

BOROUGH OF KINNELON

Financial Statements
with Additional Financial Information

December 31, 2014

(With Independent Auditor's Report Thereon)

BOROUGH OF KINNELON

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Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Council
Borough of Kinnelon
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, 2014 and 2013 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 and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund, Water and Sewer Utility Funds for the year ended December 31, 2014, 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in note 1 of the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of

Community Affairs, State of New Jersey- regulatory basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Kinnelon, New Jersey, as of December 31, 2014 and 2013 and the changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of Kinnelon, New Jersey, as of December 31, 2014 and 2013 and the related statement of operations and changes in fund balances for the years then ended and the related statement of revenues and statements of expenditures of the Current Fund, Water and Sewer Utility Funds for the year ended December 31, 2014 on the regulatory basis of accounting described in note 1.

Other Matters

Additional Financial Information

Our audit was conducted for the purpose of forming an opinion on the regulatory financial statements that collectively comprise the 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015 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

June 15, 2015

LOUIS C. MAI CPA & ASSOCIATES

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

Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Council
Borough of Kinnelon
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, 2014 and 2013 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 and the related regulatory basis statements of revenues and statements of expenditures of the Current Fund, Water and Sewer Utility Funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 15, 2015, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unmodified opinion on the regulatory basis of accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we

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

Compliance and Other Matters

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

Purpose of this Report

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

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

June 15, 2015

FINANCIAL STATEMENTS

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis
Current Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Regular Fund:			
Cash - checking	A-4	\$ 3,449,900	3,294,743
Change Fund - cash		580	580
Due from State of New Jersey - Senior Citizens' and Veterans' deductions	A-6	<u>5,342</u>	<u>5,092</u>
		<u>3,455,822</u>	<u>3,300,415</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-7	408,509	437,171
Tax title liens	A-8	375,223	325,700
Foreclosed property	A-25	1,410,350	1,410,350
Revenue accounts receivable	A-9	9,626	5,736
Due from:			
Dog Fund	A-21	138	138
Water Utility Operating Fund	A-21	—	31,401
General Capital Fund	A-21	33,878	—
Public Assistance Trust Fund	A-21	2,106	2,106
Sewer Operating Fund	A-21	26,662	—
Due from Payroll Account		—	24,761
Other Trust	A-21	1,000	—
General Account		—	4,970
Butler	A-18	<u>138</u>	<u>—</u>
		<u>2,267,630</u>	<u>2,242,333</u>
Deferred charges:			
Special emergency authorizations (40A-4:53)	A-27	<u>201,644</u>	<u>181,000</u>
		<u>5,925,096</u>	<u>5,723,748</u>
Federal and State Grant Fund:			
Grants receivable	A-22	136,964	222,970
Due from Current Fund	A-21	<u>221,205</u>	<u>183,457</u>
		<u>358,169</u>	<u>406,427</u>
		<u>\$ 6,283,265</u>	<u>6,130,175</u>

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis
Current Fund

December 31, 2014 and 2013

Liabilities, Reserves and Fund Balance	Ref.	2014	2013
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-10	\$ 387,359	637,098
Encumbrances payable	A-15	229,736	197,421
Tax overpayments	A-16	54,789	7,882
Prepaid taxes	A-17	279,582	172,089
Electric liens redeemed	A-18	—	3,335
Due to School District	A-12	6,731	—
Due to:			
Water Utility Operating Fund	A-21	37,400	—
Federal and State Grant Fund	A-21	221,205	183,457
General Capital Fund	A-21	—	374,999
Accumulated Absence Fund	A-21	70,644	—
Other Trust Fund	A-21	—	118,800
Open Space Trust Fund	A-29	78	—
Library	A-3	1,436	797
Various reserves	A-20	13,524	19,601
Reserve for tax appeals	A-19	41,526	38,776
Accounts payable	A-28	30,183	46,635
Unappropriated reserves	A-11	—	39,508
		<u>1,374,193</u>	<u>1,840,398</u>
Reserve for receivables and other assets		2,267,630	2,242,333
Fund balance	A-1	<u>2,283,273</u>	<u>1,641,017</u>
		<u>5,925,096</u>	<u>5,723,748</u>
Federal and State Grant Fund:			
Appropriated reserves	A-23	262,347	390,601
Encumbrances payable	A-26	84,351	2,329
Unappropriated reserves	A-24	11,471	13,497
		<u>358,169</u>	<u>406,427</u>
		<u>\$ 6,283,265</u>	<u>6,130,175</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, 2014 and 2013

	<u>2014</u>	<u>2,013</u>
Revenue and other income realized:		
Fund balance utilized	\$ 750,000	590,000
Miscellaneous revenue anticipated	1,633,223	2,159,852
Receipts from delinquent taxes	436,235	504,354
Receipts from current taxes	48,604,266	48,121,963
Non-budget revenues	30,134	226,967
Other credits to income:		
Budget appropriations canceled	32,556	1,012
Unexpended balance of appropriation reserves	366,131	223,811
Interfunds returned	—	15,845
Prior Year Prepaid School Taxes Applied	—	250
Reserves cancelled	—	24,660
Total income	<u>51,852,545</u>	<u>51,868,714</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	3,612,427	3,607,438
Other expenses	3,337,163	3,439,345
Deferred charges and statutory expenditures	983,361	918,718
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	36,000	36,000
Other expenses	1,331,767	1,585,640
Capital improvements	100,000	62,000
Municipal debt service	1,209,500	1,262,757
Deferred charges	47,000	47,000
County taxes	5,196,288	5,286,756
Amount due County for added and omitted taxes	4,913	5,966
Local district school taxes	34,475,690	34,121,568
Municipal open space tax	80,062	80,266
Library added taxes	639	797
Interfunds advanced	27,635	4,781
Senior Citizens state audit	—	2,250
Refund of prior year revenue	17,844	—
Total expenditures	<u>50,460,289</u>	<u>50,461,282</u>
Excess in revenue	1,392,256	1,407,432
Fund balance, January 1	<u>1,641,017</u>	<u>823,584</u>
	3,033,273	2,231,017
Decreased by utilized as anticipated revenue	<u>750,000</u>	<u>590,000</u>
Fund balance, December 31	<u>\$ 2,283,273</u>	<u>1,641,017</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Statement of Revenues
Regulatory Basis
Current Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 750,000	750,000	—
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	1,600	1,984	384
Other	9,500	13,281	3,781
Fees and permits	17,000	26,526	9,526
Fines and costs - municipal court	92,000	93,227	1,227
Interest and costs on taxes	120,600	84,306	(36,294)
Interest on investments and deposits	9,800	5,641	(4,159)
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	215,823	35,823
Boonton Township Shared Service - Catch Basin	2,735	2,735	—
Homeland Security Buffer Zone	2,125	2,125	—
Sustainable New Jersey	2,000	2,000	—
Drunk Driving Enforcement	909	909	—
Clean Communities Programs	18,566	18,566	—
Alcohol Education and Rehabilitation Act	827	827	—
NJ Dept. of LPS - Div. of Criminal Justice Body Armor Fund	1,849	1,849	—
Cablevision Grant	1,000	1,000	—
Recycling Tonnage Grant	11,372	11,372	—
Morris County Historical Preservation Grant	2,284	2,284	—
Historic Preservation Grant	20,800	20,800	—
Open Space	5,200	5,200	—
PSE&G Grant	55,529	55,529	—
Drive Sober Get Pulled Over	5,000	5,000	—
General Capital Surplus	30,000	30,000	—
Due from Water Utility Operating Fund	37,400	31,401	(5,999)
Cable television Franchise Fee	44,300	44,379	79
Reserve for Payment of Debt Service	100,000	100,000	—
Reserve for Library Surplus	39,508	39,508	—
Open Space Contribution	40,000	40,000	—
	<u>1,628,855</u>	<u>1,633,223</u>	<u>4,368</u>
Receipts from delinquent taxes	\$ 500,000	436,235	(63,765)
Amount to be raised by taxes for support of municipal budget			
a) Local tax for municipal purposes	8,659,569	9,728,597	1,069,028
c) Minimum Library Tax	679,806	679,806	—
Total amount to be raised by taxes for support of municipal budget	<u>9,339,375</u>	<u>10,408,403</u>	<u>1,069,028</u>
Budget totals	<u>\$ 12,218,230</u>	<u>13,227,861</u>	<u>1,009,631</u>

(Continued)

BOROUGH OF KINNELON

Statement of Revenues
Regulatory Basis
Current Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Non-budget revenues		30,134	
		\$ 13,257,995	
Allocation of current tax collections:			
Revenue from collections		\$ 48,604,266	
Allocated to:			
School, County, and Open Space taxes		40,436,681	
Balance for support of municipal budget		8,167,585	
Add appropriation reserve for uncollected taxes		1,561,012	
Amount for support of municipal budget		\$ 9,728,597	
Receipts from delinquent taxes:			
Delinquent tax collections		\$ 436,235	
Tax title liens		—	
		\$ 436,235	
Miscellaneous revenue not anticipated:			
Returned check fees		360	
Bid specifications		50	
escheated funds		58	
Election costs		766	
Police misc.		20	
DMV Fees		3,970	
Police outside duty		6,246	
Copy duplication fees		1,155	
Tax Collector Search fees		29	
Sale of assets		13,635	
Administrative fee Senior and Veterans deductions		1,335	
Maps		26	
Cost of sale		1,281	
Miscellaneous		1,203	
		\$ 30,134	

