KINNELON

## Schedule of Appropriation Reserves

## Current Fund

Year ended December 31, 2013

	Appropriations		Expended	
	Balance Dec. 31, 2012	Balance after transfers	Paid or charged	Lapsed
Unclassified:				
Gasoline	5,042	16,619	15,808	811
Fuel oil - Diesel	3,000	3,000	1,239	1,761
Electricity	5,123	10,123	5,097	5,026
Street lighting	—	380	380	—
Telephone	7,341	7,341	2,373	4,968
Natural gas	6,008	6,020	524	5,496
Landfill/ Solid waste Disposal Costs	33,661	135,021	98,630	36,391
Hurricane Irene Storm Damage	19,428	23,888	23,588	300
Salary and Wage Adjustment Program:	39,079	39,079	22,092	16,987
Preparation of tax maps	—	95,500	95,500	—
Total operations within "CAPS"	<u>511,151</u>	<u>876,940</u>	<u>659,885</u>	<u>217,055</u>
Contingent	123	1,863	1,093	770
Total operations including contingent-within "CAPS"	<u>511,274</u>	<u>878,803</u>	<u>660,978</u>	<u>217,825</u>
Detail:				
Salaries and wages	79,400	82,900	28,370	54,530
Other expenses (including contingent)	431,874	795,903	632,608	163,295
	<u>511,274</u>	<u>878,803</u>	<u>660,978</u>	<u>217,825</u>
Deferred charges and statutory expenditures - municipal within "CAPS":				
Statutory expenditures - contributions to:				
Unemployment Insurance	399	399	—	399
Defined Contribution Retirement Program (DCRP)	1,241	1,241	—	1,241
Total deferred charges and statutory expenditures - municipal within "CAPS"	<u>1,640</u>	<u>1,640</u>	<u>—</u>	<u>1,640</u>
Total general appropriations for municipal purposes within "CAPS"	<u>512,914</u>	<u>880,443</u>	<u>660,978</u>	<u>219,465</u>
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:				
Maintenance - Free Public Library (Chapter 82, PL 1985):				
Reserve for Pending Tax Appeals	58,590	58,590	57,904	686
Storm Water Management:				
Salaries and wages	1,003	1,003	—	1,003
Other expenses	639	639	—	639
Shared Service Agreements				
Dial-a-Ride Pequannock	1,517	1,517	—	1,517
Construction code Bloomingdale		28,691	28,691	—
Catch Basin Services - Boonton Township	100	6,400	5,899	501
Total operations-excluded from "CAPS"	<u>61,849</u>	<u>96,840</u>	<u>92,494</u>	<u>4,346</u>
Capital improvements excluded from "CAPS":				
Capital Outlay	21,791	21,791	21,791	—
Total capital improvements excluded from "CAPS"	<u>21,791</u>	<u>21,791</u>	<u>21,791</u>	<u>—</u>
Total general appropriations excluded from "CAPS"	83,640	118,631	114,285	4,346
Subtotal general appropriations	<u>596,554</u>	<u>999,074</u>	<u>775,263</u>	<u>223,811</u>
Total general appropriations	<u>596,554</u>	<u>999,074</u>	<u>775,263</u>	<u>223,811</u>
Appropriation reserves	\$ 596,554	Accounts payable	37,395	
Encumbrances	402,520	Disbursed	737,868	
	<u>\$ 999,074</u>		<u>775,263</u>	



**BOROUGH OF KINNELON**

Schedule of Unappropriated Reserves

Current Fund

Year ended December 31, 2013

	<b>Balance Dec. 31, 2012</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2013</b>
Garden State Trust	\$ 173,696	173,696	—
Reserve for tax reduction - Library	<u>79,008</u>	<u>39,500</u>	<u>39,508</u>
	<u>\$ 252,704</u>	<u>213,196</u>	<u>39,508</u>
Anticipated revenue		\$ <u>213,196</u>	
		\$ <u>213,196</u>	

**BOROUGH OF KINNELON**

Schedule of Local District School  
Taxes Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012 (prepaid)	\$	(250)
Increased by tax levy		<u>34,121,568</u>
		<u>34,121,318</u>
Decreased by payments		
Payments		34,121,568
Cancellation		<u>(250)</u>
		<u>34,121,318</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>          —</u>
Increased by:	
Increased by County tax levy	5,049,630
County Open Space Preservation	<u>          237,126</u>
	<u>5,286,756</u>
	5,286,756
Decreased by:	
Payments	<u>5,286,756</u>
Balance, December 31, 2013	\$ <u><u>          —</u></u>

**BOROUGH OF KINNELON**

Schedule of Due County for Added  
and Omitted Taxes

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	(45)
Increased by added taxes		<u>5,966</u>
		5,921
Decreased by payments		<u>5,921</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 402,520
Increased by budget encumbrances	<u>197,421</u>
	599,941
Decreased by:	
Transfer to Appropriation Reserves	<u>402,520</u>
Balance, December 31, 2013	<u><u>\$ 197,421</u></u>

**BOROUGH OF KINNELON**

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 64,290
Increased by cash receipts	<u>5,591</u>
	<u>69,881</u>
Decreased by:	
Cash disbursed	23,223
Transfer to reserve for tax appeals	<u>38,776</u>
	<u>61,999</u>
Balance, December 31, 2013	<u><u>\$ 7,882</u></u>

**BOROUGH OF KINNELON**

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	178,879
Increased by cash receipts		<u>172,089</u>
		350,968
Decreased by transfer to taxes receivable		<u>178,879</u>
Balance, December 31, 2013	\$	<u><u>172,089</u></u>

**BOROUGH OF KINNELON**

Schedule of Electric Liens Redeemed

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	259
Increased by cash receipts		<u>6,014</u>
		6,273
Disbursed		<u>2,938</u>
Balance, December 31, 2013	\$	<u><u>3,335</u></u>



**BOROUGH OF KINNELON**

Schedule of Reserve for Tax Appeals

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by:		
Transfer from overpayments		<u>38,776</u>
Balance, December 31, 2013	\$	<u><u>38,776</u></u>

**BOROUGH OF KINNELON**

Schedule of Various Reserves

Current Fund

Year ended December 31, 2013

	<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, 2012	\$ 11,554	4,500	40	1,120	17,214
Increased by:					
Cash receipts	9,455	—	—	950	10,405
	<u>9,455</u>	<u>—</u>	<u>—</u>	<u>950</u>	<u>10,405</u>
	<u>21,009</u>	<u>4,500</u>	<u>40</u>	<u>2,070</u>	<u>27,619</u>
Decreased by:					
Cash disbursed	7,418	—	—	600	8,018
Balance, December 31, 2013	<u>\$ 13,591</u>	<u>4,500</u>	<u>40</u>	<u>1,470</u>	<u>19,601</u>

