

BOROUGH OF WHARTON

COUNTY OF MORRIS

REPORT OF AUDIT

2013

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF WHARTON
COUNTY OF MORRIS
REPORT OF AUDIT
2013

BOROUGH OF WHARTON
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BOROUGH OF WHARTON

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Wharton in the County of Morris (the "Borough") as of, and for the years ended December 31, 2013 and 2012, and the related notes to 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 accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, 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 audits 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 Borough'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 Borough'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.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 the 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 as of December 31, 2013 and 2012, and the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Qualified Opinion

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U.S. generally accepted accounting principles but is in accordance with the accounting practices prescribed or permitted by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2013 and 2012 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Wharton as of December 31, 2013 and 2012, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
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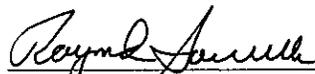
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the Borough of Wharton'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 the Borough of Wharton's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
February 28, 2014

NISIVOCCIA LLP



Raymond G. Sarinelli

Registered Municipal Accountant No. 383
Certified Public Accountant

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
CURRENT FUND

BOROUGH OF WHARTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2013	2012
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 5,014,431.69	\$ 4,387,535.93
Change Fund		100.00	100.00
		5,014,531.69	4,387,635.93
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	169,401.61	260,451.68
Tax Title Liens Receivable	A-8	23,120.67	50,607.67
Property Acquired for Taxes at Assessed Valuation		71,300.00	71,300.00
Revenue Accounts Receivable	A-9	12,239.69	8,712.30
		276,061.97	391,071.65
Total Regular Fund		5,290,593.66	4,778,707.58
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	43,681.86	32,968.72
Grants Receivable	A-10	28,533.45	57,713.05
Total Federal and State Grant Fund		72,215.31	90,681.77
TOTAL ASSETS		\$ 5,362,808.97	\$ 4,869,389.35

BOROUGH OF WHARTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	2013	2012
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 118,816.92	\$ 103,390.82
Unencumbered	A-3;A-11	780,890.78	719,003.94
		899,707.70	822,394.76
Contracts Payable - Vendors		14,273.10	14,273.10
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		16,298.60	13,252.02
Marriage License Fees		250.00	425.00
County Added and Omitted Taxes Payable		740.16	338.65
Local School District Taxes Payable	A-12	5,381.00	
Prepaid Taxes		48,598.51	59,442.00
Tax Overpayments		5,578.58	19,742.19
Reserve for:			
State Library Aid		2,857.00	2,886.00
Library Appropriation		46,746.81	68,894.06
Pending Tax Appeals		237,699.05	244,867.57
UCC Construction Inspection Fees		304,587.00	
Sale of Municipal Assets		1,807,351.06	1,787,231.06
		3,390,068.57	3,033,746.41
Reserve for Receivables and Other Assets	A	276,061.97	391,071.65
Fund Balance	A-1	1,624,463.12	1,353,889.52
		5,290,593.66	4,778,707.58
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	A-14	65,503.58	84,963.34
Encumbered	A-14	3,928.43	679.19
Unappropriated Reserves	A-15	2,783.30	5,039.24
		72,215.31	90,681.77
Total Federal and State Grant Fund			
		\$ 5,362,808.97	\$ 4,869,389.35
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			
		\$ 5,362,808.97	\$ 4,869,389.35