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
General appropriations:						
Operations within "CAPS":						
General Government:						
Mayor and Council:						
Salaries and wages	\$ 19,500	19,500	19,494	6	—	—
Other expenses	1,000	1,000	601	399	—	—
Municipal Clerk:						
Salaries and wages	80,449	72,249	72,248	1	—	—
Other expenses	71,050	75,450	72,530	2,920	—	—
General Administration:						
Salaries and wages	115,260	115,260	115,260	—	—	—
Other expenses	30,150	30,150	27,866	2,284	—	—
Financial Administration:						
Salaries and wages	99,168	102,168	102,168	—	—	—
Other expenses	21,400	21,400	17,719	3,681	—	—
Webmaster - Other Expenses	3,600	3,600	3,550	50	—	—
Auditor:						
Other expenses	30,000	30,000	—	30,000	—	—
Collection of Taxes:						
Salaries and wages	61,799	61,799	61,799	—	—	—
Other expenses	9,420	8,920	8,449	471	—	—
Assessment of Taxes						
Salaries and wages	57,614	57,614	57,614	—	—	—
Other expenses	29,580	30,780	30,222	558	—	—
Legal Services and Costs:						
Other expenses	83,000	83,000	75,338	7,662	—	—
Engineering Services and Costs:						
Other expenses	10,000	10,000	5,760	4,240	—	—
Historical preservation Commission:						
Salaries and wages	3,650	3,650	3,462	188	—	—
Other expenses	8,050	8,050	5,048	3,002	—	(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
Municipal Land Use Law (N.J.S.A. 40:55):						
Planning Board:						
Salaries and wages	\$ 14,178	14,178	14,178	—	—	—
Other expenses	12,600	12,600	9,209	3,391	—	—
Zoning Board:						
Salaries and wages	1,122	1,122	1,122	—	—	—
Other expenses	20,825	18,825	14,143	4,682	—	—
Insurance:						
General Liability:						
Other expenses	208,000	183,000	176,664	6,336	—	—
Workers Compensation:						
Other expenses	160,000	160,000	160,000	—	—	—
Employee Group Health:						
Other expenses	838,950	792,650	763,193	29,457	—	—
Flexible Spending Advance:						
Other expenses	3,000	3,000	3,000	—	—	—
Health Insurance Waiver:						
Other expenses	30,000	22,500	—	22,500	—	—
Public Safety:						
Police:						
Salaries and wages	1,921,000	1,949,000	1,947,586	1,414	—	—
Other expenses	122,684	108,184	107,768	416	—	—
Police Dispatching/ 911:						
Salaries and wages	120,000	120,000	119,058	942	—	—
Other expenses	—	—	—	—	—	—
Emergency Management Services:						
Salaries and wages	4,080	4,080	3,715	365	—	—
Other expenses	675	175	—	175	—	—
Aid to Volunteer Fire Companies:						
Other expenses	75,000	75,000	71,751	3,249	—	(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	Appropriations		Expended			
	Budget	Budget after modification	Paid or charged	Reserved	Overexpended	Canceled
Aid to Tri-Borough Ambulance Squad:						
Other expenses	\$ 36,000	36,000	25,000	11,000	—	—
Fire Hydrants	45,500	45,500	44,880	620	—	—
Fire Prevention Bureau:						
Salaries and wages	10,710	10,710	9,470	1,240	—	—
Other expenses	6,145	6,145	3,211	2,934	—	—
Municipal Prosecutor:						
Salaries and wages	16,000	16,000	16,000	—	—	—
Streets and Roads:						
Road Repair and Maintenance:						
Salaries and wages	800,000	859,000	926,644	—	67,644	—
Other expenses	191,150	191,150	173,716	17,434	—	—
Garbage and Trash Removal:						
Salaries and wages	20,000	20,000	19,362	638	—	—
Other expenses	455,734	452,734	445,974	6,760	—	—
Public Buildings and Grounds:						
Salaries and wages	3,000	3,000	3,000	—	—	—
Other expenses	48,000	48,000	38,788	9,212	—	—
Vehicle Maintenance:						
Other expenses	32,000	32,000	25,716	6,284	—	—
Health and Human Services Programs:						
Board of Health:						
Salaries and wages	45,831	31,331	31,303	28	—	—
Other expenses	7,050	5,050	4,867	183	—	—
Environmental Commission:						
Salaries and wages	6,528	6,528	6,528	—	—	—
Other expenses	1,650	450	408	42	—	—
Animal Control Regulations:						
Other expenses	1,000	1,000	252	748	—	(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
Recreation Services and Programs:						
Recreation:						
Salaries and wages	\$ 50,342	52,842	52,842	—	—	—
Other expenses	20,700	16,700	15,517	1,183	—	—
Celebration of Public Events						
Other expenses	8,000	8,000	7,524	476	—	—
Municipal Court:						
Municipal Court:						
Salaries and wages	88,930	83,930	83,874	56	—	—
Other expenses	11,800	11,800	8,741	3,059	—	—
Public Defender:						
Other expenses	500	—	—	—	—	—
Smoke Rise Condo Costs:						
Other expenses	130,000	145,000	143,535	1,465	—	—
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	8,466	—	—	—
Other expenses	350	350	—	350	—	—
Unclassified:						
Gasoline	105,000	105,000	93,939	11,061	—	—
Fuel oil - Diesel	12,000	12,000	10,418	1,582	—	—
Electricity	60,000	60,000	39,796	20,204	—	—
Street lighting	15,000	15,000	12,325	2,675	—	—
Telephone	33,000	36,000	33,798	2,202	—	—
Natural gas	8,000	8,000	7,995	5	—	—
Landfill/ Solid waste Disposal Costs	380,000	370,000	331,229	38,771	—	—
Hurricane Sandy Storm Damage	—	—	—	—	—	—
Preparation of Tax Maps	—	—	—	—	—	—
Salary and Wage Adjustment Program:	—	—	—	—	—	—
Accumulated leave Compensation	50,000	50,000	50,000	—	—	(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	Appropriations		Expended			
	Budget	Budget after modification	Paid or charged	Reserved	Overexpended	Canceled
Total operations within "CAPS"	\$ 6,975,190	6,946,590	6,745,633	268,601	67,644	—
Contingent	3,000	3,000	2,613	387	—	—
Total operations including contingent-within "CAPS"	6,978,190	6,949,590	6,748,246	268,988	67,644	—
Detail:						
Salaries and wages	3,547,627	3,612,427	3,675,193	4,878	67,644	—
Other expenses (including contingent)	3,430,563	3,337,163	3,073,053	264,110	—	—
	6,978,190	6,949,590	6,748,246	268,988	67,644	—
Deferred charges and statutory expenditures - municipal within "CAPS":						
Deferred Charges:						
Sewer Utility Deficit	62,309	62,309	35,811	—	—	26,498
Statutory expenditures - contributions to:						
Public Employees retirement System	243,496	243,496	243,496	—	—	—
Social Security System (O.A.S.I.)	266,000	280,000	274,722	5,278	—	—
Police and Firemen's Retirement System of N.J.	360,556	360,556	360,556	—	—	—
Unemployment Insurance	16,500	16,500	15,794	706	—	—
Defined Contribution Retirement Program (DCRP)	1,900	2,400	1,890	510	—	—
Volunteer Fire - VSAP	17,500	18,100	18,040	60	—	—
Total deferred charges and statutory expenditures - municipal within "CAPS"	968,261	983,361	950,309	6,554	—	26,498
Total general appropriations for municipal purposes within "CAPS"	7,946,451	7,932,951	7,698,555	275,542	67,644	26,498

(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:						
Maintenance - Free Public Library (Chapter 82, PL 1985):						
Other expenses	\$ 679,806	679,806	607,409	72,397	—	—
Reserve for Pending Tax Appeals	25,000	25,000	1,846	23,154	—	—
Storm Water Management:						
Salaries and wages	36,000	36,000	36,000	—	—	—
Other expenses	3,000	3,000	2,434	566	—	—
Employee Health insurance	—	—	—	—	—	—
Shared Service Agreements:						
Health Services Agreement - Pequannock	118,610	118,610	118,610	—	—	—
Construction Code Services - Bloomingdale	219,300	219,300	219,300	—	—	—
Dial-a-Ride - Pequannock	83,750	83,750	83,750	—	—	—
ACO Services - Bloomingdale	20,400	20,400	20,400	—	—	—
Catch Basin Services - Boonton Township	2,735	2,735	2,735	—	—	—
Dispatch Butler	29,705	29,705	29,705	—	—	—
QPA - Pequannock Township	2,000	2,000	—	2,000	—	—
Mechanic Services - Bloomingdale	20,000	20,000	6,300	13,700	—	—
Public and private programs offset by revenues:						
Alcohol Education Rehabilitation Fund	827	827	827	—	—	—
Drunk Driving Enforcement Act	909	909	909	—	—	—
Historic Preservation	20,800	20,800	20,800	—	—	—
Open Space	5,200	5,200	5,200	—	—	—
PSE&G Grant	55,529	55,529	55,529	—	—	—
Drive Sober Get Puller Over	5,000	5,000	5,000	—	—	—
NJ Clean Communities Grant	18,566	18,566	18,566	—	—	—
Sustainable New Jersey	2,000	2,000	2,000	—	—	—
Homeland Security Buffer	2,125	2,125	2,125	—	—	—
Recycling Tonnage Grant	11,372	11,372	11,372	—	—	—
Morris County Historic Preservation	2,284	2,284	2,284	—	—	(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	Appropriations		Expended			
	Budget	Budget after modification	Paid or charged	Reserved	Overexpended	Canceled
NJ Dept. L&PS:						
Body Armor Fund	\$ 1,849	1,849	1,849	—	—	—
Cablevision Grant	1,000	1,000	1,000	—	—	—
NJ Dept. L&PS Div. of Highway Traffic Safety:						
Click It Or Ticket	—	—	—	—	—	—
Total operations-excluded from "CAPS"	<u>1,367,767</u>	<u>1,367,767</u>	<u>1,255,950</u>	<u>111,817</u>	<u>—</u>	<u>—</u>
Detail:						
Salaries and wages	36,000	36,000	36,000	—	—	—
Other expenses	<u>1,331,767</u>	<u>1,331,767</u>	<u>1,219,950</u>	<u>111,817</u>	<u>—</u>	<u>—</u>
	<u>1,367,767</u>	<u>1,367,767</u>	<u>1,255,950</u>	<u>111,817</u>	<u>—</u>	<u>—</u>
Capital improvements excluded from "CAPS":						
Capital Improvement Fund	\$ 100,000	100,000	100,000	—	—	—
Capital Outlay	—	—	—	—	—	—
Total capital improvements excluded from "CAPS"	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Municipal debt service excluded from "CAPS":						
Payment of bond principal	430,000	430,000	430,000	—	—	—
Payment of bond anticipation notes	403,000	416,500	416,500	—	—	—
Interest on bonds	206,000	206,000	200,987	—	—	5,013
Interest on notes	86,000	86,000	85,999	—	—	1
Green Trust Loan Program:						
Principal and Interest	<u>71,000</u>	<u>71,000</u>	<u>69,956</u>	<u>—</u>	<u>—</u>	<u>1,044</u>
Total municipal debt service excluded from "CAPS"	<u>1,196,000</u>	<u>1,209,500</u>	<u>1,203,442</u>	<u>—</u>	<u>—</u>	<u>6,058</u>

(continued)

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Current Fund

Year ended December 31, 2014

	<u>Appropriations</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Canceled</u>
Deferred charges - municipal - excluded from "CAPS":						
Special Emergency Authorization	\$ 47,000	47,000	47,000	—	—	—
Total deferred charges - municipal - excluded from "CAPS"	47,000	47,000	47,000	—	—	—
Total general appropriations excluded from "CAPS"	2,710,767	2,724,267	2,606,392	111,817	—	6,058
Subtotal general appropriations	10,657,218	10,657,218	10,304,947	387,359	67,644	32,556
Reserve for uncollected taxes	1,561,012	1,561,012	1,561,012	—	—	—
Total general appropriations	\$ 12,218,230	12,218,230	11,865,959	387,359	67,644	32,556
Original budget	\$ 12,106,815					
Added by NJS A 40A:4-87 (CH 159)	111,415					
	\$ 12,218,230					

(continued)

Analysis of paid or charged

Cash disbursed	\$ 9,830,106
Transferred to Appropriated Reserves - Grant Fund	127,461
Deferred Charges	47,000
Due to Accumulated Absences	70,644
Reserve for uncollected taxes	1,561,012
Reserve for encumbrances	229,736
	\$ 11,865,959

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis

Trust Funds

December 31, 2014 and 2013

	Ref.	2014	2013
Assets			
Dog License Fund:			
Cash	B-1	\$ 25,982	27,945
		<u>25,982</u>	<u>27,945</u>
Other Trust Funds:			
Cash	B-1	2,724,598	2,487,626
Due from Current Fund	B-5	69,722	118,800
		<u>2,794,320</u>	<u>2,606,426</u>
Payroll Account:			
Cash	B	—	27,909
Due from Sewer Operating Fund	B	—	164
		<u>—</u>	<u>28,073</u>
General Account:			
Due from Sewer Operating Fund	B	—	10,000
		<u>—</u>	<u>10,000</u>
		<u>\$ 2,820,302</u>	<u>2,672,444</u>
Liabilities and Reserves			
Dog License Fund:			
Due to Current Fund	B-5	\$ 138	138
Prepaid licenses	B-6	8,510	7,533
Due to State of New Jersey	B-3	348	261
Reserve for Dog License Fund expenditures	B-2	16,986	20,013
		<u>25,982</u>	<u>27,945</u>
Other Trust Funds:			
Reserve for special funds	B-4	2,794,320	2,606,426
		<u>2,794,320</u>	<u>2,606,426</u>
Payroll Account:			
Due to Current Fund	B	—	24,761
Due to General Capital Fund	B	—	3,312
		<u>—</u>	<u>28,073</u>
General Account:			
Due to Current Fund	B	—	4,970
Due to Bank	B	—	5,030
		<u>—</u>	<u>10,000</u>
		<u>\$ 2,820,302</u>	<u>2,672,444</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Balance Sheet
Regulatory Basis
General Capital Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Cash	C-2,C-3	\$ 408,873	1,064,081
Deferred charges to future taxation unfunded	C-6	13,357,860	12,074,552
Deferred charges to future taxation funded	C-5	4,685,000	5,183,920
Due from Current Fund	C-4	—	374,999
Due from Payroll Account	C-18	—	3,312
Due from Sewer Operating Fund	C-19	88,637	—
Excess Proceeds	C-21	—	48,799
Grants receivable	C-15	71,250	—
		<u>\$ 18,611,620</u>	<u>18,749,663</u>
Liabilities, Reserves and Fund Balance			
Encumbrances payable	C-9	\$ 407,290	583,873
Bond anticipation notes	C-11	8,070,556	8,573,046
Green Acres loan payable	C-14	—	68,920
Improvement authorizations:			
Funded	C-8	166,702	26,627
Unfunded	C-8	5,055,796	3,944,204
Due to Current Fund	C-4	33,878	—
Due to Water Operating Fund	C-16	1,030	3,318
Due to Water Capital Fund	C-2	—	97,334
Reserve for Payment of Debt	C-17	124,994	262,185
Reserve for cost of issuance	C-10	17,701	17,701
Reserve for housing rehabilitation	C-20	15,550	9,350
Due to Sewer Operating Fund	C-19	—	14,363
Serial bonds payable	C-12	4,685,000	5,115,000
Capital Improvement Fund	C-7	4,750	2,750
Fund balance	C-1	28,373	30,992
		<u>\$ 18,611,620</u>	<u>18,749,663</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2014 of \$3,550,304 and \$5,287,304 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Balance, Beginning of year	\$ 30,992	30,023
Increased by:		
Premium on sale of notes	<u>27,381</u>	<u>25,969</u>
	58,373	55,992
Decreased by budget appropriation	<u>30,000</u>	<u>25,000</u>
Balance, End of year	<u>\$ 28,373</u>	<u>30,992</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis
Water Utility Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Assets			
Operating Fund:			
Cash	D-4	\$ 60,141	111,518
Change Fund		100	
Due from Current Fund	D-16	37,400	—
Due from General Capital	D-6	1,030	3,318
Due from Sewer Operating Fund	D-9	—	3,176
		<u>98,671</u>	<u>118,012</u>
Receivables with full reserve:			
Water accounts receivable	D-8	<u>14,675</u>	<u>9,866</u>
Total Operating Fund		<u>113,346</u>	<u>127,878</u>
Capital Fund:			
Cash	D-4,D-5	128,536	31,202
Due from General Capital	D-20	—	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>1,478,636</u>
		<u>\$ 1,591,982</u>	<u>1,606,514</u>