## BOROUGH OF KINNELON

## Schedule of Interfunds

## Current Fund

Year ended December 31, 2013

	<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, 2012, due from (to)	\$ (218,670)	396,251	105,431	(139,430)	2,106
Increased by:					
Cash disbursed	98,100	218,750	—	—	—
Statutory excess	—	—	1,324	—	—
Capital fund balance anticipated	—	25,000	—	—	—
General account advance	5,019	—	—	—	—
Interfund Returned to General Capital	—	—	—	—	—
Cancellation of Appropriated Reserves	—	—	—	310	—
Grant expenditures paid by Current Fund	—	—	—	68,774	—
	<u>103,119</u>	<u>243,750</u>	<u>1,324</u>	<u>69,084</u>	<u>—</u>
	<u>(115,551)</u>	<u>640,001</u>	<u>106,755</u>	<u>(70,346)</u>	<u>2,106</u>
Decreased by:					
Cash receipts	3,249	1,015,000	—	—	—
Unappropriated grants received deposited in Current Fund	—	—	—	11,372	—
Grant receipts deposited in Current Fund	—	—	—	101,429	—
Anticipated as revenue	—	—	75,354	—	—
Cancellation of Grants receivable	—	—	—	310	—
	<u>3,249</u>	<u>1,015,000</u>	<u>75,354</u>	<u>113,111</u>	<u>—</u>
Balance, December 31, 2013, due from (to)	\$ <u>(118,800)</u>	<u>(374,999)</u>	<u>31,401</u>	<u>(183,457)</u>	<u>2,106</u>

**BOROUGH OF KINNELON**

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Awarded in 2013</b>	<b>Received</b>	<b>Canceled</b>	<b>Balance, Dec. 31, 2013</b>
Charlotteburg Dam & Reservoir	\$ 2,125	—	—	—	2,125
Highlands Water Protection: Initial Plan Assessment	2,394	—	—	—	2,394
Morris County Historic Preservation	17,120	256,580	66,916	—	206,784
NJ Body Armor Fund	30	2,326	2,326	—	30
Drunk Driving Enforcement Fund	—	3,858	3,858	—	—
Cablevision grant	—	4,000	4,000	—	—
Clean Communities Programs	—	19,795	19,795	—	—
Alcohol Education and Rehabilitation Act	—	844	844	—	—
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	4,000	3,690	310	600
Bicycle Unit Grant	7,695	—	—	—	7,695
	<u>\$ 33,306</u>	<u>291,403</u>	<u>101,429</u>	<u>310</u>	<u>222,970</u>
Due from Current Fund			\$ <u>101,429</u>		
			\$ <u>101,429</u>		

**BOROUGH OF KINNELON**

Schedule of Appropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Transferred from budget</b>	<b>Appropriation by 40A:4-87</b>	<b>Expended</b>	<b>Encumbered</b>	<b>Canceled</b>	<b>Balance, Dec. 31, 2013</b>
Drunk Driving Enforcement Fund	\$ 6,071	385	3,473	6,626	—	—	3,303
Municipal Alcohol Education Rehabilitation Act	960	—	844	825	—	—	979
Domestic Violence	300	—	—	—	—	—	300
Storm water	10,465	—	—	—	—	—	10,465
Recycling Tonnage Grant	41,435	—	—	2,712	—	—	38,723
Cablevision grant	—	—	4,000	2,901	376	—	723
Bicycle Unit	4,576	—	—	—	—	—	4,576
Community policing Donations	65	—	—	—	—	—	65
Historical Commission	14,200	256,580	—	15,600	—	—	255,180
Historical Commission (Open Space match)	6,300	—	—	—	—	—	6,300
Alcohol Education Rehabilitation Fund	242	—	—	—	—	—	242
Motorcycle unit	680	—	—	—	—	—	680
NJ Clean Communities Grant	23,440	—	19,795	20,932	—	—	22,303
NJ Dept. L&PS:							
Body Armor Fund	4,116	—	2,326	3,488	1,953	—	1,001
United States Department of Transportation ( NJ Division of Highway Safety) Pass Through - Click It Or Ticket	12,000	4,000	—	15,690	—	310	—
Keep Kids Alive	34,517	—	—	—	—	—	34,517
NJ Highlands 2009 Conformance	1,944	—	—	—	—	—	1,944
NJ Highlands Initial Assessment	9,300	—	—	—	—	—	9,300
	<u>\$ 170,611</u>	<u>260,965</u>	<u>30,438</u>	<u>68,774</u>	<u>2,329</u>	<u>310</u>	<u>390,601</u>
Due to Current Fund				<u>\$ 68,774</u>			
				<u>\$ 68,774</u>			

**BOROUGH OF KINNELON**

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Received</b>	<b>Balance, Dec. 31, 2013</b>
	<u>          </u>	<u>          </u>	<u>          </u>
State:			
Recycling tonnage grant	\$       —	11,372	11,372
Body Armor Fund	—	—	—
Homeland Security Buffer Zone	2,125	—	2,125
	<u>          </u>	<u>          </u>	<u>          </u>
	<b>\$       2,125</b>	<b>11,372</b>	<b>13,497</b>
	<u>          </u>	<u>          </u>	<u>          </u>

**BOROUGH OF KINNELON**

Schedule of Foreclosed Property

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>32,150</u>
Increased by:	
Transferred from tax title liens	729,306
Increase for assessed value of liens foreclosed	<u>648,894</u>
	<u>1,378,200</u>
Balance, December 31, 2013	\$ <u><u>1,410,350</u></u>

**BOROUGH OF KINNELON**

Schedule of Encumbrances Payable

Federal and State Grant Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by encumbrances authorized		<u>2,329</u>
Balance, December 31, 2013	\$	<u><u>2,329</u></u>



**BOROUGH OF KINNELON**

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2013

	<u>Date</u>	<u>Amount</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
	<u>Authorized</u>	<u>Authorized</u>	<u>Dec. 31, 2012</u>		<u>Dec. 31, 2013</u>
Special Emergency:					
Hurricane Irene	9/1/2011	\$ 35,000	28,000	7,000	21,000
Hurricane Sandy	11/15/2012	80,000	80,000	16,000	64,000
Preparation of Tax Map	8/16/2012	120,000	120,000	24,000	96,000
			<u>\$ 228,000</u>	<u>47,000</u>	<u>181,000</u>

**BOROUGH OF KINNELON**

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	9,444
Increased by:		
Transfer from Appropriation rReserves		<u>37,395</u>
		46,839
Decreased by:		
Disbursement		<u>204</u>
Balance, December 31, 2013	\$	<u><u>46,635</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2013