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.	Year Ended December 31,	
		2013	2012
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,037,494.00	\$ 1,037,494.00
Miscellaneous Revenue Anticipated		2,839,225.94	2,744,756.22
Receipts from:			
Delinquent Taxes		302,481.77	363,127.07
Current Taxes		19,348,696.61	18,718,557.73
Nonbudget Revenue		148,698.74	266,740.25
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		486,327.32	450,527.90
Cancellations:			
Federal and State Grant Fund Appropriated Reserves		17,732.50	17,483.71
Tax Overpayments		277.84	73.45
Total Income		<u>24,180,934.72</u>	<u>23,598,760.33</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		7,046,061.79	6,873,106.17
County Taxes		1,824,124.91	1,828,356.96
Local School District Taxes		8,407,250.00	8,049,192.00
Regional High School Taxes		4,507,261.00	4,522,813.69
Special Garbage District Taxes		970,951.00	925,450.50
Local Open Space Taxes		98,683.76	109,307.00
Reserve for Tax Appeals			200,000.00
Prior Year Senior Citizens' Deductions Disallowed		4,750.00	2,000.00
Cancellations:			
Federal and State Grant Fund Grants Receivable		13,784.66	10,594.36
Total Expenditures		<u>22,872,867.12</u>	<u>22,520,820.68</u>
Excess in Revenues/Statutory Excess to Fund Balance		1,308,067.60	1,077,939.65
<u>Fund Balance</u>			
Balance January 1		<u>1,353,889.52</u>	<u>1,313,443.87</u>
		2,661,957.12	2,391,383.52
Decreased by:			
Utilized as Anticipated Revenue		1,037,494.00	1,037,494.00
Balance December 31	A	<u>\$ 1,624,463.12</u>	<u>\$ 1,353,889.52</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,037,494.00		\$ 1,037,494.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	7,260.00		8,400.00	\$ 1,140.00
Other	9,345.00		10,125.00	780.00
Fees and Permits - Other	28,250.00		34,196.59	5,946.59
Fines and Costs - Municipal Court	165,300.00		141,726.73	23,573.27 *
Interest and Costs on Taxes	75,500.00		63,194.74	12,305.26 *
Interest on Investments and Deposits	9,550.00		8,274.19	1,275.81 *
Rents - Borough Lease	48,200.00		53,962.74	5,762.74
Consolidated Municipal Property Tax Relief Aid	21,994.00		21,994.00	
Energy Receipts Tax	527,717.00		527,716.56	0.44 *
Uniform Construction Code Fees	242,600.00		110,316.10	132,283.90 *
Shared Service Agreement - Mine Hill Township	1,466,620.00		1,466,620.00	
Clean Communities Grant	583.78	\$ 10,430.18	11,013.96	
Alcohol Education and Rehabilitation Fund		263.87	263.87	
Municipal Alliance on Alcoholism and Drug Abuse	8,773.00	2,000.00	10,773.00	
Safe and Secure Communities Program	22,981.00			22,981.00 *
Body Armor Replacement Fund	4,455.46		4,455.46	
Water Utility Operating Surplus of Prior Year	150,000.00		150,000.00	
Sewer Utility Operating Surplus of Prior Year	172,000.00		172,000.00	
Reserve for Library Appropriation	44,193.00		44,193.00	
	<u>3,005,322.24</u>	<u>12,694.05</u>	<u>2,839,225.94</u>	<u>178,790.35 *</u>
Receipts from Delinquent Taxes	194,600.00		302,481.77	107,881.77
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	3,466,339.50		4,021,332.94	554,993.44
Minimum Library Tax	240,238.00		240,238.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget:	<u>3,706,577.50</u>		<u>4,261,570.94</u>	<u>554,993.44</u>
Budget Totals	7,943,993.74	12,694.05	8,440,772.65	<u>\$ 484,084.86</u>
Nonbudget Revenue			148,698.74	
	<u>\$ 7,943,993.74</u>	<u>\$ 12,694.05</u>	<u>\$ 8,589,471.39</u>	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 19,348,696.61
Allocated to County, Local School District, Regional High School and Local Open Space Taxes	15,808,270.67
Balance for Support of Municipal Budget	3,540,425.94
 Add: Appropriation "Reserve for Uncollected Taxes"	 721,145.00
 Realized for Support of Municipal Budget	 \$ 4,261,570.94

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 270,916.70
Tax Title Lien Collections	31,565.07
 Realized for Support of Municipal Budget	 \$ 302,481.77

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer	\$ 8,274.19
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Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fees	\$ 58,627.00	
Police Reports/Copies/Fees	1,664.29	
Fire Safety Fees	23,668.48	
FEMA Reimbursements - Superstorm Sandy	23,766.86	
Outside Detail - Administrative Fees	7,800.79	
State of New Jersey:		
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	1,080.00	
Copies	4.00	
Other Miscellaneous Revenue	1,881.63	
		\$ 118,493.05

Tax Collector:

Payments in Lieu of Taxes	29,163.00	
Other Miscellaneous Revenue	1,042.69	
		30,205.69
		\$ 148,698.74

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 112,110.00	\$ 117,110.00	\$ 110,850.12	\$ 6,259.88	
Other Expenses	36,850.00	36,850.00	31,316.26	5,533.74	
Mayor and Council:					
Salaries and Wages	36,000.00	36,000.00	35,999.82	0.18	
Other Expenses	21,500.00	20,500.00	17,368.95	3,131.05	
Municipal Clerk:					
Salaries and Wages	37,645.00	37,645.00	33,717.47	3,927.53	
Other Expenses	11,450.00	11,450.00	8,346.39	3,103.61	
Financial Administration:					
Salaries and Wages	42,275.00	42,275.00	40,017.75	2,257.25	
Other Expenses	23,355.00	18,355.00	13,674.50	4,680.50	
Other Expenses - Computer Maintenance/Support	14,000.00	14,000.00	11,752.50	2,247.50	
Annual Audit	26,010.00	26,010.00		26,010.00	
Workers' Compensation Insurance	29,625.00	29,625.00	24,756.78	4,868.22	
Liability Insurance	53,619.00	53,619.00	42,968.71	10,650.29	
Group Insurance for Employees	564,242.00	564,242.00	434,346.32	129,895.68	
Tax Assessment Administration:					
Salaries and Wages	37,760.00	37,760.00	37,001.04	758.96	
Other Expenses	2,700.00	2,700.00	1,232.19	1,467.81	
Revision of Tax Map	9,300.00	9,300.00		9,300.00	
Other Expenses - Tax Appeals	66,200.00	66,200.00	10,970.00	55,230.00	
Revenue Administration (Tax Collection):					
Salaries and Wages	34,690.00	34,690.00	32,500.37	2,189.63	
Other Expenses	6,250.00	6,250.00	3,114.79	3,135.21	
Engineering Services and Costs:					
Other Expenses	31,050.00	31,050.00	29,451.33	1,598.67	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (Cont'd):					
Legal Services and Costs:					
Other Expenses	\$ 54,800.00	\$ 54,800.00	\$ 48,103.89	\$ 6,696.11	
Codification of Ordinances	6,000.00	6,000.00	2,707.20	3,292.80	
Public Buildings and Grounds:					
Salaries and Wages	28,185.00	28,185.00	28,166.12	18.88	
Other Expenses	10,724.00	22,724.00	22,509.62	214.38	
Municipal Land Use Law (NJSA 40:55D-1):					
Land Use Board:					
Salaries and Wages	11,055.00	11,055.00	10,245.14	809.86	
Other Expenses	12,660.00	12,660.00	6,012.65	6,647.35	
Zoning Board of Adjustment:					
Salaries and Wages	38,125.00	38,125.00	37,442.85	682.15	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
PUBLIC SAFETY:					
Aid to Volunteer Fire Company	42,000.00	42,000.00	23,288.82	18,711.18	
Fire Department:					
Other Expenses - Building Rent	30,883.00	30,883.00	29,222.63	1,660.37	
Police:					
Salaries and Wages	819,274.00	819,274.00	690,495.47	128,778.53	
Other Expenses	197,350.00	204,850.00	199,682.58	5,167.42	
Dispatchers:					
Other Expenses	138,649.00	131,149.00	129,123.99	2,025.01	
Emergency Management Services:					
Salaries and Wages	2,885.00	2,885.00	2,810.04	74.96	
Other Expenses	1,350.00	1,350.00	679.98	670.02	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC WORKS:					
Street and Road Repairs and Maintenance:					
Salaries and Wages	\$ 248,465.00	\$ 248,465.00	\$ 192,351.82	\$ 56,113.18	
Other Expenses	171,400.00	159,400.00	159,396.78	3.22	
HEALTH AND HUMAN SERVICES:					
Board of Health:					
Salaries and Wages	41,275.00	41,275.00	33,092.49	8,182.51	
Other Expenses	59,567.00	59,567.00	53,849.79	5,717.21	
Mandated Inoculations - Hepatitis B Vaccine	500.00	500.00		500.00	
Animal Control:					
Salaries and Wages	2,655.00	2,655.00	45.00	2,610.00	
Other Expenses	4,000.00	4,000.00		4,000.00	
Contribution to Senior Citizen Center (R.S. 40:48-9.4)	2,500.00	2,500.00	2,500.00		
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Other Expenses	15,950.00	15,950.00	15,463.43	486.57	
Recreation:					
Salaries and Wages	17,770.00	17,770.00	17,438.27	331.73	
Other Expenses	32,894.00	32,894.00	27,468.81	5,425.19	
Celebration of Public Events, Anniversary or Holiday (R.S. 40:48-5.4)	19,700.00	20,700.00	19,754.23	945.77	
Senior Citizen Van:					
Salaries and Wages	45,440.00	45,440.00	10,911.81	34,528.19	
Other Expenses	3,500.00	3,500.00	983.69	2,516.31	
UTILITIES:					
Bulk Utilities	218,900.00	218,900.00	138,012.72	80,887.28	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	\$ 286,660.00	\$ 286,660.00	\$ 106,401.85	\$ 27,758.15	\$ 152,500.00
Other Expenses	3,200.00	3,200.00	2,907.50	292.50	
Other Code Enforcement Functions:					
Housing Inspector:					
Salaries and Wages	26,690.00	26,690.00	25,957.23	732.77	
Other Expenses	3,700.00	3,700.00	155.46	3,544.54	
Fire Safety:					
Salaries and Wages	13,910.00	13,910.00	12,153.42	1,756.58	
Other Expenses	4,500.00	4,500.00	3,064.12	1,435.88	
UNCLASSIFIED:					
Regionalization Feasibility Study	3,000.00	3,000.00		3,000.00	
Evaluation/Upgrade Office Hardware/Software:					
Other Expenses	7,715.00	7,715.00		7,715.00	
Total Operations Within "CAPS"	3,829,462.00	3,829,462.00	2,976,784.69	700,177.31	152,500.00
Detail:					
Salaries and Wages	1,882,869.00	1,887,869.00	1,457,598.08	277,770.92	152,500.00
Other Expenses	1,946,593.00	1,941,593.00	1,519,186.61	422,406.39	
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	106,968.00	106,968.00	106,967.98	0.02	
Social Security System (O.A.S.I.)	136,717.50	136,717.50	94,790.53	41,926.97	
Police and Firemen's Retirement System of NJ	521,377.00	521,377.00	521,377.00		
Defined Contribution Retirement System	1,000.00	1,000.00	375.00	625.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	766,062.50	766,062.50	723,510.51	42,551.99	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 4,595,524.50	\$ 4,595,524.50	\$ 3,700,295.20	\$ 742,729.30	\$ 152,500.00
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	273,431.00	273,431.00	248,056.27	25,374.73	
Shared Service Agreement:					
Mine Hill Township:					
Police - Salaries and Wages	1,466,620.00	1,466,620.00	1,466,620.00		
Dover - Shared Court	107,600.00	107,600.00	97,500.00	10,100.00	
Public and Private Programs Offset by Revenue:					
Clean Communities Grant (NJSA 40A:4-87 +\$10,430.18)	583.78	11,013.96	11,013.96		
Safe and Secure Communities Program	22,981.00	22,981.00			22,981.00
Municipal Alliance on Alcoholism and Drug Abuse - (NJSA 40A:4-87 +\$2,000.00)	8,773.00	10,773.00	10,773.00		
Matching Funds:					
Municipal Alliance on Alcoholism and Drug Abuse	4,880.00	4,880.00	2,193.25	2,686.75	
Body Armor Replacement Fund	4,455.46	4,455.46	4,455.46		
Alcohol Education, Rehabilitation and Enforcement Fund - (NJSA 40A:4-87 +\$263.87)		263.87	263.87		
Total Operations Excluded from "CAPS"	1,889,324.24	1,902,018.29	1,840,875.81	38,161.48	22,981.00
Detail:					
Salaries and Wages	1,466,620.00	1,466,620.00	1,466,620.00		
Other Expenses	422,704.24	435,398.29	374,255.81	38,161.48	22,981.00