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis
Water Utility Fund

December 31, 2014 and 2013

Liabilities, Reserves and Fund Balance	Ref.	2014	2013
Operating Fund:			
Liabilities:			
Appropriation reserves	D-3,D-13	\$ 16,162	25,457
Encumbrances	D-3,D-13	36,045	48,530
Accrued interest on notes payable	D-12	1,373	1,884
Due to Current Fund	D-16	<u>—</u>	<u>31,401</u>
		53,580	107,272
Reserve for receivables		14,675	9,866
Fund balance	D-1	<u>45,091</u>	<u>10,740</u>
Total Operating Fund		<u>113,346</u>	<u>127,878</u>
Capital Fund:			
Bond anticipation notes	D-7	468,444	487,954
Reserve for amortization	D-14	750,656	731,146
Improvement authorizations:			
Unfunded	D-17	97,668	97,668
Deferred reserve for amortization	D-15	77,000	77,000
Capital Improvement Fund	D-19	<u>84,868</u>	<u>84,868</u>
Total Capital Fund		<u>1,478,636</u>	<u>1,478,636</u>
		<u>\$ 1,591,982</u>	<u>1,606,514</u>

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and other income realized:		
Rents	\$ 492,293	484,699
Water connection fees	170	2,841
Miscellaneous revenue not anticipated	4,418	12,241
Other credits to income:		
Unexpended balances of appropriations	90	90
Unexpended balances of appropriation reserves	<u>25,735</u>	<u>—</u>
Total income	<u>522,706</u>	<u>499,871</u>
Expenditures:		
Budget Appropriations:		
Salaries and wages	172,600	168,400
Other expenses	281,400	281,200
Debt service	23,700	25,600
Deferred charges and statutory expenditures	10,500	14,000
Refund of prior year revenue	<u>155</u>	<u>425</u>
Total expenditures	<u>488,355</u>	<u>489,625</u>
Excess in revenue	34,351	10,246
Fund balance, January 1	<u>10,740</u>	<u>494</u>
Fund balance, December 31	<u>\$ 45,091</u>	<u>10,740</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Statement of Revenues
 Regulatory Basis
 Water Utility Operating Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Rents	\$ 488,000	492,293	4,293
Miscellaneous	<u>200</u>	<u>170</u>	<u>(30)</u>
	<u>\$ 488,200</u>	492,463	<u>4,263</u>
Miscellaneous revenue not anticipated		<u>4,418</u>	
		<u>\$ 496,881</u>	

Analysis of Miscellaneous Revenue Not Anticipated

Interest on water rents	\$ 698
Premium on sale of notes	1,030
Connection fees	<u>2,690</u>
	4,418
Less amount due from General Capital Fund	<u>(1,030)</u>
Cash received	<u>\$ 3,388</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Water Utility Operating Fund

Year Ended December 31, 2014

	<u>Budget</u>	<u>Budget after modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and wages	\$ 172,600	172,600	172,600	—	—
Other expenses	281,400	281,400	265,629	15,771	—
Debt service:					
Payment of Bond Anticipation Notes and Capital Notes	19,600	19,600	19,510	—	90
Interest on notes	4,100	4,100	4,100	—	—
Statutory expenditures - contribution to:					
Social Security System (O.A.S.I.)	10,000	10,000	10,000	—	—
Unemployment compensation insurance	500	500	109	391	—
	<u>\$ 488,200</u>	<u>488,200</u>	<u>471,948</u>	<u>16,162</u>	<u>90</u>
Encumbrances			\$ 36,045		
Accrued interest on notes			4,100		
Cash disbursed			<u>431,803</u>		
			<u>\$ 471,948</u>		

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis
Sewer Utility Fund

December 31, 2014 and 2013

Assets	Ref.	2014	2013
Operating Fund:			
Cash	E-4	169,347	3,818
Due from General Capital Fund	E-12	—	14,363
Emergency appropriation	E-3	14,000	—
Operating Deficit	E-9	1,745	8,739
Overexpenditure of Appropriations	E-9	<u>2,316</u>	<u>3,631</u>
		<u>187,408</u>	<u>30,551</u>
Receivables with full reserves:			
Sewer rents	E-5	<u>101,167</u>	<u>139,011</u>
Total receivables		<u>101,167</u>	<u>139,011</u>
		<u>\$ 288,575</u>	<u>169,562</u>
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Appropriation reserves	E-3,E-6	\$ 51,647	1,638
Reserve for encumbrances	E-3,E-6	16,054	12,083
Accounts payable	E-6	1,784	—
Due to Payroll	E-10	—	164
Due to Current Fund	E-11	26,662	—
Due to General Fund		—	10,000
Overpayments	E-8	878	1,744
Due to General Capital Fund	E-12	88,637	—
Due to Water Operating Fund	E-7	<u>—</u>	<u>3,176</u>
		185,662	28,805
Reserve for receivables		101,167	139,011
Fund balance	E-1	<u>1,746</u>	<u>1,746</u>
		<u>\$ 288,575</u>	<u>169,562</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue and other income realized:		
Fund balance utilized	—	89,600
PRBRSA surplus	—	8,660
Rents	450,129	425,916
Miscellaneous revenues	—	1,354
Miscellaneous revenues not anticipated	865	—
Deficit General Budget	35,811	—
Other credits to income:		
Unexpended balances of appropriation reserves	1,638	5,674
Cancelled of overpayments	866	—
Total income	<u>489,309</u>	<u>531,204</u>
Expenditures:		
Budget appropriations:		
Operating	494,800	528,795
Deferred charges and statutory expenditures	8,509	9,465
Refund prior year revenue	—	1,683
Total expenditures	<u>503,309</u>	<u>539,943</u>
Excess (Deficit) in revenue	(14,000)	(8,739)
Adjustments to income before fund balance:		
Expenditures included above which by statute are deferred charges to budget of succeeding year	<u>14,000</u>	<u>8,739</u>
Fund balance, January 1	<u>1,746</u>	<u>91,346</u>
	1,746	91,346
Decreased by utilized as anticipated revenue	<u>—</u>	<u>89,600</u>
Fund balance, December 31	<u>\$ 1,746</u>	<u>1,746</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Statement of Revenues
 Regulatory Basis
 Sewer Utility Operating Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund balance appropriated	\$ —	—	—
Sewer rents	427,000	450,129	23,129
Deficit General Budget	<u>62,309</u>	<u>35,811</u>	<u>(26,498)</u>
	<u>\$ 489,309</u>	<u>485,940</u>	<u>(3,369)</u>
Miscellaneous revenues not anticipated		<u>865</u>	
		<u>\$ 486,805</u>	

Analysis of Miscellaneous Revenues Not Anticipated

Interest on investments	\$ 65
Interest on rents	<u>800</u>
Cash	<u>\$ 865</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Statement of Expenditures
 Regulatory Basis
 Sewer Utility Operating Fund

Year ended December 31, 2014

	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or charged</u>	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 50,000	14,000	14,000	—
Other expenses	430,800	480,800	429,253	51,547
Deferred Charges:				
Over expenditure	1,315	1,315	1,315	—
Statutory expenditures - contribution to:				
Social Security System	100	100	100	—
Unemployment Compensation Insurance	100	100	—	100
Deficit in operations in prior years	<u>6,994</u>	<u>6,994</u>	<u>6,994</u>	<u>—</u>
	<u>\$ 489,309</u>	<u>503,309</u>	<u>451,662</u>	<u>51,647</u>
Adopted budget	\$ 489,309			
Emergency		<u>14,000</u>		
		<u>\$ 503,309</u>		
			\$ 427,299	Cash disbursed
			8,309	Deferred charges
			<u>16,054</u>	Encumbrances
			<u>\$ 451,662</u>	

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Balance Sheets
Regulatory Basis

Public Assistance Fund

December 31, 2014 and 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash:			
Public Assistance I		\$ <u>20,170</u>	<u>24,106</u>
	F-3	<u>20,170</u>	<u>24,106</u>
Liability and Reserve			
Reserve for expenditures	F-4	\$ 18,064	22,000
Due to Current Fund	F-5	<u>2,106</u>	<u>2,106</u>
		<u>\$ 20,170</u>	<u>24,106</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON
 Statement of Public Assistance Revenues
 Regulatory Basis
 Public Assistance Fund
 Year ended December 31, 2014

		P.A.T.F	<u>Account #1</u>
Donations	\$	1,050	
Interest and other			<u>22</u>
Total revenues	\$	<u>1,072</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, 2014

		P.A.T.F	<u>Account #1</u>
Disbursements:			
Local assistance	\$	4,861	
Service charges			<u>150</u>
Total expenditures	\$	<u>5,011</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, 2014 and 2013

	<u>2013</u>	<u>2012</u>
Land	\$ 4,442,060	4,442,060
Buildings	13,870,261	13,870,261
Vehicular equipment	957,615	957,615
General equipment and machinery	<u>3,451,770</u>	<u>3,451,770</u>
Total fixed assets	<u>\$ 22,721,706</u>	<u>22,721,706</u>

See accompanying notes to financial statements.

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

(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. The Borough operates the collection system for part of the Borough. Treatment is the responsibility of the Pequannock River Basin Sewer Authority of which the Borough is a member.

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

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

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.

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

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 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, 2014

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, 2014

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, 2014

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,				
		2014	2013	2012	2011	2010
PERS	\$	243,496	255,043	247,480	236,674	209,885
PFRS	\$	360,556	364,175	353,956	436,909	352,939

(3) Long-term Debt

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

		<u>2014</u>	<u>2013</u>	<u>2012</u>
Issued:				
General - bonds and notes	\$	12,755,556	13,754,573	12,186,750
Water Utility – notes		468,444	487,954	507,464
Sewer Utility – notes		—	—	—
Total issued		<u>13,224,000</u>	<u>14,242,527</u>	<u>12,694,214</u>
Authorized but not issued:				
General - bonds and notes		5,287,304	3,550,304	4,691,002
Water Utility - bonds and notes		54,000	54,000	54,000
Sewer Utility - bonds and notes		—	—	—
Total authorized but not issued		<u>5,341,304</u>	<u>3,604,304</u>	<u>4,745,000</u>
Total bonds and notes issued and authorized but not issued	\$	<u>18,565,304</u>	<u>17,846,831</u>	<u>17,439,216</u>

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

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 .857%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 22,369,000	22,369,000	—
Water Utility debt	522,444	522,444	—
Sewer Utility debt	—	—	—
General debt	18,042,860	124,944	17,917,866
	<u>\$ 40,934,304</u>	<u>23,016,438</u>	<u>17,917,866</u>

Net debt of \$17,917,866 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,091,220,355 equals .857%.

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

3-1/2% of equalized valuation basis (municipal)	\$73,192,712
Net debt	<u>17,917,866</u>
Remaining borrowing power	<u>\$ 55,274,846</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 \$4,685,000 of bonds outstanding at December 31, 2013 and 2014, respectively.

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

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 440,000	185,737
2016	445,000	168,138
2017	455,000	150,037
2018	460,000	131,162
2019	465,000	111,506
2020-2024	2,420,000	253,888
	<u>\$ 4,685,000</u>	<u>1,000,368</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, 2014

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 2014, the Borough had outstanding bond anticipation notes as follows:

	<u>2013</u>	<u>2014</u>
Water Utility Capital Fund	\$ 487,954	468,444
General Capital Fund	8,573,046	8,070,556

(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>2015</u>
Current Fund	\$ 750,000	1,343,781
Water Utility Operating Fund	—	25,000
Sewer Utility Operating Fund	—	—

(6) Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the Borough Current Fund had the following deferred charges to be raised in the 2015 or subsequent budgets.