	<b>Dog License Fund</b>	<b>Other Trust Funds</b>
	<u>          </u>	<u>          </u>
Balance, December 31, 2012	\$ 11,613	2,210,396
Increased by receipts:		
Dog license fees	18,371	—
Due to State of New Jersey	2,189	—
Prepaid License fees	7,533	—
Due from Payroll	3,312	—
Due to Current Fund	—	60,600
Special deposits	—	901,549
Interest	—	3,256
	<u>31,405</u>	<u>965,405</u>
	<u>43,018</u>	<u>3,175,801</u>
Decreased by disbursements:		
Payments to State of New Jersey	2,199	—
Dog license expenditures	11,544	—
Due to Current Fund	1,330	1,800
Special deposit - disbursements	—	686,375
	<u>15,073</u>	<u>688,175</u>
Balance, December 31, 2013	<u>\$ 27,945</u>	<u>2,487,626</u>

**BOROUGH OF KINNELON**

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

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>4,913</u>
Increased by:	
Licenses and fees	18,371
Prepaid licenses realized	<u>8,273</u>
	<u>26,644</u>
	<u>31,557</u>
Decreased by:	
Other disbursements	<u>11,544</u>
	<u>11,544</u>
Balance, December 31, 2013	\$ <u><u>20,013</u></u>
2012 license revenue	\$ 14,695
2011 license revenue	<u>12,354</u>
	\$ <u><u>27,049</u></u>

**BOROUGH OF KINNELON**

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

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$	271
Increased by cash collected		<u>2,189</u>
		2,460
Decreased by cash disbursed		<u>2,199</u>
Balance, December 31, 2013	\$	<u><u>261</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Special Deposits -  
Other Trust Funds

Trust Funds

Year ended December 31, 2013

	Total	Special Recreation Expenditures	Historical Commission	Planning Board Inspection Fees	Special Deposits	Community Policing Donation	Open Space	Snow Trust	Accumulated Absences	Parking Offenses Adjudication Act
Balance, December 31, 2012	\$ 2,424,047	95,190	9,466	114,021	488,806	1,600	1,294,296	0	65,536	933
Increased by:										
Fees and Deposits	901,549	221,724	400	173,506	709	—	166,156	50,000	29,500	78
Interest Earned	3,256	154	14	7	804	—	1,912	11	69	2
Interfund cancelled	1,449	—	—	—	1,449	—	—	—	—	—
	<u>906,254</u>	<u>221,878</u>	<u>414</u>	<u>173,513</u>	<u>2,962</u>	<u>—</u>	<u>168,068</u>	<u>50,011</u>	<u>29,569</u>	<u>80</u>
	3,330,301	317,068	9,880	287,534	491,768	1,600	1,462,364	50,011	95,105	1,013
Decreased by:										
Payments by Current Fund	37,500	—	—	—	—	—	—	—	—	—
Cash disbursements	686,375	221,192	—	164,146	807	790	70,229	2,535	49,726	—
	<u>723,875</u>	<u>221,192</u>	<u>—</u>	<u>164,146</u>	<u>807</u>	<u>790</u>	<u>70,229</u>	<u>2,535</u>	<u>49,726</u>	<u>—</u>
Balance, December 31, 2013	\$ <u>2,606,426</u>	<u>95,876</u>	<u>9,880</u>	<u>123,388</u>	<u>490,961</u>	<u>810</u>	<u>1,392,135</u>	<u>47,476</u>	<u>45,379</u>	<u>1,013</u>

(Continued)

**BOROUGH OF KINNELON**

Schedule of Reserve for Special Deposits -  
Other Trust Funds

Trust Funds

Year ended December 31, 2013

	Recycling	Special Law Enforcement	Uniform Fire Safety Act	Municipal Alliance	Tax Sale Premium	Clerk Special	K-Fest	Public Defender	Flexible Spending	Police Outside Detail
Balance, December 31, 2012	\$ 75,046	13,325	15,123	8,057	160,416	57,136	1,370	2,131	79	21,516
Increased by:										
Fees and Deposits	18,420	2,043	600	11,828	119,400	3,900	4,933	5,515	6,538	86,299
Interest Earned	107	18	18	15	3	59	2	7	2	52
Interfund cancelled	—	—	—	—	—	—	—	—	—	—
	<u>18,527</u>	<u>2,061</u>	<u>618</u>	<u>11,843</u>	<u>119,403</u>	<u>3,959</u>	<u>4,935</u>	<u>5,522</u>	<u>6,540</u>	<u>86,351</u>
	93,573	15,386	15,741	19,900	279,819	61,095	6,305	7,653	6,619	107,867
Decreased by:										
Payments by Current Fund	—	—	—	—	37,500	—	—	—	—	—
Cash disbursements	27,145	3,491	10,500	9,618	—	35,450	1,400	3,200	7,084	79,062
	<u>27,145</u>	<u>3,491</u>	<u>10,500</u>	<u>9,618</u>	<u>37,500</u>	<u>35,450</u>	<u>1,400</u>	<u>3,200</u>	<u>7,084</u>	<u>79,062</u>
Balance, December 31, 2013	\$ <u>66,428</u>	<u>11,895</u>	<u>5,241</u>	<u>10,282</u>	<u>242,319</u>	<u>25,645</u>	<u>4,905</u>	<u>4,453</u>	<u>(465)</u>	<u>28,805</u>

**BOROUGH OF KINNELON**

Schedule of Interfund Accounts Payable  
Other Trust Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>5,249</u>
Decreased by:	
Cash disbursements	1,800
Transfer to Interfund receivable	2,000
Cancelled	<u>1,449</u>
	<u>5,249</u>
Balance, December 31, 2013	\$ <u><u>—</u></u>



**BOROUGH OF KINNELON**

Schedule of Prepaid Licenses  
Dog License Fund

Trust Funds

Year ended December 31, 2013

Balance, December 31, 2012	\$	8,273
Increased by received		<u>7,533</u>
		15,806
Decreased by applied		<u>8,273</u>
Balance, December 31, 2013	\$	<u><u>7,533</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from (to) Current

Trust Funds

Year ended December 31, 2013

	<u>Trust Other Fund</u>	<u>Dog License Fund</u>
Balance, December 31, 2012, (Due to)	\$ 218,900	(1,468)
Increased by:		
Cash received in Current Fund	<u>—</u>	<u>1,330</u>
	<u>—</u>	<u>1,330</u>
	<u>218,900</u>	<u>(138)</u>
Decreased by:		
Payments received	60,600	—
Transfer from interfund payable	2,000	
Payments made by Current Fund	<u>37,500</u>	<u>—</u>
	<u>100,100</u>	<u>—</u>
Balance, December 31, 2013, (Due to)	<u><u>118,800</u></u>	<u><u>(138)</u></u>
<u>Analysis of Balance</u>		
Tax Sale Premium	120,800	
Panning Board Inspection	(1,000)	
Flexible Spending	<u>(1,000)</u>	
	<u><u>118,800</u></u>	