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 101,404.00	\$ 101,404.00	\$ 101,404.00		
Down Payments on Improvements:					
Senior Bus	7,500.00	7,500.00	7,500.00		
Emergency Service Vehicles	31,000.00	31,000.00	31,000.00		
Total Capital Improvements - Excluded from "CAPS"	<u>139,904.00</u>	<u>139,904.00</u>	<u>139,904.00</u>		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes and Capital Notes	588,000.00	588,000.00	574,000.00		\$ 14,000.00
Interest on Notes	10,096.00	10,096.00	10,096.00		
Total Municipal Debt Service - Excluded from "CAPS"	<u>598,096.00</u>	<u>598,096.00</u>	<u>584,096.00</u>		<u>14,000.00</u>
Total General Appropriations - Excluded from "CAPS"	<u>3,393,386.74</u>	<u>3,406,080.79</u>	<u>3,288,386.32</u>	\$ 80,713.47	<u>36,981.00</u>
Subtotal General Appropriations	7,222,848.74	7,235,542.79	6,265,171.01	780,890.78	189,481.00
Reserve for Uncollected Taxes	721,145.00	721,145.00	721,145.00		
Total General Appropriations	<u>\$ 7,943,993.74</u>	<u>\$ 7,956,687.79</u>	<u>\$ 6,986,316.01</u>	<u>\$ 780,890.78</u>	<u>\$ 189,481.00</u>