	<u>Balance, Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>
Current Fund:		
Special emergencies	\$181,000	47,000
Overexpenditure of Appropriation	67,444	—
Sewer Operating Fund:		
Operating Deficit	1,745	1,745
Overexpenditure of Appropriations	2,316	2,316
Emergency	14,000	14,000

(7) Accrued Sick and Vacation Benefits

The Borough permits employees to accrue unused vacation pay, which may be taken as time off or paid at a later date upon absence. It is estimated that the current cost of such unpaid compensation approximates \$554,358 and \$605,072 for the years ended December 31, 2013 and 2014 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, 2014

(8) Contingencies

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014. 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, 2014 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, 2014

The Borough's fixed assets are summarized as follows:

	Balance			Balance
	Dec 31, 2012	Additions	Dispositions	Dec. 31, 2013
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>
	Balance			Balance
	Dec 31, 2013	Additions	Dispositions	Dec. 31, 2014
General Fixed Assets:				
Land	\$ 4,442,060	—	—	4,442,060
Buildings	13,870,261	—	—	13,870,261
Vehicular equipment	957,615	—	—	957,615
General equipment	3,451,770	—	—	3,451,770
	<u>22,721,706</u>	<u>—</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>

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

(11) Interfund Balances

The Borough has interfund balances at December 31, 2013 and 2014 as follows:

	2013		2014	
	Due From	Due To	Due From	Due To
Current Fund:				
Other Trust Fund	\$	118,800	\$	1,000
Public Assistance	2,106		2,106	
Federal and State Grant Fund		183,457		221,205
General Capital Fund		374,999	33,878	
Water Operating Fund	31,401			37,400
Dog Fund	138		138	
Payroll Account	24,761			
General Account	4,970			
Sewer Operating Fund			26,662	
Open Space Trust				78
Accumulated Absence Fund				70,644
Federal and State Grant Fund:				
Current Fund	183,457		221,205	
Other Trust Fund				
Current Fund	118,800			1,000
Dog Fund:				
Current Fund		138		138
Open Space Trust				
Current Fund			78	
Accumulated Absence Fund				
Current Fund			70,644	
General Capital Fund:				
Current Fund	374,999			33,878
Payroll Account	3,312			
Water Operating Fund		3,318		1,030
Water Capital Fund		97,334		
Sewer Operating Fund		14,363	88,637	
Water Utility Operating Fund:				
Current Fund		31,401	37,400	
Sewer Utility Operating Fund	3,176			
General Capital Fund	3,318		1,030	
Water Utility Capital Fund:				
General Capital Fund	97,334			
Sewer Utility Operating Fund:				
General Capital Fund	14,363			88,637
Water Utility Operating Fund		3,176		
Payroll Account		164		
General Account		10,000		
Current Fund				26,662
Public Assistance Fund:				
Current Fund		2,106		2,106

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

(11) Interfund Balances (continued)

	2013		2014	
	Due From	Due To	Due From	Due To
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			

(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, 2014 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

BOROUGH OF KINNELON

Notes to Financial Statements

December 31, 2014

reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

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

(14) Post Employment Healthcare Plan

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

(15) Subsequent Events

Debt Issue

On April 29, 2015 the Borough sold \$9,100,000 of General Improvement Bonds and \$458,000 of Water Bonds at interest rates from 1.00% to 3.00% payable each February 1, and August 1 until maturity. The bonds mature on February 1, 2016 through 2032.

Sale of Sewer Capacity

The Borough has passed a resolution to sell excess sewer capacity to the Borough of Riverdale for approximately \$1,046,500. It expects to complete the sale in 2015.

ADDITIONAL FINANCIAL INFORMATION

BOROUGH OF KINNELON

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>3,294,743</u>
Increased by receipts:	
Collector of taxes	49,157,382
Revenue accounts receivable	1,466,254
Miscellaneous revenue not anticipated	30,134
Due from State of New Jersey	66,750
Due to Grant Fund - appropriated grants received	199,970
Due to Grant Fund - unappropriated grants received	11,471
Various reserves	12,090
Due from Water Utility Operating Fund	37,400
Due from Other Trust Fund	1,000
Outside liens	<u>61,364</u>
	<u>51,043,815</u>
	<u>54,338,558</u>
Decreased by disbursements:	
Budget appropriations	9,830,106
Appropriation reserves	436,491
Local district school taxes	34,468,959
County taxes	5,196,288
Municipal open space tax	79,984
Due County for added taxes	4,913
Due from Other Trust Funds	120,800
Due from General Capital Fund	374,999
Various reserves	18,167
Due to Sewer Operating Fund	26,498
Outside liens	61,364
Grant expenditures	173,693
Electric liens returned	3,473
Accounts payable	24,000
Tax overpayment refunds	29,481
Refund of tax appeals	21,599
Refund of prior year revenue	<u>17,843</u>
	<u>50,888,658</u>
Balance, December 31, 2014	\$ <u><u>3,449,900</u></u>

BOROUGH OF KINNELON

Schedule of Cash - Tax Collector

Current Fund

Year ended December 31, 2014

Receipts:		
Taxes receivable	\$	48,801,412
Tax overpayments		76,388
Prepaid taxes		<u>279,582</u>
Total receipts		<u>49,157,382</u>
Decreased by deposit in Treasurer's account	\$	<u><u>49,157,382</u></u>

BOROUGH OF KINNELON

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

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>5,092</u>
Increased by:	
Senior Citizens' deductions per duplicate	9,250
Veterans' deductions per duplicate	57,250
Senior Citizens' deductions allowed by tax collector	250
Veterans' deductions allowed by tax collector	<u>1,500</u>
	<u>68,250</u>
	<u>73,342</u>
Decreased by:	
Cash received	66,750
Senior Citizens' and Veterans' deductions disallowed	<u>1,250</u>
	<u>68,000</u>
Balance, December 31, 2013	\$ <u><u>5,342</u></u>

BOROUGH OF KINNELON

Schedule of Taxes Receivable

Current Fund

Year ended December 31, 2014

Year	Balance, Dec. 31, 2013	2014 levy	Added Taxes	Cash collections		Transferred to tax title liens	Cancelled	Balance, Dec. 31, 2014
				2013	2014			
2011	\$ 431	—	—	—	—	—	—	431
2012	205	—	—	—	—	—	—	205
2013	436,535	—	—	—	436,235	277	—	23
	437,171	—	—	—	436,235	277	—	659
2014	—	49,091,337	67,879	172,089	48,432,177	49,236	97,864	407,850
	\$ 437,171	49,091,337	67,879	172,089	48,868,412	49,513	97,864	408,509
					\$ 67,000			
					48,801,412			
					\$ 48,868,412			

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 49,091,337
Added and omitted taxes	67,879
	<u>\$ 49,159,216</u>
Tax levy:	
County taxes	\$ 4,989,842
County Open Space	206,446
Local district school taxes	34,475,690
Due County for added taxes	4,913
Library Tax	679,806
Library added taxes	639
Local tax for municipal purposes	8,659,569
Municipal open space	79,984
Municipal open space added	78
Additional taxes levied	62,249
	<u>\$ 49,159,216</u>

BOROUGH OF KINNELON

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>325,700</u>
Increased by:	
Interest and cost of tax sale	10
Transferred from prior year taxes	277
Transferred from current taxes receivable	<u>49,236</u>
	<u>49,523</u>
Balance, December 31, 2014	\$ <u><u>375,223</u></u>

BOROUGH OF KINNELON

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Accrued in 2014	Collected by Treasurer	Balance, Dec. 31, 2014
Clerk:				
Alcoholic beverage license	\$ —	1,984	1,984	—
Licenses - other	—	13,281	13,281	—
Fees and permits	—	26,526	26,526	—
Fines and costs - municipal court	5,736	97,117	93,227	9,626
Interest and costs on taxes	—	84,306	84,306	—
Interest on investments and deposits	—	5,641	5,641	—
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	—	215,823	215,823	—
Watershed Moratorium Offset Aid	—	45,261	45,261	—
General Capital Surplus	—	30,000	30,000	—
Reserve for payment of Debt Service	—	100,000	100,000	—
Boonton Township Shared Service - Catch Basin	—	2,735	2,735	—
Due from Water Utility Operating Fund	—	31,401	31,401	—
Open Space Contribution	—	40,000	40,000	—
Cable television franchise fee	—	44,379	44,379	—
Reserve for library surplus	—	39,508	39,508	—
	<u>\$ 5,736</u>	<u>1,509,652</u>	<u>1,505,762</u>	<u>9,626</u>
Cash			\$ 1,466,254	
Unappropriated reserves			<u>39,508</u>	
			<u>\$ 1,505,762</u>	

BOROUGH OF KINNELON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2014

	Appropriations		Expended	
	Balance Dec. 31, 2013	Balance after transfers	Paid or charged	Lapsed
General appropriations:				
Operations within "CAPS":				
General Government:				
Mayor and Council:				
Other expenses	\$ 220	220	62	158
Municipal Clerk:				
Salaries and wages	6,762	762	288	474
Other expenses	3,775	3,775	1,233	2,542
General Administration:				
Salaries and wages	12	12	—	12
Other expenses	1,405	1,405	1,345	60
Financial Administration:				
Salaries and wages	4,248	248	—	248
Other expenses	11,354	11,354	5,380	5,974
Auditor:				
Other expenses	30,000	30,000	30,000	—
Collection of Taxes:				
Salaries and wages	3,258	1,758	1,346	412
Other expenses	1,217	1,217	641	576
Assessment of Taxes				
Salaries and wages	1,337	837	661	176
Other expenses	6,556	6,556	6,342	214
Legal Services and Costs:				
Other expenses	21,601	21,601	3,240	18,361
Engineering Services and Costs:				
Other expenses	7,480	7,480	—	7,480
Historical preservation Commission:				
Salaries and wages	1,253	753	306	447
Other expenses	2,690	2,690	2,095	595
Municipal Land Use Law (N.J.S.A. 40:55):				
Planning Board:				
Other expenses	6,152	6,152	729	5,423
Zoning Board:				
Other expenses	13,522	13,522	9,310	4,212
Insurance:				
General Liability:				
Other expenses	12,960	12,960	—	12,960
Employee Group Health:				
Other expenses	144,141	144,141	384	143,757
Public Safety:				
Police:				
Salaries and wages	15,110	8,110	7,249	861
Other expenses	27,084	27,084	20,062	7,022
Police Dispatching/ 911:				
Salaries and wages	10,223	3,223	2,324	899
Emergency Management Services:				
Salaries and wages	53	53	—	53
Other expenses	600	600	—	600
Aid to Volunteer Fire Companies:				
Salaries and wages	4,801	4,801	4,801	—
Aid to Tri-Borough Ambulance Squad:				
Other expenses	11,000	11,000	9,417	1,583

(continued)

BOROUGH OF KINNELON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2014

	Appropriations		Expended	
	Balance Dec. 31, 2013	Balance after transfers	Paid or charged	Lapsed
Fire Prevention Bureau:				
Salaries and wages	\$ 1,065	1,065	—	1,065
Other expenses	4,718	4,718	1,743	2,975
Fire Hydrants	120	120	—	120
Streets and Roads:				
Road Repair and Maintenance:				
Salaries and wages	243	243	—	243
Other expenses	77,231	77,231	74,799	2,432
Garbage and Trash Removal:				
Salaries and wages	1,440	440	—	440
Other expenses	43,719	43,719	37,183	6,536
Public Buildings and Grounds:				
Other expenses	11,542	11,542	5,016	6,526
Vehicle Maintenance:				
Other expenses	5,929	5,929	3,517	2,412
Health and Human Services Programs:				
Board of Health:				
Salaries and wages	701	701	—	701
Other expenses	6,634	6,634	8	6,626
Environmental Commission:				
Salaries and wages	872	372	—	372
Other expenses	533	533	362	171
Animal Control Regulations:				
Other expenses	1,000	1,000	678	322
Recreation Services and Programs:				
Recreation:				
Other expenses	1,934	1,934	881	1,053
Celebration of Public Events:				
Other expense	4,428	4,428	—	4,428
Municipal Court:				
Municipal Court:				
Other expenses	5,422	5,422	715	4,707
Public Defender:				
Other expenses	810	810	—	810
Uniform Construction Code-Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):				
Uniform Construction Code:				
Salaries and wages	737	237	—	237
Other expenses	350	350	—	350
Unclassified:				
Gasoline	36,976	36,976	8,848	28,128
Fuel oil - Diesel	1,559	1,559	1,347	212
Electricity	12,961	12,961	4,517	8,444
Street lighting	7,458	7,458	562	6,896
Telephone	5,225	5,225	345	4,880
Natural gas	1,711	1,711	1,686	25
Landfill/ Solid waste Disposal Costs	100,495	100,495	65,409	35,086
Salary and Wage Adjustment Program:	19,809	48,309	48,269	40
Total operations within "CAPS"	704,436	704,436	363,100	341,336
Contingent	2,743	2,743	2,733	10
Total operations including contingent-within "CAPS"	707,179	707,179	365,833	341,346

(continued)

BOROUGH OF KINNELON

Schedule of Appropriation Reserves

Current Fund

Year ended December 31, 2014

	Appropriations		Expended	
	Balance Dec. 31, 2013	Balance after transfers	Paid or charged	Lapsed
Detail:				
Salaries and wages	\$ 67,123	67,123	60,443	6,680
Other expenses (including contingent)	640,056	640,056	305,390	334,666
	707,179	707,179	365,833	341,346
Deferred charges and statutory expenditures - municipal within "CAPS":				
Statutory expenditures - contributions to:				
Social Security System (O.A.S.I.)	8,408	8,408	1,658	6,750
Unemployment Insurance	824	824	—	824
Volunteer Firefighter - VSAP	54	54	(600)	654
Defined Contribution Retirement Program (DCRP)	120	120	—	120
Total deferred charges and statutory expenditures - municipal within "CAPS"	<u>9,406</u>	<u>9,406</u>	<u>1,058</u>	<u>8,348</u>
Total general appropriations for municipal purposes within "CAPS"	<u>716,585</u>	<u>716,585</u>	<u>366,891</u>	<u>349,694</u>
Operations excluded from "CAPS" - mandated expenditures per N.J.S.A. 40A:4-45.3g:				
Maintenance - Free Public Library (Chapter 82, PL 1985):				
Other expenses	66,808	66,808	66,808	—
Reserve for Pending Tax Appeals	26,174	26,174	26,174	—
Storm Water Management:				
Salaries and wages	1	1	—	1
Other expenses	868	868	—	868
Shared Service Agreements				
Health Services Agreement - Pequannock	7	7	—	7
Mechanic Services - Bloomingdale	16,274	16,274	1,018	15,256
Dispatch - Butler	305	305	—	305
Construction code Bloomingdale	4,117	4,117	4,117	—
Catch Basin Services - Boonton Township	3,380	3,380	3,380	—
Total operations-excluded from "CAPS"	<u>117,934</u>	<u>117,934</u>	<u>101,497</u>	<u>16,437</u>
Total general appropriations excluded from "CAPS"	117,934	117,934	101,497	16,437
Subtotal general appropriations	<u>834,519</u>	<u>834,519</u>	<u>468,388</u>	<u>366,131</u>
Total general appropriations	<u>834,519</u>	<u>834,519</u>	<u>468,388</u>	<u>366,131</u>
Appropriation reserves	\$ 637,098	Accounts payable	7,548	
Encumbrances	197,421	Res for appeals	24,349	
	<u>\$ 834,519</u>	Disbursed	436,491	