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>176,688</u>
Increased by receipts:	
Due to Current Fund	218,750
Bond anticipation note proceeds	2,534,548
Grants collected	195,000
Premium on sale of notes	25,969
Due to Water Operating Fund	1,363
Capital improvement fund	62,000
Reserve for debt	<u>1,250</u>
	<u>3,038,880</u>
	<u>3,215,568</u>
Decreased by disbursements:	
Due to Current Fund	1,015,000
Due from Dog Fund	3,312
Reserve for payment of debt	48,799
Improvement authorizations	<u>1,084,376</u>
	<u>2,151,487</u>
Balance, December 31, 2013	\$ <u><u>1,064,081</u></u>

**BOROUGH OF KINNELON**

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2013

Encumbrances payable	\$ 583,873
Due to Current Fund	(374,999)
Due to Water Operating Fund	3,318
Due to Water Capital Fund	97,334
Due to Sewer Operating	14,363
Due from Payroll Account	(3,312)
Reserve for housing rehabilitation	9,350
Reserve for debt issuance costs	17,701
Reserve for payment of debt	262,185
Capital Improvement Fund	2,750
Fund balance	30,992
Improvement Authorizations:	

<u>Ordinance number</u>	<u>Improvement description</u>	
18-00	Improvement of Municipal Complex	14,282
10-03	Construction of New Bike Path	(1)
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	71,912
6-10	Imp. of Brookvalley Road	121,586
9-10/15-11	Construction of New Firehouse	24,185
12-10	Various Improvements 2010	22,499
02-11	Imp. Cutlass Rd.	(126)
11-11	Var. Improvements	(138,298)
13-11	Various road improvements	(69,062)
16-11	Various road improvements	472,502
15-12	Reconditioning of fire truck	74,668
17-12	Various Improvements	(164,613)
01-13	Various Improvements	(224,575)
		<u>\$ 1,064,081</u>

**BOROUGH OF KINNELON**

Schedule of Amount Due to/ (from) Current Fund

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>396,251</u>
Increased by:	
County reimbursement	218,750
Fund balance anticipated	<u>25,000</u>
	<u>243,750</u>
	640,001
Decreased by:	
Transferred to Current Fund	<u>1,015,000</u>
Balance, December 31, 2013 (Due From)	\$ <u><u>(374,999)</u></u>

**BOROUGH OF KINNELON**

Schedule of Deferred Charges to  
Future Taxation Funded

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>5,666,483</u>
Decreased By:	
Bonds paid	415,000
Loan Paid	<u>67,563</u>
	<u>482,563</u>
Balance, December 31, 2013	\$ <u><u>5,183,920</u></u>

**BOROUGH OF KINNELON**

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2013

Ordinance number	Description	Balance, Dec. 31, 2012	Authorizations	Notes paid	Cancelled/ Reauthorized	Balance, Dec. 31, 2013	Analysis of balance		
							Bond anticipation notes	Expended	Unexpended balance of improvement authorizations
7-99/4-00	Improvement of Fayson Lake Road	\$ 22,187	—	4,778	—	17,409	17,409	—	—
1-01	Improvement of Kakeout Road	11,750	—	—	—	11,750	11,750	—	—
11-02	Improvement of Various Roads	54,551	—	1,611	—	52,940	52,940	—	—
13-02	Imp. Municipal Comoplex HVAC	79,896	—	79,896	—	—	—	—	—
1-03	Imp. Chillhowie Drive	25,460	—	1,764	—	23,696	23,696	—	—
6-03	Acqisition of Land	19,729	—	405	—	19,324	19,324	—	—
10-03	Construction of New Bike Path	10,552	—	869	—	9,683	9,682	1	—
13-03	Various Road Improvements	38,736	—	6,264	—	32,472	32,472	—	—
14-03	Acq. of New and Additional equipment	36,133	—	15,867	—	20,266	20,266	—	—
20-03	Construction of Recreation Fields	1,038,292	—	52,528	—	985,764	985,764	—	—
9-04	Construction of Salt Storage Facility	185,176	—	9,524	—	175,652	175,652	—	—
10-04	Various Road Improvements	47,736	—	8,264	—	39,472	39,472	—	—
11-04	Various Road Improvements	37,241	—	4,759	—	32,482	32,482	—	—
13-04/18-05	Construction of Recreation Fields	252,600	—	3,277	—	249,323	249,323	—	—
4-05	Acq. Of Various equipment	208,677	—	54,323	—	154,354	154,354	—	—
19-05/3-06	Imp. Of Forestdale Rd. and eric Drive	225,718	—	16,777	—	208,941	208,941	—	—
1-06	Acq. Of Communication Equipment	67,640	—	3,758	—	63,882	63,882	—	—
6-06	Rehab of Lake Rickabear Dam	250,000	—	—	—	250,000	—	—	250,000
13-06	Various Improvements of 2006	172,918	—	13,082	—	159,836	159,836	—	—
14-06	Various Road Improvements	89,384	—	7,016	—	82,368	82,368	—	—
4-07/11-09	Improvement of Kiel Ave,	740,234	—	28,317	—	711,917	446,263	—	265,654
10-07A	Various Improvements of 2007	460,631	—	35,524	—	425,107	473,906	—	(48,799)
9-08	Various Improvements of 2008	775,900	—	29,601	—	746,299	746,299	—	—
10-09	Various Improvements of 2009	413,580	—	22,148	—	391,432	391,382	—	50
18-09	Acquisition of Fire Truck	396,351	—	24,053	—	372,298	372,298	—	—
19-09	Recondition of Fire Rescue Truck	270,981	—	15,000	—	255,981	255,981	—	—
6-10	Imp. of Brookvalley Road	320,750	—	13,264	—	307,486	238,736	—	68,750
9-10/15-11	Construction of New Firehouse	1,190,000	—	700	—	1,189,300	1,189,300	—	—
12-10	Various Improvements 2010	408,000	—	21,400	—	386,600	386,600	—	—
02-11	Imp. Cutlass Rd.	452,000	—	—	—	452,000	265,000	126	186,874
11-11	Var. Improvements	152,000	—	—	—	152,000	—	138,298	13,702
16-11	Reconstruct Forge Rd.	1,330,000	—	—	—	1,330,000	1,330,000	—	—

(continued)

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2013

Ordinance number	Description	Balance, Dec. 31, 2012	Authorizations	Notes paid	Cancelled/ Reauthorized	Balance, Dec. 31, 2013	Analysis of balance		
							Bond anticipation notes	Expended	Unexpended balance of improvement authori- zations
13-11	Various road improvements	175,000	—	7,000	—	168,000	63,000	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	—	164,613	963,387
01-13	Various Improvements	—	1,393,850	—	—	1,393,850	—	224,575	1,169,275
		<u>\$ 11,162,471</u>	<u>1,393,850</u>	<u>481,769</u>	<u>—</u>	<u>12,074,552</u>	<u>8,573,046</u>	<u>596,675</u>	<u>2,904,831</u>
						Improvement authorizations unfunded			\$ 3,944,204
						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	Excess Borrowed		48,799
						Ordinance 9-08			91,854
						Ordinance 10-09			71,912
						Ordinance 6-10			121,586
						Ordinance 9-10/15-11			24,185
						Ordinance 12-10			22,499
						Ordinance 16-11			472,502
						Ordinance 15-12			74,668
									<u>1,039,373</u>
									<u>\$ 2,904,831</u>