Ref.

A

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 7,943,993.74	
Added by NJSA 40A:4-87		12,694.05	
		\$ 7,956,687.79	
Reserve for Uncollected Taxes			\$ 721,145.00
Reserve for Encumbrances	A		118,816.92
Due Federal and State Grant Fund			28,699.54
Cash Disbursed			6,300,780.21
			7,169,441.67
Less: Appropriation Refunds Received			183,125.66
			\$ 6,986,316.01

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
TRUST FUNDS

BOROUGH OF WHARTON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 17,964.63	\$ 11,771.32
Change Fund - Collector		100.00	100.00
		<u>18,064.63</u>	<u>11,871.32</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	<u>854,163.28</u>	<u>568,398.96</u>
TOTAL ASSETS		<u>\$ 872,227.91</u>	<u>\$ 580,270.28</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 81.00	\$ 5.40
Reserve for Animal Control Fund Expenditures	B-6	17,983.63	11,865.92
		<u>18,064.63</u>	<u>11,871.32</u>
Other Trust Funds:			
Due State of New Jersey - Department of Community Affairs State Training Fees		4,498.00	4,187.00
Special Deposits		418,228.56	227,054.66
Unemployment Insurance Fund		41,146.69	53,463.40
Reserve for:			
Municipal Court - Parking Offense Adjudication Act		732.00	732.00
Police Outside Detail		56,505.75	32,574.79
Police Forfeited Assets		17,815.54	17,128.47
Municipal Open Space		4,653.13	14,304.12
Housing Trust		107,766.21	107,667.37
Wharton Pride		1,340.31	1,292.00
Accumulated Absences		49,711.71	49,567.79
Relocation Assistance Fund		6,855.14	
Self Insurance Deductible		48,500.00	
Recreation Trust		1,238.21	986.80
Snow Removal		95,172.03	59,440.56
		<u>854,163.28</u>	<u>568,398.96</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 872,227.91</u>	<u>\$ 580,270.28</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,488,428.74	\$ 963,983.66
Grants Receivable:			
New Jersey Department of Transportation			539,787.74
Morris County Historic Preservation Trust Fund		286,450.00	286,450.00
Deferred Charges to Future Taxation:			
Funded		215,543.29	241,927.60
Unfunded	C-4	1,261,985.16	1,262,000.00
TOTAL ASSETS		<u>\$ 3,252,407.19</u>	<u>\$ 3,294,149.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Green Acres Program - Green Trust Loan Payable	C-9	\$ 215,543.29	\$ 241,927.60
Bond Anticipation Notes	C-7	1,182,000.00	1,262,000.00
Improvement Authorizations:			
Funded	C-5	504,377.32	852,166.22
Unfunded	C-5	765,596.83	390,785.44
Capital Improvement Fund	C-6	65,827.83	98,025.23
Reserve for:			
Ambulance		87,500.00	87,500.00
Emergency Services Vehicles		244,000.00	213,000.00
Garbage Truck		14,500.00	14,500.00
Main Street Improvements		134,564.69	100,000.00
Senior Bus		30,000.00	22,500.00
Office Equipment			10,000.00
Fund Balance	C-1	8,497.23	1,744.51
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,252,407.19</u>	<u>\$ 3,294,149.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 1,744.51
Increased by:		
Improvement Authorizations Canceled		<u>6,752.72</u>
Balance December 31, 2013	C	<u>\$ 8,497.23</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
WATER UTILITY FUND