BOROUGH OF KINNELON

Schedule of Unappropriated Reserves

Current Fund

Year ended December 31, 2014

	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
Reserve for tax reduction - Library	\$ <u>39,508</u>	<u>39,508</u>	<u>—</u>
	\$ <u><u>39,508</u></u>	<u><u>39,508</u></u>	<u><u>—</u></u>
Anticipated revenue		\$ <u>39,508</u>	
		\$ <u><u>39,508</u></u>	

BOROUGH OF KINNELON

Schedule of Local District School
Taxes Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by tax levy		<u>34,475,690</u>
Decreased by payments		
Payments		<u>34,468,959</u>
Balance, December 31, 2014	\$	<u><u>6,731</u></u>

BOROUGH OF KINNELON

Schedule of County Taxes Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u> —</u>
Increased by:	
Increased by County tax levy	4,989,842
County Open Space Preservation	<u> 206,446</u>
	<u>5,196,288</u>
	5,196,288
Decreased by:	
Payments	<u>5,196,288</u>
Balance, December 31, 2014	\$ <u><u> —</u></u>

BOROUGH OF KINNELON

Schedule of Due County for Added
and Omitted Taxes

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by added taxes		<u>4,913</u>
		4,913
Decreased by payments		<u>4,913</u>
Balance, December 31, 2014	\$	<u><u>—</u></u>

BOROUGH OF KINNELON

Schedule of Encumbrances Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 197,421
Increased by budget encumbrances	<u>229,736</u>
	427,157
Decreased by:	
Transfer to Appropriation Reserves	<u>197,421</u>
Balance, December 31, 2014	<u><u>\$ 229,736</u></u>

BOROUGH OF KINNELON

Schedule of Tax Overpayments

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 7,882
Increased by cash receipts	<u>76,388</u>
	84,270
Decreased by:	
Cash disbursed	<u>29,481</u>
Balance, December 31, 2014	<u><u>\$ 54,789</u></u>

BOROUGH OF KINNELON

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	172,089
Increased by cash receipts		<u>279,582</u>
		451,671
Decreased by transfer to taxes receivable		<u>172,089</u>
Balance, December 31, 2014	\$	<u><u>279,582</u></u>

BOROUGH OF KINNELON

Schedule of Electric Liens Redeemed

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	3,335
Increased by cash receipts		<u>—</u>
		3,335
Decreased by disbursements		<u>3,473</u>
Balance, December 31, 2014	\$	<u><u>(138)</u></u>

BOROUGH OF KINNELON

Schedule of Reserve for Tax Appeals

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 38,776
Increased by:	
Transfer from appropriation Reserves.	<u>24,349</u>
	63,125
Decreased by cash disbursements for tax refunds	<u>21,599</u>
Balance, December 31, 2014	<u><u>\$ 41,526</u></u>

BOROUGH OF KINNELON

Schedule of Various Reserves

Current Fund

Year ended December 31, 2014

	<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, 2013	\$ 13,591	4,500	40	1,470	19,601
Increased by:					
Cash receipts	11,165	—	—	925	12,090
	<u>11,165</u>	<u>—</u>	<u>—</u>	<u>925</u>	<u>12,090</u>
	24,756	4,500	40	2,395	31,691
Decreased by:					
Cash disbursed	12,692	4,500	—	975	18,167
Balance, December 31, 2014	<u>\$ 12,064</u>	<u>—</u>	<u>40</u>	<u>1,420</u>	<u>13,524</u>

BOROUGH OF KINNELON

Schedule of Interfunds

Current Fund

Year ended December 31, 2014

	<u>Other Trust</u>	<u>General Capital</u>	<u>Water Utility Operating</u>	<u>Federal and State Grant</u>	<u>Public Assistance</u>	<u>Dog Fund</u>	<u>Sewer Operating</u>
Balance, December 31, 2013, due from (to)	\$ (118,800)	(374,999)	31,401	(183,457)	2,106	138	—
Increased by:							
Cash disbursed	120,800	374,999	—	—	—	—	26,498
Interest earned	—	—	—	—	—	—	164
General account advance	—	33,878	—	—	—	—	—
Grant expenditures paid by Current Fund	—	—	—	173,693	—	—	—
	<u>120,800</u>	<u>408,877</u>	<u>—</u>	<u>173,693</u>	<u>—</u>	<u>—</u>	<u>26,662</u>
	<u>2,000</u>	<u>33,878</u>	<u>31,401</u>	<u>(9,764)</u>	<u>2,106</u>	<u>138</u>	<u>26,662</u>
Decreased by:							
Cash receipts	1,000	—	37,400	—	—	—	—
Unappropriated grants received deposited in Current Fund	—	—	—	11,471	—	—	—
Grant receipts deposited in Current Fund	—	—	—	199,970	—	—	—
Anticipated as revenue	—	—	31,401	—	—	—	—
	<u>1,000</u>	<u>—</u>	<u>68,801</u>	<u>211,441</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, December 31, 2014, due from (to)	<u>\$ 1,000</u>	<u>33,878</u>	<u>(37,400)</u>	<u>(221,205)</u>	<u>2,106</u>	<u>138</u>	<u>26,662</u>

BOROUGH OF KINNELON

Schedule of Grants Receivable

Federal and State Grant Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Awarded in 2014	Received	Balance, Dec. 31, 2014
Charlotteburg Dam & Reservoir	\$ 2,125	—	—	2,125
Highlands Water Protection: Initial Plan Assessment	2,394	—	—	2,394
Morris County Historic Preservation	206,784	20,800	110,643	116,941
NJ Body Armor Fund	30	1,849	1,849	30
Drunk Driving Enforcement Fund	—	909	909	—
Recycling Tonnage	—	11,372	11,372	—
Cablevision grant	—	1,000	1,000	—
Clean Communities Programs	—	18,566	18,566	—
Alcohol Education and Rehabilitation Act	—	827	827	—
Historical Commission	3,000	—	—	3,000
Open Space Match	—	5,200	5,200	—
SHARE Grant	342	—	—	342
United States Department of Transportation (NJ Division of Highway Safety) Pass through - Click It or Ticket	600	—	—	600
Sustainable NJ	—	2,000	2,000	—
Morris County Pathways	—	2,284	2,284	—
PSE&G	—	55,529	55,529	—
Drive Sober Get pulled Over	—	5,000	1,163	3,837
Homeland Security Buffer Zone	—	2,125	2,125	—
Bicycle Unit Grant	7,695	—	—	7,695
	<u>\$ 222,970</u>	<u>127,461</u>	<u>213,467</u>	<u>136,964</u>
Due from Current Fund			\$ 199,970	
Transferred from unappropriated reserves			<u>13,497</u>	
			<u>\$ 213,467</u>	

BOROUGH OF KINNELON

Schedule of Appropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Transferred from Encumbrances	Transferred from budget	Appropriation by 40A:4-87	Expended	Encumbered	Balance, Dec. 31, 2014
Drunk Driving Enforcement Fund	\$ 3,303	—	—	909	1,013	240	2,959
Municipal Alcohol Education Rehabilitation Act	979	—	—	827	8	—	1,798
Domestic Violence	300	—	—	—	—	—	300
Storm water	10,465	—	—	—	—	—	10,465
Recycling Tonnage Grant	38,723	—	11,372	—	2,404	—	47,691
Cablevision grant	723	376	1,000	—	2,099	—	—
Bicycle Unit	4,576	—	—	—	—	—	4,576
Community policing Donations	65	—	—	—	—	—	65
Historical Commission	255,180	—	—	20,800	143,294	77,406	55,280
Historical Commission (Open Space match)	6,300	—	—	5,200	—	5,885	5,615
Morris County Pathways	—	—	2,284	—	2,284	—	—
Alcohol Education Rehabilitation Fund	242	—	—	—	242	—	—
PSE&G	680	—	—	55,529	—	—	56,209
NJ Clean Communities Grant	22,303	—	—	18,566	17,233	—	23,636
NJ Dept. L&PS:							
Body Armor Fund	1,001	1,953	—	1,849	1,953	820	2,030
Drive Sober Get Pulled Over	—	—	—	5,000	1,163	—	3,837
Keep Kids Alive	34,517	—	—	—	—	—	34,517
Sustainable NJ	1,944	—	2,000	—	2,000	—	1,944
Homelend Security Buffer	9,300	—	2,125	—	—	—	11,425
	<u>\$ 390,601</u>	<u>2,329</u>	<u>18,781</u>	<u>108,680</u>	<u>173,693</u>	<u>84,351</u>	<u>262,347</u>

BOROUGH OF KINNELON

Schedule of Unappropriated Reserves

Federal and State Grant Fund

Year ended December 31, 2014

	Balance, Dec. 31, 2013	Transferred to budget	Received	Balance, Dec. 31, 2014
State:				
Recycling tonnage grant	\$ 11,372	11,372	11,471	11,471
Homeland Security Buffer Zone	<u>2,125</u>	<u>2,125</u>	<u>—</u>	<u>—</u>
	<u>\$ 13,497</u>	<u>13,497</u>	<u>11,471</u>	<u>11,471</u>

BOROUGH OF KINNELON

Schedule of Foreclosed Property

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>1,410,350</u>
Balance, December 31, 2014	\$ <u>1,410,350</u>

BOROUGH OF KINNELON

Schedule of Encumbrances Payable

Federal and State Grant Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 2,329
Increased by encumbrances authorized	<u>84,351</u>
	86,680
Decreased by:	
Cancelled	<u>2,329</u>
Balance, December 31, 2014	<u><u>\$ 84,351</u></u>

BOROUGH OF KINNELON

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2014

	<u>Date</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Special Emergency:						
Hurricane Irene	9/1/2011	\$ 35,000	21,000	—	7,000	14,000
Hurricane Sandy	11/15/2012	80,000	64,000	—	16,000	48,000
Preparation of Tax Map	8/16/2012	120,000	96,000	—	24,000	72,000
Overexpenditure of Appropriation			—	67,644	—	67,644
			\$ <u>181,000</u>	<u>67,644</u>	<u>47,000</u>	<u>201,644</u>

BOROUGH OF KINNELON

Schedule of Accounts Payable

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 46,635
Increased by:	
Transfer from Appropriation Reserves	<u>7,548</u>
	54,183
Decreased by:	
Disbursement	<u>24,000</u>
Balance, December 31, 2014	<u><u>\$ 30,183</u></u>

BOROUGH OF KINNELON

Schedule of Due to Open Space Fund

Current Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u> —</u>
Increased by:	
Open Space Levy	79,984
Added	<u> 78</u>
	80,062
Decreased by:	
Disbursement	<u> 79,984</u>
Balance, December 31, 2014	\$ <u><u> 78</u></u>

BOROUGH OF KINNELON

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2014

	Dog License Fund	Other Trust Funds
	<u> </u>	<u> </u>
Balance, December 31, 2013	\$ 27,945	2,487,626
Increased by receipts:		
Dog license fees	22,422	—
Due to State of New Jersey	2,339	—
Prepaid License fees	8,510	—
Due to Current Fund	—	120,800
Special deposits	—	1,062,985
Interest	—	2,067
	<u>33,271</u>	<u>1,185,852</u>
	<u>61,216</u>	<u>3,673,478</u>
Decreased by disbursements:		
Payments to State of New Jersey	2,252	—
Dog license expenditures	32,982	—
Due to Current Fund	—	71,644
Special deposit - disbursements	—	877,236
	<u>35,234</u>	<u>948,880</u>
Balance, December 31, 2014	<u>\$ 25,982</u>	<u>2,724,598</u>

BOROUGH OF KINNELON

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

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>20,013</u>
Increased by:	
Licenses and fees	22,422
Prepaid licenses realized	<u>7,533</u>
	<u>29,955</u>
	<u>49,968</u>
Decreased by:	
Other disbursements	<u>32,982</u>
Balance, December 31, 2014	\$ <u><u>16,986</u></u>
2012 license revenue	\$ 14,695
2013 license revenue	<u>26,644</u>
	\$ <u><u>41,339</u></u>

BOROUGH OF KINNELON

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

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$	261
Increased by cash collected		<u>2,339</u>
		2,600
Decreased by cash disbursed		<u>2,252</u>
Balance, December 31, 2014	\$	<u><u>348</u></u>