**BOROUGH OF KINNELON**

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 14,750
Increased by:	
Budget appropriation	62,000
	<u>76,750</u>
Decreased by appropriated to finance improvement authorizations	74,000
	<u>74,000</u>
Balance, December 31, 2013	\$ <u><u>2,750</u></u>

**BOROUGH OF KINNELON**

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2013

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2012		Authorizations	Expended	Balance, December 31, 2013	
			Funded	Unfunded			Funded	Unfunded
18-00	Improvement of Municipal Complex	\$ 2,000,000	14,955	—	—	673	14,282	—
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	—	350,298	—	—	—	350,298
9-08	Various Improvements of 2008	902,000	—	91,854	—	—	—	91,854
10-09	Various Improvements of 2009	443,000	—	72,264	—	302	—	71,962
6-10	Imp. of Brookvalley Road	540,000	—	190,336	—	—	—	190,336
9-10/15-11	Construction of New Firehouse	1,250,000	—	27,375	—	3,190	—	24,185
12-10	Various Improvements 2010	540,000	—	25,622	—	3,123	—	22,499
02-11	Imp. Cutlass Rd. and Woodland Ct,	465,000	—	109,277	—	(77,597)	—	186,874
11-11	Various Improvements	160,000	—	17,049	—	3,347	—	13,702
13-11	Various road improvements	175,000	—	35,938	—	—	—	35,938
16-11	Various road improvements	1,400,000	—	1,300,762	—	828,260	—	472,502
15-12	Reconditioning of Fire Truck	74,668	—	74,668	—	—	—	74,668
17-12	Various Improvements	1,385,000	224,203	1,128,000	—	388,816	—	963,387
01-13	Various Improvements	1,467,850	—	—	1,467,850	298,575	—	1,169,275
			\$ 251,503	3,700,167	1,467,850	1,448,689	26,627	3,944,204
					\$ 1,393,850			
					74,000			
					\$ 1,467,850			
						\$ 583,873		
						—		
						14,363		
						(233,923)		
						1,084,376		
						\$ 1,448,689		

**BOROUGH OF KINNELON**

Schedule of Encumbrances Payable

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	233,923
Increased by improvement authorization encumbrances		<u>583,873</u>
		817,796
Decreased by:		
Encumbrances canceled		<u>233,923</u>
Balance, December 31, 2013	\$	<u><u>583,873</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Cost of Issuance

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>17,701</u>
Balance, December 31, 2013	\$ <u>17,701</u>

**BOROUGH OF KINNELON**

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2013

<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, 2012</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2013</b>
7-99/4-00	Improvement of Fayson Lake Road	5/1/03	2/21/13	2/21/14	1.000%	\$ 4,778	—	4,778	—
13-02	Imp. Municipal Comoplex HVAC	10/9/03	2/21/13	2/21/14	1.000%	79,896	—	79,896	—
14-03	Acq. of New and Additional equipme	3/4/04	2/21/13	2/21/14	1.000%	36,133	20,266	36,133	20,266
13-03	Various Road Improvements	8/12/04	2/21/13	2/21/14	1.000%	38,736	32,472	38,736	32,472
10-04	Various Road Improvements	8/12/04	2/21/13	2/21/14	1.000%	47,736	39,472	47,736	39,472
11-04	Various Road Improvements	8/12/04	2/21/13	2/21/14	1.000%	37,241	32,482	37,241	32,482
20-03/13-04	Construction of Recreation Fields	3/4/05	2/21/13	2/21/14	1.000%	1,215,172	1,162,644	1,215,172	1,162,644
9-04	Construction of Salt Storage Facility	3/4/05	2/21/13	2/21/14	1.000%	185,176	175,652	185,176	175,652
4-05	Acq. Of Various equipment	11/9/05	2/21/13	2/21/14	1.000%	208,677	154,354	208,677	154,354
11-02	Improvement of Various Roads	7/19/07	2/21/13	2/21/14	1.000%	7,315	5,704	7,315	5,704
1-03	Imp. Chilhowie Drive	7/19/07	2/21/13	2/21/14	1.000%	21,236	19,472	21,236	19,472
6-03	Acqisition of Land	7/19/07	2/21/13	2/21/14	1.000%	19,620	19,215	19,620	19,215
10-03	Construction of New Bike Path	7/19/07	2/21/13	2/21/14	1.000%	10,131	9,262	10,131	9,262
18-05	Construction of Recreation Fields	7/19/07	2/21/13	2/21/14	1.000%	32,275	30,550	32,275	30,550
19-05	Imp. Of Forestdale Rd. and eric Drive	7/19/07	2/21/13	2/21/14	1.000%	197,973	182,949	197,973	182,949
13-06	Various Improvements of 2006	7/19/07	2/21/13	2/21/14	1.000%	172,918	159,836	172,918	159,836
14-06	Various Road Improvements	7/19/07	2/21/13	2/21/14	1.000%	89,384	82,368	89,384	82,368
3-06	Imp. Of Forestdale Rd. and eric Drive	12/13/07	12/6/13	12/5/14	1.000%	27,745	25,992	27,745	25,992
4-07	Improvement of Kiel Ave,	12/13/07	12/6/13	12/5/14	1.000%	379,845	356,792	379,845	356,792
10-07A	Various Improvements of 2007	12/13/07	12/6/13	12/5/14	1.000%	509,430	473,906	509,430	473,906
9-08	Various Improvements of 2008	12/12/08	12/6/13	12/5/14	1.000%	428,700	417,373	428,700	417,373
18-05	Construction of Recreation Fields	12/10/09	12/6/13	12/5/14	1.000%	43,445	41,893	43,445	41,893
1-06	Acq. Of Communication Equipment	12/10/09	12/6/13	12/5/14	1.000%	67,640	63,882	67,640	63,882
10-09	Various Improvements of 2009	12/10/09	12/6/13	12/5/14	1.000%	142,730	134,835	142,730	134,835
11-09	Improvement of Kiel Ave,	12/10/09	12/6/13	12/5/14	1.000%	94,735	89,471	94,735	89,471
9-08	Various Improvements of 2008	8/3/10	2/21/13	2/21/14	1.000%	347,200	328,926	347,200	328,926
10-09	Various Improvements of 2009	8/3/10	2/21/13	2/21/14	1.000%	270,800	256,547	270,800	256,547
18-09	Acquistion of Fire Truck	8/3/10	2/21/13	2/21/14	1.000%	457,000	432,947	457,000	432,947
19-09	Recondition of Fire Rescue Truck	8/3/10	2/21/13	2/21/14	1.000%	285,000	270,000	285,000	270,000
6-10	Imp. of Brookvalley Road	12/9/10	12/6/13	12/5/14	1.000%	252,000	238,736	252,000	238,736
12-10	Various Improvements 2010	12/9/10	12/6/13	12/5/14	1.000%	406,600	385,200	406,600	385,200