BOROUGH OF WHARTON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2013	2012
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 1,440,085.81	\$ 1,350,637.86
Change Fund			100.00
		1,440,085.81	1,350,737.86
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	28,018.10	143,548.40
Total Operating Fund		1,468,103.91	1,494,286.26
Capital Fund:			
Cash and Cash Equivalents	D-4	259,969.40	552,101.48
Fixed Capital	D-7	6,020,456.40	5,985,968.46
Fixed Capital Authorized and Uncompleted	D-8	3,170,746.00	2,795,746.00
Total Capital Fund		9,451,171.80	9,333,815.94
TOTAL ASSETS		\$ 10,919,275.71	\$ 10,828,102.20

BOROUGH OF WHARTON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 589,003.55	\$ 498,688.17
Encumbered	D-3;D-9	4,561.40	30,848.49
		<u>593,564.95</u>	<u>529,536.66</u>
Deferred Revenue:			
Developer's Agreement - MUA Loan Repayment		12,361.11	12,361.11
Contracts Payable		9,312.33	11,100.65
Water Rent Overpayments		5,958.45	5,566.25
Accrued Interest on Notes		2,414.25	3,076.80
Accrued Interest on Loans		3,998.09	4,475.54
		<u>627,609.18</u>	<u>566,117.01</u>
Reserve for:			
Receivables	D	28,018.10	143,548.40
Fund Balance	D-1	812,476.63	784,620.85
		<u>1,468,103.91</u>	<u>1,494,286.26</u>
Total Operating Fund			
Capital Fund:			
Loans Payable:			
Developer's MUA	D-16	161,267.25	203,537.28
NJEIT Loan Payable	D-16A	303,713.17	325,117.61
Bond Anticipation Notes Payable	D-14	1,777,000.00	1,923,000.00
Improvement Authorizations:			
Funded	D-10	54,269.69	57,276.53
Unfunded	D-10	182,739.30	395,807.59
Capital Improvement Fund	D-11	113,521.48	63,521.48
Reserve for Payment of Debt Service			35,056.95
Reserve for Amortization	D-12	5,569,071.98	5,170,909.57
Deferred Reserve for Amortization	D-13	1,289,150.00	1,159,150.00
Fund Balance	D-1A	438.93	438.93
		<u>9,451,171.80</u>	<u>9,333,815.94</u>
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 10,919,275.71</u>	<u>\$ 10,828,102.20</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.	Year Ended December 31,	
		2013	2012
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 525,000.00	\$ 525,000.00
Water Rents		1,762,292.31	1,643,542.96
Reserve for Payment of Debt Service		35,056.95	
Miscellaneous Revenue Anticipated		18,042.77	14,338.65
Interest on Investments and Deposits			2,748.58
Developer's Agreement - MUA Loan Repayment		49,444.44	49,444.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		445,137.04	473,926.08
		<u>2,834,973.51</u>	<u>2,709,000.71</u>
<u>Expenditures</u>			
Operating		1,526,835.00	1,489,982.50
Capital Improvements		110,000.00	110,000.00
Debt Service		441,772.73	382,474.38
Deferred Charges and Statutory Expenditures		53,510.00	54,180.00
		<u>2,132,117.73</u>	<u>2,036,636.88</u>
Excess in Revenues/Statutory Excess to Fund Balance		702,855.78	672,363.83
<u>Fund Balance</u>			
Balance January 1		784,620.85	787,257.02
		<u>1,487,476.63</u>	<u>1,459,620.85</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget		525,000.00	525,000.00
Current Fund Budget		150,000.00	150,000.00
		<u>675,000.00</u>	<u>675,000.00</u>
Balance December 31	D	<u>\$ 812,476.63</u>	<u>\$ 784,620.85</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 438.93
Balance December 31, 2013	D	\$ 438.93