BOROUGH OF KINNELON

Schedule of Reserve for Special Deposits -
Other Trust Funds

Trust Funds

Year ended December 31, 2014

	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, 2013	\$ 2,606,426	95,876	9,880	123,388	490,961	810	1,392,135	47,476	45,379	1,013
Increased by:										
Fees and Deposits	1,062,985	192,287	—	154,316	70,723	—	79,984	21,013	50,000	79
Added taxes	78						78			
Interest Earned	2,067	83	10	6	559	1	1,263	—	19	—
Interfund cancelled	—	—	—	—	—	—	—	—	—	—
	<u>1,065,130</u>	<u>192,370</u>	<u>10</u>	<u>154,322</u>	<u>71,282</u>	<u>1</u>	<u>81,325</u>	<u>21,013</u>	<u>50,019</u>	<u>79</u>
	3,671,556	288,246	9,890	277,710	562,243	811	1,473,460	68,489	95,398	1,092
Decreased by:										
Payments by Current Fund	—	—	—	—	—	—	—	—	—	—
Cash disbursements	877,236	226,230	250	150,181	49,676	—	120,202	68,489	24,754	756
	<u>877,236</u>	<u>226,230</u>	<u>250</u>	<u>150,181</u>	<u>49,676</u>	<u>—</u>	<u>120,202</u>	<u>68,489</u>	<u>24,754</u>	<u>756</u>
Balance, December 31, 2014	\$ <u>2,794,320</u>	<u>62,016</u>	<u>9,640</u>	<u>127,529</u>	<u>512,567</u>	<u>811</u>	<u>1,353,258</u>	<u>—</u>	<u>70,644</u>	<u>336</u>

(Continued)

BOROUGH OF KINNELON

Schedule of Reserve for Special Deposits -
Other Trust Funds

Trust Funds

Year ended December 31, 2014

	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, 2013	\$ 66,428	11,895	5,241	10,282	242,319	25,645	4,905	4,453	(465)	28,805
Increased by:										
Fees and Deposits	20,980	1,405	—	9,180	287,400	1,260	14,132	5,250	10,087	144,889
Interest Earned	—	—	5	9	105	—	—	5	2	—
Interfund cancelled	—	—	—	—	—	—	—	—	—	—
	<u>20,980</u>	<u>1,405</u>	<u>5</u>	<u>9,189</u>	<u>287,505</u>	<u>1,260</u>	<u>14,132</u>	<u>5,255</u>	<u>10,089</u>	<u>144,889</u>
	87,408	13,300	5,246	19,471	529,824	26,905	19,037	9,708	9,624	173,694
Decreased by:										
Payments by Current Fund	—	—	—	—	—	—	—	—	—	—
Cash disbursements	21,104	2,533	—	10,173	23,800	3,350	14,620	2,650	7,451	151,017
	<u>21,104</u>	<u>2,533</u>	<u>—</u>	<u>10,173</u>	<u>23,800</u>	<u>3,350</u>	<u>14,620</u>	<u>2,650</u>	<u>7,451</u>	<u>151,017</u>
Balance, December 31, 2014	\$ <u>66,304</u>	<u>10,767</u>	<u>5,246</u>	<u>9,298</u>	<u>506,024</u>	<u>23,555</u>	<u>4,417</u>	<u>7,058</u>	<u>2,173</u>	<u>22,677</u>

BOROUGH OF KINNELON

Schedule of Due from (to) Current

Trust Funds

Year ended December 31, 2014

	<u>Trust Other Fund</u>	<u>Dog License Fund</u>
Balance, December 31, 2013, (Due to)	\$ 118,800	(138)
Increased by:		
Interfund advanced	70,644	—
Added taxes	78	
Cash received in Current Fund	<u>1,000</u>	<u>—</u>
	<u>71,722</u>	<u>—</u>
	<u>190,522</u>	<u>(138)</u>
Decreased by:		
Transfer from interfund payable	<u>120,800</u>	<u>—</u>
	<u>120,800</u>	<u>—</u>
Balance, December 31, 2014, (Due to)	<u>\$ 69,722</u>	<u>(138)</u>
<u>Analysis of Balance</u>		
Open Space Trust	\$ 78	
Accumulated Absence	70,644	
Panning Board Inspection	<u>(1,000)</u>	
	<u>\$ 69,722</u>	

BOROUGH OF KINNELON

Schedule of Prepaid Licenses
Dog License Fund

Trust Funds

Year ended December 31, 2014

Balance, December 31, 2013	\$	7,533
Increased by received		<u>8,510</u>
		16,043
Decreased by applied		<u>7,533</u>
Balance, December 31, 2014	\$	<u><u>8,510</u></u>

BOROUGH OF KINNELON

Schedule of Cash - Treasurer

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>1,064,081</u>
Increased by receipts:	
Due to Current Fund	374,999
Grants collected	48,750
Premium on sale of notes	27,381
Due to Water Operating Fund	1,030
Capital improvement fund	100,000
Reserve for Housing Rehabilitation	<u>6,200</u>
	<u>558,360</u>
	<u>1,622,441</u>
Decreased by disbursements:	
Due to Water Operating Fund	3,318
Due to Water Capital	97,334
Due from Sewer Operating Fund	103,000
Capital fund balance anticipated	30,000
Reserve for payment of debt	100,000
Improvement authorizations	<u>879,916</u>
	<u>1,213,568</u>
Balance, December 31, 2014	\$ <u><u>408,873</u></u>

BOROUGH OF KINNELON

Schedule of Analysis of General Capital Cash

General Capital Fund

December 31, 2014

Encumbrances payable	\$ 407,290
Due to Current Fund	33,878
Due to Water Operating Fund	1,030
Due to Sewer Operating	(88,637)
Grants receivable	(71,250)
Reserve for housing rehabilitation	15,550
Reserve for debt issuance costs	17,701
Reserve for payment of debt	124,994
Capital Improvement Fund	4,750
Fund balance	28,373

Improvement Authorizations:

Ordinance

<u>number</u>	<u>Improvement description</u>	
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	50,565
10-09	Various Improvements of 2009	72,097
6-10	Imp. of Brookvalley Road	121,586
9-10/15-11	Construction of New Firehouse	39,885
12-10	Various Improvements 2010	2,112
02-11	Imp. Cutlass Rd.	(126)
11-11	Var. Improvements	(147,296)
13-11	Various road improvements	(69,062)
16-11	Various road improvements	484,461
17-12	Various Improvements	(513,277)
01-13	Various Improvements	(383,821)
02-14	Various improvements	154,357
		<u>\$ 408,873</u>

BOROUGH OF KINNELON

Schedule of Amount Due to/ (from) Current Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ (374,999)
Increased by:	
Interfund transfer	374,999
Notes paid by Current Fund	<u>37,190</u>
	<u>412,189</u>
	37,190
Decreased by:	
Interfund payroll reclass	<u>3,312</u>
Balance, December 31, 2014 (Due From)	<u><u>\$ 33,878</u></u>

BOROUGH OF KINNELON

Schedule of Deferred Charges to
Future Taxation Funded

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>5,183,920</u>
Decreased By:	
Bonds paid	430,000
Loan Paid	<u>68,920</u>
	<u>498,920</u>
Balance, December 31, 2014	\$ <u><u>4,685,000</u></u>

BOROUGH OF KINNELON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2014

Ordinance number	Description	Balance, Dec. 31, 2013	Authorizations	Notes paid	Cancelled/ Reauthorized	Balance, Dec. 31, 2014	Analysis of balance		Unexpended balance of improvement authorizations
							Bond anticipation notes	Expended	
7-99/4-00	Improvement of Fayson Lake Road	\$ 17,409	—	—	—	17,409	17,409	—	—
1-01	Improvement of Kakeout Road	11,750	—	—	—	11,750	11,750	—	—
11-02	Improvement of Various Roads	52,940	—	823	—	52,117	52,117	—	—
13-02	Imp. Municipal Comoplex HVAC	—	—	—	—	—	—	—	—
1-03	Imp. Chilhowie Drive	23,696	—	1,764	—	21,932	21,932	—	—
6-03	Acqisition of Land	19,324	—	380	—	18,944	18,944	—	—
10-03	Construction of New Bike Path	9,683	—	870	—	8,813	8,813	—	—
13-03	Various Road Improvements	32,472	—	32,472	—	—	—	—	—
14-03	Acq. of New and Additional equipment	20,266	—	20,266	—	—	—	—	—
20-03	Construction of Recreation Fields	985,764	—	52,528	—	933,236	933,236	—	—
9-04	Construction of Salt Storage Facility	175,652	—	9,524	—	166,128	166,128	—	—
10-04	Various Road Improvements	39,472	—	39,472	—	—	—	—	—
11-04	Various Road Improvements	32,482	—	32,482	—	—	—	—	—
13-04/18-05	Construction of Recreation Fields	249,323	—	3,277	—	246,046	246,046	—	—
4-05	Acq. Of Various equipment	154,354	—	54,323	—	100,031	100,031	—	—
19-05/3-06	Imp. Of Forestdale Rd. and eric Drive	208,941	—	16,780	—	192,161	192,161	—	—
1-06	Acq. Of Communication Equipment	63,882	—	3,758	—	60,124	60,124	—	—
6-06	Rehab of Lake Rickabear Dam	250,000	—	—	—	250,000	—	—	250,000
13-06	Various Improvements of 2006	159,836	—	13,082	—	146,754	146,754	—	—
14-06	Various Road Improvements	82,368	—	7,016	—	75,352	75,352	—	—
4-07/11-09	Improvement of Kiel Ave,	711,917	—	28,317	—	683,600	417,946	—	265,654
10-07A	Various Improvements of 2007	425,107	—	35,524	(48,799)	438,382	438,382	—	—
9-08	Various Improvements of 2008	746,299	—	29,601	—	716,698	716,698	—	—
10-09	Various Improvements of 2009	391,432	—	22,148	—	369,284	369,234	—	50
18-09	Acquistion of Fire Truck	372,298	—	24,053	—	348,245	348,245	—	—
19-09	Recondition of Fire Rescue Truck	255,981	—	31,667	—	224,314	224,314	—	—
6-10	Imp. of Brookvalley Road	307,486	—	13,264	—	294,222	225,472	—	68,750
9-10/15-11	Construction of New Firehouse	1,189,300	—	700	—	1,188,600	1,188,600	—	—
12-10	Various Improvements 2010	386,600	—	21,400	—	365,200	365,200	—	—
02-11	Imp. Cutlass Rd.	452,000	—	—	—	452,000	265,000	126	186,874
11-11	Var. Improvements	152,000	—	—	—	152,000	—	147,296	4,704
16-11	Reconstruct Forge Rd.	1,330,000	—	—	—	1,330,000	1,330,000	—	—

(continued)

BOROUGH OF KINNELON

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2014

Ordinance number	Description	Balance, Dec. 31, 2013	Authorizations	Notes paid	Cancelled/ Reauthorized	Balance, Dec. 31, 2014	Analysis of balance		
							Bond anticipation notes	Expended	Unexpended balance of improvement authorizations
13-11	Various road improvements	\$ 168,000	—	7,000	—	161,000	56,000	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	—	513,277	614,723
02-14	Various improvements	—	1,737,000	—	—	1,737,000	—	—	1,737,000
01-13	Various Improvements	1,393,850	—	—	—	1,393,850	—	383,821	1,010,029
		<u>\$ 12,074,552</u>	<u>1,737,000</u>	<u>502,491</u>	<u>(48,799)</u>	<u>13,357,860</u>	<u>8,070,556</u>	<u>1,113,582</u>	<u>4,173,722</u>
							Improvement authorizations unfunded		\$ 5,055,796
							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	0
							Ordinance 9-08		50,565
							Ordinance 10-09		72,097
							Ordinance 6-10		121,586
							Ordinance 9-10/15-11		39,885
							Ordinance 12-10		2,112
							Ordinance 16-11		484,461
							Ordinance 15-12		0
									<u>882,074</u>
									<u>\$ 4,173,722</u>

BOROUGH OF KINNELON

Schedule of Capital Improvement Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 2,750
Increased by:	
Budget appropriation	<u>100,000</u>
	102,750
Decreased by appropriated to finance improvement authorizations	<u>98,000</u>
Balance, December 31, 2014	<u><u>\$ 4,750</u></u>