(continued)

**BOROUGH OF KINNELON**

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2013

<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, 2012</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance, Dec. 31, 2013</b>
13-11	Various road improvements	12/12/08	12/6/13	12/5/14	1.000%	70,000	63,000	70,000	63,000
15-11	Construction of Firehouse	12/6/12	12/6/13	12/5/14	1.000%	333,000	332,300	333,000	332,300
7-99/4-00	Improvement of Fayson Lake Road	2/21/13	2/21/13	2/21/14	1.000%	—	17,409	—	17,409
11-02	Improvement of Various Roads	2/21/13	2/21/13	2/21/14	1.000%	—	47,236	—	47,236
1-03	Imp. Chilhowie Drive	2/21/13	2/21/13	2/21/14	1.000%	—	4,224	—	4,224
01-01	Imp. Kakeout Rd.	2/21/13	2/21/13	2/21/14	1.000%	—	11,750	—	11,750
10-03	Construction of New Bike Path	2/21/13	2/21/13	2/21/14	1.000%	—	420	—	420
06-03	Acq. Of Land	2/21/13	2/21/13	2/21/14	1.000%	—	109	—	109
09-10/15-11	Const. New Firehouse	2/21/13	2/21/13	2/21/14	1.000%	—	857,000	—	857,000
12-10	Var. Improvements 2010	2/21/13	2/21/13	2/21/14	1.000%	—	1,400	—	1,400
02-11	Imp. Cutlass Rd.	2/21/13	2/21/13	2/21/14	1.000%	—	265,000	—	265,000
16-11	Reconstruct Forge Rd.	2/21/13	2/21/13	2/21/14	1.000%	—	1,330,000	—	1,330,000
						<u>\$ 6,520,267</u>	<u>8,573,046</u>	<u>6,520,267</u>	<u>8,573,046</u>
						Renewal	\$ 6,038,498	6,038,498	
						Issued	2,534,548	—	
						Paid from budget appropriation	—	481,769	
						<u>\$ 8,573,046</u>	<u>6,520,267</u>		

**BOROUGH OF KINNELON**

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2013

<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, 2012</u>	<u>Bonds paid</u>	<u>Balance, Dec. 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
12/16/2009	General refunding Bonds of 2009	\$ 6,070,000	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			
						5,530,000	415,000	5,115,000
						<u>\$ 5,530,000</u>	<u>415,000</u>	<u>5,115,000</u>

## BOROUGH OF KINNELON

## Schedule of Bonds and Notes Authorized but not Issued

## General Capital Fund

Year ended December 31, 2013

<b>Ordinance number</b>	<b>Description</b>	<b>Balance, Dec. 31, 2012</b>	<b>2013 authori- zations</b>	<b>Debt Issued</b>	<b>Balance, Dec. 31, 2013</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	857,000	—	857,000	—
12-10	Var. Improvements 2010	1,400	—	1,400	—
02-11	Imp. Cutlass Rd.	452,000	—	265,000	187,000
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
01-13	Various improvements	—	1,393,850	—	1,393,850
		<u>\$ 4,691,002</u>	<u>1,393,850</u>	<u>2,534,548</u>	<u>3,550,304</u>



**BOROUGH OF KINNELON**

Schedule of Green Acres Loan Payable

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 136,483
Decreased by:	
Repayment of Loan	<u>67,563</u>
Balance, December 31, 2013	<u>\$ 68,920</u>

Analysis of Balance

<u>Payment No.</u>	<u>Due Date</u>	<u>Amount</u>
38	3/23/2014	34,289
39	9/23/2014	<u>34,631</u>
		<u>\$ 68,920</u>

**BOROUGH OF KINNELON**

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	195,000
Decreased by:		
Collections by Current Fund		<u>195,000</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Due to Water Operating Fund

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	1,955
Increased by premiums on note sale		
Premiums on note sale		<u>1,363</u>
Balance, December 31, 2013	\$	<u><u>3,318</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	309,734
Increased by:		
State grants		<u>1,250</u>
		310,984
Decreased by:		
Paid to Current Fund		<u>48,799</u>
Balance, December 31, 2013	\$	<u><u>262,185</u></u>

Analysis of Balance

Morris county firehouse contribution	\$	80,000
Kiel Ave		10,984
Brook Valley Road		70,000
Cutlass Road		150,000
Ord. 10-07A		<u>(48,799)</u>
	\$	<u><u>262,185</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from Payroll Account

General Capital Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by premiums on note sale		
Payment to Dog Fund for Payroll Account		<u>3,312</u>
Balance, December 31, 2013	\$	<u><u>3,312</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2013

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2012	\$ 128,323	85,585
Increased by receipts:		
Water rents	481,523	—
Miscellaneous revenue not anticipated	3,524	—
Due from Sewer Operating Fund	6,062	—
Miscellaneous revenues anticipated	2,841	—
Due from Water Capital	4,123	—
	<u>498,073</u>	<u>—</u>
	<u>626,396</u>	<u>85,585</u>
Decreased by disbursements:		
Budget appropriations	409,123	—
Appropriation reserves	30,972	—
Refund of prior year revenue	425	—
Due to Current Fund Anticipated revenue	68,000	—
Accrued Interest on Notes	6,358	—
Due to Water Operating	—	4,123
Improvement authorizations	—	50,260
	<u>514,878</u>	<u>54,383</u>
Balance, December 31, 2013	\$ <u><u>111,518</u></u>	<u><u>31,202</u></u>

**BOROUGH OF KINNELON**

Schedule of Analysis of Capital Fund Cash

Water Utility Capital Fund

December 31, 2013

Capital Improvement Fund		\$	84,868
Due from General Capital			(97,334)
Improvement authorizations:			
<b>Ordinance</b>	<b>Improvement description</b>		
<b>number</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		(44,260)
		\$	<u>31,202</u>

**BOROUGH OF KINNELON**

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year ended December 31, 2013

<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, 2012</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance, Dec. 31, 2013</b>
15-04	Imp. Water Supply System	08/12/04	2/21/2013	2/21/2014	1.00%	\$ 97,334	87,334	97,334	87,334
11-07	Imp. Water Supply System	12/13/07	12/6/13	12/5/14	1.00%	341,000	333,812	341,000	333,812
11-07	Imp. Water Supply System	12/12/08	12/6/13	12/5/14	1.00%	20,030	19,608	20,030	19,608
10-08	Acq.of vehicular Equipment	12/12/08	12/6/13	12/5/14	1.00%	49,100	47,200	49,100	47,200
						<b>\$ 507,464</b>	<b>487,954</b>	<b>507,464</b>	<b>487,954</b>
							\$ 487,954	487,954	
							—	19,510	
							<b>\$ 487,954</b>	<b>507,464</b>	