BOROUGH OF KINNELON

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2014

Ordinance number	Improvement description	Ordinance Original Amount	Balance, December 31, 2013		Authorizations	Expended	Balance, December 31, 2014	
			Funded	Unfunded			Funded	Unfunded
18-00	Improvement of Municipal Complex	\$ 2,000,000	14,282	—	—	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	—	41,289	—	50,565
10-09	Various Improvements of 2009	443,000	—	71,962	—	(185)	—	72,147
6-10	Imp. of Brookvalley Road	540,000	—	190,336	—	—	—	190,336
9-10/15-11	Construction of New Firehouse	1,250,000	—	24,185	—	(15,700)	—	39,885
12-10	Various Improvements 2010	540,000	—	22,499	—	20,387	—	2,112
02-11	Imp. Cutlass Rd. and Woodland Ct,	465,000	—	186,874	—	—	—	186,874
11-11	Various Improvements	160,000	—	13,702	—	8,998	—	4,704
13-11	Various road improvements	175,000	—	35,938	—	—	—	35,938
16-11	Various road improvements	1,400,000	—	472,502	—	(11,959)	—	484,461
15-12	Reconditioning of Fire Truck	74,668	—	74,668	—	74,668	—	—
17-12	Various Improvements	1,385,000	—	963,387	—	348,664	—	614,723
02-14	Various Improvements	1,955,000	—	—	1,955,000	63,643	154,357	1,737,000
01-13	Various Improvements	1,467,850	—	1,169,275	—	159,246	—	1,010,029
			\$ 26,627	3,944,204	1,955,000	703,333	166,702	5,055,796
	Deferred Charges Unfunded				\$ 1,737,000			
	Capital Improvement Fund				98,000			
	State grant receivable				120,000			
					\$ 1,955,000			
	Encumbrances				\$ 407,290			
	Encumbrances canceled				(583,873)			
	Cash				879,916			
					\$ 703,333			

BOROUGH OF KINNELON

Schedule of Encumbrances Payable

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	583,873
Increased by improvement authorization encumbrances		<u>407,290</u>
		991,163
Decreased by:		
Encumbrances canceled		<u>583,873</u>
Balance, December 31, 2014	\$	<u><u>407,290</u></u>

BOROUGH OF KINNELON

Schedule of Reserve for Cost of Issuance

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>17,701</u>
Balance, December 31, 2014	\$ <u>17,701</u>

BOROUGH OF KINNELON

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2014

Ordinance number	Purpose	Original date of issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2013	Increased	Decreased	Balance, Dec. 31, 2014
14-03	Acq. of New and Additional equipme	3/4/04	2/21/13	2/21/14	1.000%	\$ 20,266	—	20,266	—
13-03	Various Road Improvements	8/12/04	2/21/13	2/21/14	1.000%	32,472	—	32,472	—
10-04	Various Road Improvements	8/12/04	2/21/13	2/21/14	1.000%	39,472	—	39,472	—
11-04	Various Road Improvements	8/12/04	2/21/13	2/21/14	1.000%	32,482	—	32,482	—
20-03/13-04	Construction of Recreation Fields	3/4/05	2/21/14	2/20/15	1.000%	1,162,644	1,110,116	1,162,644	1,110,116
9-04	Construction of Salt Storage Facility	3/4/05	2/21/14	2/20/15	1.000%	175,652	166,128	175,652	166,128
4-05	Acq. Of Various equipment	11/9/05	2/21/14	2/20/15	1.000%	154,354	100,031	154,354	100,031
11-02	Improvement of Various Roads	7/19/07	2/21/14	2/20/15	1.000%	5,704	5,615	5,704	5,615
1-03	Imp. Chilhowie Drive	7/19/07	2/21/14	2/20/15	1.000%	19,472	18,022	19,472	18,022
6-03	Acqisition of Land	7/19/07	2/21/14	2/20/15	1.000%	19,215	18,835	19,215	18,835
10-03	Construction of New Bike Path	7/19/07	2/21/14	2/20/15	1.000%	9,262	8,393	9,262	8,393
18-05	Construction of Recreation Fields	7/19/07	2/21/14	2/20/15	1.000%	30,550	28,825	30,550	28,825
19-05	Imp. Of Forestdale Rd. and eric Drive	7/19/07	2/21/14	2/20/15	1.000%	182,949	167,922	182,949	167,922
13-06	Various Improvements of 2006	7/19/07	2/21/14	2/20/15	1.000%	159,836	146,754	159,836	146,754
14-06	Various Road Improvements	7/19/07	2/21/14	2/20/15	1.000%	82,368	75,352	82,368	75,352
3-06	Imp. Of Forestdale Rd. and Eric Driv	12/13/07	12/5/14	5/12/15	1.000%	25,992	24,239	25,992	24,239
4-07	Improvement of Kiel Ave,	12/13/07	12/5/14	5/12/15	1.000%	356,792	333,739	356,792	333,739
10-07A	Various Improvements of 2007	12/13/07	12/5/14	5/12/15	1.000%	473,906	438,382	473,906	438,382
9-08	Various Improvements of 2008	12/12/08	12/5/14	5/12/15	1.000%	417,373	406,046	417,373	406,046
18-05	Construction of Recreation Fields	12/10/09	12/5/14	5/12/15	1.000%	41,893	40,341	41,893	40,341
1-06	Acq. Of Communication Equipment	12/10/09	12/5/14	5/12/15	1.000%	63,882	60,124	63,882	60,124
10-09	Various Improvements of 2009	12/10/09	12/5/14	5/12/15	1.000%	134,835	126,940	134,835	126,940
11-09	Improvement of Kiel Ave,	12/10/09	12/5/14	5/12/15	1.000%	89,471	84,207	89,471	84,207
9-08	Various Improvements of 2008	8/3/10	12/5/14	2/20/15	1.000%	328,926	310,652	328,926	310,652
10-09	Various Improvements of 2009	8/3/10	2/21/14	2/20/15	1.000%	256,547	242,294	256,547	242,294
18-09	Acquistion of Fire Truck	8/3/10	2/21/14	2/20/15	1.000%	432,947	408,894	432,947	408,894
19-09	Recondition of Fire Rescue Truck	8/3/10	2/21/14	2/20/15	1.000%	270,000	238,333	270,000	238,333
6-10	Imp. of Brookvalley Road	12/9/10	2/21/14	5/12/15	1.000%	238,736	225,472	238,736	225,472
12-10	Various Improvements 2010	12/9/10	12/5/14	5/12/15	1.000%	385,200	363,800	385,200	363,800

BOROUGH OF KINNELON

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2014

Ordinance number	Purpose	Original date of issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2013	Increased	Decreased	Balance, Dec. 31, 2014
									(continued)
13-11	Various road improvements	12/12/08	12/5/14	5/12/15	1.000%	\$ 63,000	56,000	63,000	56,000
15-11	Construction of Firehouse	12/6/12	12/5/14	5/12/15	1.000%	332,300	331,600	332,300	331,600
7-99/4-00	Improvement of Fayson Lake Road	2/21/13	12/5/14	2/20/15	1.000%	17,409	17,409	17,409	17,409
11-02	Improvement of Various Roads	2/21/13	2/21/14	2/20/15	1.000%	47,236	46,502	47,236	46,502
1-03	Imp. Chilhowie Drive	2/21/13	2/21/14	2/20/15	1.000%	4,224	3,910	4,224	3,910
01-01	Imp. Kakeout Rd.	2/21/13	2/21/14	2/20/15	1.000%	11,750	11,750	11,750	11,750
10-03	Construction of New Bike Path	2/21/13	2/21/14	2/20/15	1.000%	420	420	420	420
06-03	Acq. Of Land	2/21/13	2/21/14	2/20/15	1.000%	109	109	109	109
09-10/15-11	Const. New Firehouse	2/21/13	2/21/14	2/20/15	1.000%	857,000	857,000	857,000	857,000
12-10	Var. Improvements 2010	2/21/13	2/21/14	2/20/15	1.000%	1,400	1,400	1,400	1,400
02-11	Imp. Cutlass Rd.	2/21/13	2/21/14	2/20/15	1.000%	265,000	265,000	265,000	265,000
16-11	Reconstruct Forge Rd.	2/21/13	2/21/14	2/20/15	1.000%	1,330,000	1,330,000	1,330,000	1,330,000
						<u>\$ 8,573,046</u>	<u>8,070,556</u>	<u>8,573,046</u>	<u>8,070,556</u>
							Renewal \$ 8,070,556	8,070,556	
							Reserve for payment of debt —	37,191	
							Excess borrowing —	48,799	
							Paid from budget appropriation —	416,500	
							<u>\$ 8,070,556</u>	<u>8,573,046</u>	

BOROUGH OF KINNELON

Schedule of Serial Bonds Payable

General Capital Fund

Year ended December 31, 2014

<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	3/01/15	\$ 440,000	4.000			
			3/01/16	445,000	4.000			
			3/01/17	455,000	4.000			
			3/01/18	460,000	4.250			
			3/01/19	465,000	4.250			
			3/01/20	475,000	4.250			
			3/01/21	475,000	4.000			
			3/01/22	485,000	4.750			
			3/01/23	490,000	4.000			
			3/01/24	495,000	4.000			
						<u>5,115,000</u>	<u>430,000</u>	<u>4,685,000</u>
						\$ <u>5,115,000</u>	<u>430,000</u>	<u>4,685,000</u>

BOROUGH OF KINNELON

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2014

Ordinance number	Description	Balance, Dec. 31, 2013	2014 authori- zations	Balance, Dec. 31, 2014
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
02-11	Imp. Cutlass Rd.	187,000	—	187,000
11-11	Var. Improvements	152,000	—	152,000
13-11	Various road improvements	105,000	—	105,000
17-12	Various improvements	1,128,000	—	1,128,000
02-14	Various improvements	—	1,737,000	1,737,000
01-13	Various improvements	1,393,850	—	1,393,850
		<u>\$ 3,550,304</u>	<u>1,737,000</u>	<u>5,287,304</u>

BOROUGH OF KINNELON

Schedule of Green Acres Loan Payable

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	68,920
Decreased by:		
Repayment of Loan		<u>68,920</u>
Balance, December 31, 2014	\$	<u><u>—</u></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><u>68,920</u></u>

BOROUGH OF KINNELON

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by Transfer from State Grants receivable		<u>120,000</u>
		120,000
Decreased by:		
Collections by Current Fund		<u>48,750</u>
Balance, December 31, 2014	\$	<u><u>71,250</u></u>

BOROUGH OF KINNELON

Schedule of Due to Water Operating Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	3,318
Increased by premiums on note sale		
Premiums on note sale		<u>1,030</u>
		4,348
Decreased by:		
Cash disbursed		<u>3,318</u>
Balance, December 31, 2014	\$	<u><u>1,030</u></u>

BOROUGH OF KINNELON

Schedule of Reserve for Payment of Debt

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	262,185
Decreased by:		
Paid to Current Fund anticipated revenue		100,000
Payment of debt		37,191
		<u>137,191</u>
Balance, December 31, 2014	\$	<u><u>124,994</u></u>

BOROUGH OF KINNELON

Schedule of Due from Payroll Account

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	3,312
Decreased by:		
Collections by Current Fund		<u>3,312</u>
Balance, December 31, 2014	\$	<u><u>—</u></u>

BOROUGH OF KINNELON

Schedule of Due to/(from) Sewer Operating Fund

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	14,363
Decreased by:		
Cash disbursed		<u>103,000</u>
Balance, December 31, 2014	\$	<u><u>(88,637)</u></u>

BOROUGH OF KINNELON

Schedule of Reserve for Housing Rehabilitation

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	9,350
Increased by:		
Cash received		<u>6,200</u>
Balance, December 31, 2014	\$	<u><u>15,550</u></u>

BOROUGH OF KINNELON

Schedule of Excess Proceeds

General Capital Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	48,799
Decreased by:		
Transferred to debt service reserve		<u>48,799</u>
Balance, December 31, 2014	\$	<u><u>—</u></u>

BOROUGH OF KINNELON

Schedule of Cash - Treasurer

Water Utility Fund

Year Ended December 31, 2014

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 111,518	31,202
Increased by receipts:		
Water rents	492,293	—
Miscellaneous revenue not anticipated	3,388	—
Due from Sewer Operating Fund	32,713	—
Miscellaneous revenues anticipated	170	—
Due from General Capital Fund	3,318	97,334
	<u>531,882</u>	<u>97,334</u>
	<u>643,400</u>	<u>128,536</u>
Decreased by disbursements:		
Budget appropriations	431,803	—
Appropriation reserves	48,252	—
Due to Current Fund Anticipated revenue	68,801	—
Accrued Interest on Notes	4,611	—
Change Fund	100	—
Water overpayments refunded	155	—
Due from Sewer Operating Fund	29,537	—
	<u>583,259</u>	<u>—</u>
Balance, December 31, 2014	\$ <u><u>60,141</u></u>	<u><u>128,536</u></u>

BOROUGH OF KINNELON

Schedule of Analysis of Capital Fund Cash

Water Utility Capital Fund

December 31, 2014

Capital Improvement Fund		\$ 84,868
Improvement authorizations:		
Ordinance		
number	Improvement description	
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	<u>(44,260)</u>
		<u>\$ 128,536</u>

BOROUGH OF KINNELON

Schedule of Due from(to) General Capital

Water Utility Operating Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>3,318</u>
Increased by:	
Premium on sale of notes	<u>1,030</u>
	4,348
Decreased by cash received	<u>3,318</u>
Balance, December 31, 2014	\$ <u><u>1,030</u></u>

BOROUGH OF KINNELON

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year ended December 31, 2014