Renewed  
Paid - Budget



**BOROUGH OF KINNELON**

Schedule of Water Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ 13,621
Increased by water rents levied	<u>480,944</u>
	<u>494,565</u>
Decreased by:	
Water rents collected	481,523
Due from Sewer Operating Fund	<u>3,176</u>
	<u>484,699</u>
Balance, December 31, 2013	<u><u>\$ 9,866</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from Water Capital Fund

Water Utility Operating Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$	4,123
Decreased by cash received		<u>4,123</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2013

	<b>Balance, Dec. 31, 2012</b>	<b>Balance, Dec. 31, 2013</b>
Steel water tank	\$ 109,773	109,773
Meters	10,784	10,784
General equipment	20,475	20,475
Pump house and pumps	61,032	61,032
Improvement of water supply and distribution system	<u>212,036</u>	<u>212,036</u>
	<u>\$ 414,100</u>	<u>414,100</u>

**BOROUGH OF KINNELON**

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Improvement description</u>	<u>Balance, Dec. 31, 2012</u>	<u>Balance, Dec. 31, 2013</u>
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
	<u>\$ 936,000</u>	<u>936,000</u>

**BOROUGH OF KINNELON**

Schedule of Accrued Interest  
on Notes

Water Utility Operating Fund  
Year Ended December 31, 2013

Balance, December 31, 2012	\$	2,242
Increased by:		
Budget appropriation		<u>6,000</u>
		8,242
Decreased by:		
Payments		<u>6,358</u>
Balance, December 31, 2013	\$	<u><u>1,884</u></u>

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Balance Dec. 31, 2012</u>	<u>Transfer of encum- brances</u>	<u>Balance after transfers</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
Salaries and wages	\$ 787	—	787	—	787
Other expenses	29,293	1,679	30,972	30,972	—
Statutory expenditures - contribution to:					
Social Security System (O.A.S.I.)	497	—	497	—	497
Unemployment Compensation Insurance	40	—	40	—	40
	<u>\$ 30,617</u>	<u>1,679</u>	<u>32,296</u>	<u>30,972</u>	<u>1,324</u>
			Due to Current Fund		\$ <u>1,324</u>
					\$ <u>1,324</u>

**BOROUGH OF KINNELON**

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$	711,636
Increased by:		
Bond anticipation notes paid		<u>19,510</u>
		<u>19,510</u>
Balance, December 31, 2013	\$	<u><u>731,146</u></u>

**BOROUGH OF KINNELON**

Schedule of Deferred Reserve for  
Amortization

Water Utility Capital Fund  
Year Ended December 31, 2013

Balance, December 31, 2012	\$ <u>77,000</u>
Balance, December 31, 2013	\$ <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, 2013

Balance, December 31, 2012	\$ <u>105,431</u>
Increased by:	
Appropriation reserves lapsed	<u>1,324</u>
	106,755
Decreased by:	
Void check	7,354
Cash disbursed	<u>68,000</u>
	<u>75,354</u>
Balance, December 31, 2013	\$ <u><u>31,401</u></u>

**BOROUGH OF KINNELON**

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date</u>	<u>Ordinance</u>		<u>Balance, December 31, 2012</u>			<u>Balance, December 31, 2013</u>	
			<u>Amount</u>		<u>Amount</u>	<u>Unfunded</u>	<u>Expended</u>	<u>Funded</u>	<u>Unfunded</u>
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		—	70,284	—	—	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	50,260	—	9,740
					<u>\$ 6,000</u>	<u>141,928</u>	<u>50,260</u>	<u>—</u>	<u>97,668</u>

**BOROUGH OF KINNELON**

Schedule of Bonds and Notes Authorized but not Issued

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2012</u>	<u>Balance, Dec. 31, 2013</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, 2013

Balance, December 31, 2012	\$ <u>84,868</u>
Balance, December 31, 2013	\$ <u>84,868</u>

**BOROUGH OF KINNELON**

Schedule of Amount Due from General Capital

Water Utility Capital Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ <u>97,334</u>
Balance, December 31, 2013	\$ <u><u>97,334</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from(to) General Capital

Water Utility Operating Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ <u>1,955</u>
Increased by:	
Premium on sale of notes	<u>1,363</u>
Balance, December 31, 2013	\$ <u><u>3,318</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from Sewer Operating Fund

Water Utility Operating Fund

Year Ended December 31, 2013

Balance, December 31, 2012	\$ <u>6,062</u>
Increased by cash collected	<u>3,176</u>
	9,238
Decreased by cash received	<u>6,062</u>
Balance, December 31, 2013	\$ <u><u>3,176</u></u>

**BOROUGH OF KINNELON**

Schedule of Cash

Sewer Utility Fund

Year ended December 31, 2013

	<u>Operating</u>
Balance, December 31, 2012	\$ <u>125,112</u>
Increased by receipts:	
Sewer rents	425,498
Miscellaneous revenues not anticipated	1,354
Due to Water Operating Fund	21,558
PRBSA surplus	8,660
Sewer overpayments	<u>1,744</u>
	<u>458,814</u>
	<u>583,926</u>
Decreased by disbursements:	
Budget appropriations	518,170
Appropriation reserves	21,449
Due from General Capital Fund	14,363
Due to Water Operating Fund	24,444
Miscellaneous	<u>1,682</u>
	<u>580,108</u>
Balance, December 31, 2013	\$ <u><u>3,818</u></u>



**BOROUGH OF KINNELON**

Schedule of Sewer Rents Receivable

Sewer Utility Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>18,292</u>
Increased by;	
Adjustments	9,492
Transfer from installments receivable	114,138
Rents levied	<u>423,005</u>
	<u>546,635</u>
	<u>564,927</u>
Decreased by sewer rents collected	
Rents collected	425,498
Prepaid applied	<u>418</u>
	<u>425,916</u>
Balance, December 31, 2013	\$ <u><u>139,011</u></u>

**BOROUGH OF KINNELON**

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year ended December 31, 2013

	<u>Balance Dec. 31, 2012</u>	<u>Transfer and encum- brances</u>	<u>Balance after transfers</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
Operating:					
Other expenses	\$ 5,369	21,529	26,898	21,449	5,449
Deferred charges:					
Statutory expenditures - contribution to: Social Security System	<u>225</u>	<u>—</u>	<u>225</u>	<u>—</u>	<u>225</u>
	<u>\$ 5,594</u>	<u>21,529</u>	<u>27,123</u>	<u>21,449</u>	<u>5,674</u>

**BOROUGH OF KINNELON**

Schedule of Due to Water Operating Fund

Sewer Utility Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	6,062
Increased by:		
Collections		<u>21,558</u>
		<u>27,620</u>
Decreased by:		
Disbursement		<u>24,444</u>
Balance, December 31, 2013	\$	<u><u>3,176</u></u>

**BOROUGH OF KINNELON**

Schedule of Prepaid Rents

Sewer Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	418
Decreased by applied		<u>418</u>
Balance, December 31, 2013	\$	<u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Installment Billing Receivable

Sewer Utility Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>202,693</u>
Decreased by:	
Cancellation	88,555
Transfer to receivable	<u>114,138</u>
	<u>202,693</u>
Balance, December 31, 2013	\$ <u><u>—</u></u>

**BOROUGH OF KINNELON**

Schedule of Due to Payroll

Sewer Utility Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>164</u>
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Balance, December 31, 2013	\$ <u>164</u>
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**BOROUGH OF KINNELON**

Schedule of Due to Current Fund

Sewer Utility Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by:		
Receipts		<u>10,000</u>
Balance, December 31, 2013	\$	<u><u>10,000</u></u>

**BOROUGH OF KINNELON**

Schedule of Due from General Capital Fund

Sewer Utility Operating Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$	—
Increased by:		
Paid for Current Fund		<u>14,363</u>
Balance, December 31, 2013	\$	<u><u>14,363</u></u>



**BOROUGH OF KINNELON**

Schedule of Cash

Public Assistance Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ <u>24,019</u>
Increased by:	
Donations	1,642
Interest and other	<u>33</u>
	<u>1,675</u>
	25,694
Decreased by:	
Public assistance expenditures	<u>1,588</u>
Balance, December 31, 2013	\$ <u><u>24,106</u></u>

**BOROUGH OF KINNELON**

Schedule of Reserve for  
Public Assistance Expenditures

Public Assistance Fund

Year ended December 31, 2013

Balance, December 31, 2012	\$ 21,913
Increased by:	
Revenue	<u>1,675</u>
	<u>23,588</u>
Decreased by:	
Expenditures	<u>1,588</u>
	<u>1,588</u>
Balance, December 31, 2013	\$ <u><u>22,000</u></u>

**BOROUGH OF KINNELON**

Schedule of Due to Current Fund

Public Assistance Fund

Year ended December 31, 2013

**P.A.T.F**  
**Account #1**

Balance, December 31, 2013 and 2012

\$ 2,106

**BOROUGH OF KINNELON**

Schedule of Changes in General Fixed Assets

General Fixed Assets Account Group

Year Ended December 31, 2013

<b>Category</b>	<b>Balance Dec. 31, 2012</b>	<b>Additions</b>	<b>Balance Dec. 31, 2013</b>
Land	\$ 4,442,060	—	4,442,060
Buildings	12,661,546	1,208,715	13,870,261
Vehicular equipment	814,012	143,603	957,615
General equipment and machinery	3,445,770	6,000	3,451,770
	<u>\$ 21,363,388</u>	<u>1,358,318</u>	<u>22,721,706</u>

## SUPPLEMENTARY DATA

**BOROUGH OF KINNELON**

Supplementary Data

December 31, 2013

**Comparative Schedule of Tax Rate Information**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax rate	\$ 3.041	2.968	2.875
Apportionment of tax rate:			
Municipal	0.532	0.505	0.479
Municipal Open Space	0.006	0.005	0.005
County	0.330	0.330	0.330
Local school	2.129	2.082	2.014
Library	0.044	0.046	0.047
Assessed valuation:			
2013		\$ 1,603,187,600	
2012		1,611,570,400	
2011		1,631,644,600	

**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>
2013	\$ 48,791,810	48,121,963	98.63 %
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

**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>
2013	\$ 325,700	437,171	762,871	1.56 %
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

(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>
2013	\$ 1,410,350
2012	32,150
2011	32,150
2010	32,150
2009	17,150

**Comparison of Water Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash collections</u>	<u>Percent collected</u>
2013	\$ 480,944	481,523	100%
2012	475,363	482,154	101%
2011	431,409	422,696	98%
2010	338,104	325,841	96%
2009	218,012	223,808	103%

**Comparison of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Cash collections</u>	<u>Percent collected</u>
2013	\$ 423,005	425,498	101%
2012	416,432	437,520	105%
2011	392,882	392,273	100%
2010	361,545	261,812	72%
2009	356,446	348,370	98%

(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	2013	\$ 1,641,017	750,000	46%
	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%
Water Utility Operating	2013	\$ 10,740	—	0%
	2012	494	—	0%
	2011	494	—	0%
	2010	494	—	0%
	2009	88,494	88,000	99%
	2008	259,043	202,000	78%
Sewer Utility Operating	2013	\$ 1,746	—	0%
	2012	91,346	89,600	98%
	2011	138,477	124,980	90%
	2010	254,617	229,500	90%
	2009	403,786	229,500	57%
	2008	590,196	200,000	34%

(Continued)

## BOROUGH OF KINNELON

### Supplementary Data

#### Officials in Office and Surety Bonds

The following officials were in office on December 31, 2013

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
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	
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 Water and Sewer Collector	1,000,000
Andrew Wubbenhorst	Magistrate	
Heather Prokop	Court Administrator	
Susan Inturrisi	Deputy Court Administrator	
John Schwartz	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

Year ended December 31, 2013

# BOROUGH OF KINNELON

## General Comments and Recommendations

December 31, 2013

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

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

The governing body of the 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, 2013

### Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 20, 2013 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>
2013	40
2012	45
2011	45
2010	43
2009	43

### 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

1. The general ledger is not reconciled to the subsidiary records on a monthly basis.
2. Receipts for other departments turned over to finance are not recounted or signed for by finance.
3. Bank reconciliations are not reviewed monthly.
4. Reconciling items determined during the bank reconciliation process or by the tax collector are not cleared by the other department.\*
5. An over expenditure and deficit exist in the Sewer Utility Fund.
6. Fixed asset records are not maintained currently.

#### Tax Collector:

7. Tax title liens foreclosed were not transferred to foreclosed property.

#### Recreation

8. Registration lists provided to the coaches include both paid and unpaid participants.
9. There is no formal policy or criteria for waiver of recreation fees.

#### Various:

10. There were receipts from the Water and Sewer Utilities, Dog Fund and Tax department not deposited within 48 hours.

**BOROUGH OF KINNELON**

General Comments and Recommendations

December 31, 2013

(Continued)

**RECOMMENDATIONS**

**Finance**

1. The general ledger should be reconciled to the subsidiary records monthly.
2. The finance department should recount, date and sign for receipts turned over from other departments.
3. Bank reconciliations should be reviewed monthly and that review be documented.
4. Bank reconciling items should be cleared by the collecting department and recorded in the general ledger.\*
5. Procedures should be implemented to avoid overexpenditures.
6. Acquisitions and disposals of fixed assets should be recorded/ tracked as they occur.

**Tax Collector:**

7. Tax title liens that are foreclosed should be recorded as foreclosed property.

**Recreation:**

8. Registration lists provided to the respective coach should only include those that have paid the fee.
9. A formal policy or criteria for waiver of recreation fees should be established.

**Various:**

10. All collections should be turned over to finance within 48 hours of receipt.