Ordinance number	Purpose	Original date of issue	Date of issue	Date of maturity	Interest rate	Balance, Dec. 31, 2013	Increase	Decrease	Balance, Dec. 31, 2014
15-04	Imp. Water Supply System	08/12/04	2/20/14	2/20/15	1.00%	\$ 87,334	77,334	87,334	77,334
11-07	Imp. Water Supply System	12/13/07	12/5/14	5/12/15	1.00%	333,812	328,982	333,812	328,982
11-07	Imp. Water Supply System	12/12/08	12/5/14	5/12/15	1.00%	19,608	16,828	19,608	16,828
10-08	Acq.of vehicular Equipment	12/12/08	12/5/14	5/12/15	1.00%	47,200	45,300	47,200	45,300
						\$ 487,954	468,444	487,954	468,444
							\$ 468,444	468,444	
							—	19,510	
						\$ 468,444	468,444	487,954	

Renewed
Paid - Budget

BOROUGH OF KINNELON

Schedule of Water Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ 9,866
Increased by water rents levied	<u>517,584</u>
	<u>527,450</u>
Decreased by:	
Water rents collected	492,293
Adjustments	<u>20,482</u>
	<u>512,775</u>
Balance, December 31, 2014	<u><u>\$ 14,675</u></u>

BOROUGH OF KINNELON

Schedule of Due from Sewer Operating Fund

Water Utility Operating Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>3,176</u>
Increased by cash disbursement	<u>29,537</u>
	32,713
Decreased by cash received	<u>32,713</u>
Balance, December 31, 2014	\$ <u><u>—</u></u>

BOROUGH OF KINNELON

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2014

	Balance, Dec. 31, 2013	Balance, Dec. 31, 2014
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, 2014

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

Balance, December 31, 2013	\$	1,884
Increased by:		
Budget appropriation		<u>4,100</u>
		5,984
Decreased by:		
Payments		<u>4,611</u>
Balance, December 31, 2014	\$	<u><u>1,373</u></u>

BOROUGH OF KINNELON

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2014

	Balance Dec. 31, 2013	Transfer of encum- brances	Balance after transfers	Paid or charged	Balance lapsed
Salaries and wages	\$ 855	—	855	—	855
Other expenses	23,805	48,530	72,335	48,252	24,083
Statutory expenditures - contribution to:					
Social Security System (O.A.S.I.)	610	—	610	—	610
Unemployment Compensation Insurance	187	—	187	—	187
	<u>\$ 25,457</u>	<u>48,530</u>	<u>73,987</u>	<u>48,252</u>	<u>25,735</u>

BOROUGH OF KINNELON

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$	731,146
Increased by:		
Bond anticipation notes paid		<u>19,510</u>
Balance, December 31, 2014	\$	<u><u>750,656</u></u>

BOROUGH OF KINNELON

Schedule of Deferred Reserve for
Amortization

Water Utility Capital Fund
Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>77,000</u>
Balance, December 31, 2014	\$ <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, 2014

Balance, December 31, 2013	\$ <u>31,401</u>
Decreased by:	
Cash disbursed	<u>68,801</u>
Balance, December 31, 2014	\$ <u><u>(37,400)</u></u>

BOROUGH OF KINNELON

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2014

Ordinance number	Improvement description	Ordinance		Balance, December 31, 2013	Balance, December 31, 2014
		Date	Amount	Unfunded	Unfunded
9-02	Improvement of water supply system	05/16/02	\$ 110,000	4,883	4,883
15-04	Improvement of water supply system	06/17/04	250,000	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	9,740	9,740
				\$ 97,668	97,668

BOROUGH OF KINNELON

Schedule of Bonds and Notes Authorized but not Issued

Water Utility Capital Fund

Year Ended December 31, 2014

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2013</u>	<u>Balance, Dec. 31, 2014</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, 2014

Balance, December 31, 2013	\$ <u>84,868</u>
Balance, December 31, 2014	\$ <u>84,868</u>

BOROUGH OF KINNELON

Schedule of Amount Due from General Capital

Water Utility Capital Fund

Year Ended December 31, 2014

Balance, December 31, 2013	\$ <u>97,334</u>
Decreased by cash receipt	<u>97,334</u>
Balance, December 31, 2014	\$ <u><u>—</u></u>

BOROUGH OF KINNELON

Schedule of Cash

Sewer Utility Fund

Year ended December 31, 2014

	<u>Operating</u>
Balance, December 31, 2013	\$ <u>3,818</u>
Increased by receipts:	
Sewer rents	450,129
Miscellaneous revenues not anticipated	865
Due to Water Operating Fund	29,537
Due to General Capital Fund	103,000
Due to Current Fund	<u>62,473</u>
	<u>646,004</u>
	<u>649,822</u>
Decreased by disbursements:	
Budget appropriations	427,299
Appropriation reserves	10,299
Due to General Fund	10,000
Due to Payroll Fund	164
Due to Water Operating Fund	<u>32,713</u>
	<u>480,475</u>
Balance, December 31, 2014	\$ <u><u>169,347</u></u>

BOROUGH OF KINNELON

Schedule of Sewer Rents Receivable

Sewer Utility Operating Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>139,011</u>
Increased by;	
Rents levied	<u>412,285</u>
	<u>551,296</u>
Decreased by sewer rents collected	
Rents collected	<u>450,129</u>
Balance, December 31, 2014	\$ <u><u>101,167</u></u>

BOROUGH OF KINNELON

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year ended December 31, 2014

	<u>Balance Dec. 31, 2013</u>	<u>Transfer and encum- brances</u>	<u>Balance after transfers</u>	<u>Paid or charged</u>	<u>Balance lapsed</u>
Operating:					
Salaries and wages	\$ 973	—	973	—	973
Other expenses	—	12,083	12,083	12,083	—
Deferred charges:					
Statutory expenditures - contribution to:					
Unemployment Compensation Insurance	156	—	156	—	156
Social Security System	509	—	509	—	509
	<u>\$ 1,638</u>	<u>12,083</u>	<u>13,721</u>	<u>12,083</u>	<u>1,638</u>
			Cash	\$ 10,299	
			Accounts payable	<u>1,784</u>	
				<u>\$ 12,083</u>	

BOROUGH OF KINNELON

Schedule of Due to Water Operating Fund

Sewer Utility Operating Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	3,176
Increased by:		
Collections		<u>29,537</u>
		<u>32,713</u>
Decreased by:		
Disbursement		<u>32,713</u>
Balance, December 31, 2014	\$	<u><u>—</u></u>

BOROUGH OF KINNELON

Schedule of Overpayments

Sewer Operating Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	1,744
Cancelled to fund balance		<u>866</u>
Balance, December 31, 2014	\$	<u><u>878</u></u>

BOROUGH OF KINNELON

Schedule of Deferred Charges

Sewer Utility Operating Fund

Year ended December 31, 2014

	<u>Prior Year Deficit</u>	<u>Over- Expenditure</u>
Balance, December 31, 2013	\$ <u>8,739</u>	<u>3,631</u>
Decreased by:		
Raised in budget	<u>6,994</u>	<u>1,315</u>
Balance, December 31, 2014	\$ <u><u>1,745</u></u>	<u><u>2,316</u></u>

BOROUGH OF KINNELON

Schedule of Due to Payroll

Sewer Utility Operating Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>164</u>
Decreased by:	
Disbursement	<u>164</u>
Balance, December 31, 2014	\$ <u>—</u>

BOROUGH OF KINNELON

Schedule of Due to Current Fund

Sewer Utility Operating Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	—
Increased by:		
Receipts		<u>62,473</u>
		<u>62,473</u>
Decreased by:		
Anticipated deficit		<u>35,811</u>
Balance, December 31, 2014	\$	<u><u>26,662</u></u>

BOROUGH OF KINNELON

Schedule of Due from (to) General Capital Fund

Sewer Utility Operating Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$	14,363
Decreased by:		
Cash receipt		<u>103,000</u>
		<u>103,000</u>
Balance, December 31, 2014	\$	<u><u>(88,637)</u></u>

BOROUGH OF KINNELON

Schedule of Cash

Public Assistance Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ <u>24,106</u>
Increased by:	
Donations	1,050
Interest and other	<u>22</u>
	<u>1,072</u>
	25,178
Decreased by:	
Public assistance expenditures	<u>5,008</u>
Balance, December 31, 2014	\$ <u><u>20,170</u></u>

BOROUGH OF KINNELON

Schedule of Reserve for
Public Assistance Expenditures

Public Assistance Fund

Year ended December 31, 2014

Balance, December 31, 2013	\$ 22,000
Increased by:	
Revenue	<u>1,072</u>
	<u>23,072</u>
Decreased by:	
Expenditures	<u>5,008</u>
	<u>5,008</u>
Balance, December 31, 2014	\$ <u><u>18,064</u></u>

BOROUGH OF KINNELON

Schedule of Due to Current Fund

Public Assistance Fund

Year ended December 31, 2014

P.A.T.F
Account #1

Balance, December 31, 2014 and 2013

\$ 2,106

SUPPLEMENTARY DATA

BOROUGH OF KINNELON

Supplementary Data

December 31, 2014

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax rate	\$ 3.069	3.041	2.968
Apportionment of tax rate:			
Municipal	0.541	0.532	0.505
Municipal Open Space	0.005	0.006	0.005
County	0.325	0.330	0.330
Local school	2.156	2.129	2.082
Library	0.042	0.044	0.046
Assessed valuation:			
2014		\$ 1,599,680,100	
2013		1,603,187,600	
2012		1,611,570,400	

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>
2014	\$ 49,159,216	48,604,266	98.87 %
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

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>
2014	\$ 375,223	408,509	783,732	1.59 %
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

(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>
2014	\$ 1,410,350
2013	1,410,350
2012	32,150
2011	32,150
2010	32,150

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash collections</u>	<u>Percent collected</u>
2014	\$ 517,584	492,293	95%
2013	480,944	481,523	100%
2012	475,363	482,154	101%
2011	431,409	422,696	98%
2010	338,104	325,841	96%

Comparison of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash collections</u>	<u>Percent collected</u>
2014	\$ 412,285	450,129	109%
2013	423,005	425,498	101%
2012	416,432	437,520	105%
2011	392,882	392,273	100%
2010	361,545	261,812	72%

(Continued)

BOROUGH OF KINNELON

Supplementary Data

Comparative Schedule of Fund Balances

Fund	Year	Balance, Dec.31	Utilized in budget of succeeding year	Percent utilized
Current	2014	\$ 2,283,273	1,343,781	59%
	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%
Water Utility Operating	2014	\$ 15,091	25,000	166%
	2013	10,740	—	0%
	2012	494	—	0%
	2011	494	—	0%
	2010	494	—	0%
	2009	88,494	88,000	99%
Sewer Utility Operating	2014	\$ 1,746	—	0%
	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%

(Continued)

BOROUGH OF KINNELON

Supplementary Data

Officials in Office and Surety Bonds

The following officials were in office on December 31, 2014

<u>Name</u>	<u>Title</u>	<u>Amount of bond</u>
Robert W. Collins	Mayor	
Stephen A. Cobell	Councilmember	
Gary Moleta	Councilmember	
James Freda	Councilmember	
Clifford Giantonio	Councilmember	
Daniel O'Dougherty	Councilmember	
Carol Sventy	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	
John Schwartz	Police Chief	
Melanie Schuckers	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, 2014

BOROUGH OF KINNELON

General Comments and Recommendations

December 31, 2014

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

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

The governing body of the 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 possible 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, 2014

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 20, 2014 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>
2014	41
2013	40
2012	45
2011	45
2010	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 Encumbrances are not recorded when purchases are authorized.
3. Errors were made in the calculation of retro pay and medical and dental insurance contributions.
4. A shared service agreement for a qualified purchasing agent was authorized without establishing the scope of services in order to substantiate a higher bid threshold.
5. An over expenditure was created due to the use of accumulated absence reserve to fund retro pay.
6. Acquisitions and dispositions of fixed assets were not recorded in the fixed asset accounting records.
7. Cooperative purchasing contract and item numbers are not always recorded on purchase orders or on contracts awarded by resolution.

Municipal Court:

8. A bail recognizance form was not signed.
9. A check was not entered into the ATS system when disbursed.

Borough Clerk:

10. A bid deposit was retained and not deposited.
11. Chapter 159 resolutions approving anticipation of grants and offsetting appropriations were not filed with the Division of Local Government.

(Continued)

BOROUGH OF KINNELON

General Comments and Recommendations

December 31, 2014

RECOMMENDATIONS

Finance

1. The general ledger should be reconciled to the subsidiary records monthly.
2. Encumbrances should be recorded when purchases are authorized.
3. The process and performance of payroll functions related to retro pay and insurance contributions be improved.
4. The scope of services for the shared service agreement for a qualified purchasing agent should be reviewed to support the higher bid threshold.
5. Accumulated absence reserve should not be used to fund retro pay.
6. Fixed assets should be updated annually.
7. Cooperative purchasing contract and item numbers are not recorded on purchase orders or on contracts awarded by resolution.

Municipal Court:

7. A bail recognizance form was not signed.
8. A check was not entered into the ATS system when disbursed.

Borough Clerk:

9. Bid deposits collected should be deposited when received.
10. Chapter 159 resolutions approving anticipation of grants and offsetting appropriations should be filed with the Division of Local Government upon adoption.