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Budget	Realized	Excess or Deficit *
Operating Surplus Anticipated	\$ 525,000.00	\$ 525,000.00	
Reserve for Payment of Debt Service	35,056.95	35,056.95	
Water Rents	1,536,143.05	1,762,292.31	\$ 226,149.26
Miscellaneous Revenue	13,200.00	18,042.77	4,842.77
Developer's Agreement - MUA Loan Repayment	49,445.00	49,444.44	0.56 *
	<u>\$ 2,158,845.00</u>	<u>\$ 2,389,836.47</u>	<u>\$ 230,991.47</u>

Analysis of Water Rents

Collections	\$ 1,760,688.97	
Overpayments Applied	<u>1,603.34</u>	
		<u>\$ 1,762,292.31</u>

Analysis of Miscellaneous Revenue

Collector:		
New Meter Fees	\$ 700.00	
Fines	260.00	
Final Fees	2,310.33	
Interest and Costs on Delinquent Water Rents	2,154.52	
Fire Standby Fees	3,275.00	
Water Taps and Connections	3,000.00	
Water Turn On/Off Fees	3,309.91	
Miscellaneous	<u>404.06</u>	
		\$ 15,413.82
Treasurer:		
Interest on Investments and Deposits:		
Collected/Received by Treasurer		<u>2,628.95</u>
		<u>\$ 18,042.77</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 331,700.00	\$ 331,700.00	\$ 292,288.59	\$ 39,411.41	
Other Expenses	1,195,135.00	1,195,135.00	677,566.23	517,568.77	
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Capital Outlay	60,000.00	60,000.00	34,487.94	25,512.06	
Debt Service:					
Payment of Bond Anticipation Notes	350,000.00	350,000.00	350,000.00		
Interest on Notes	30,000.00	30,000.00	14,721.45		\$ 15,278.55
Developer's MUA Loan Repayment	54,000.00	54,000.00	49,175.32		4,824.68
NJEIT Loan - Principal and Interest	34,500.00	34,500.00	27,875.96		6,624.04
Statutory Expenditures:					
Public Employees' Retirement System	19,530.00	19,530.00	19,530.00		
Contribution to Social Security System (O.A.S.I.)	28,980.00	28,980.00	22,468.69	6,511.31	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
	<u>\$ 2,158,845.00</u>	<u>\$ 2,158,845.00</u>	<u>\$ 1,543,114.18</u>	<u>\$ 589,003.55</u>	<u>\$ 26,727.27</u>
		<u>Ref.</u>		D	
Cash Disbursed			\$ 1,510,454.52		
Accrued Interest on:					
Bond Anticipation Notes			14,721.45		
MUA Loan Repayment			6,905.29		
NJEIT Loan			6,471.52		
Encumbrances		D	4,561.40		
			<u>\$ 1,543,114.18</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
SEWER UTILITY FUND

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

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 1,068,657.49	\$ 1,048,737.51
Change Fund		100.00	100.00
		<u>1,068,757.49</u>	<u>1,048,837.51</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	51,385.80	74,904.66
		<u>51,385.80</u>	<u>74,904.66</u>
Total Receivables with Full Reserves		<u>51,385.80</u>	<u>74,904.66</u>
Total Operating Fund		<u>1,120,143.29</u>	<u>1,123,742.17</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	170,743.08	449,884.72
Fixed Capital	E-7	5,053,737.26	4,296,436.52
Fixed Capital Authorized and Uncompleted	E-8	150,000.00	900,000.00
		<u>5,374,480.34</u>	<u>5,646,321.24</u>
Total Capital Fund		<u>5,374,480.34</u>	<u>5,646,321.24</u>
TOTAL ASSETS		<u><u>\$ 6,494,623.63</u></u>	<u><u>\$ 6,770,063.41</u></u>

BOROUGH OF WHARTON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 266,672.25	\$ 249,956.22
Encumbered	E-3;E-9	6,000.00	363.12
		<u>272,672.25</u>	<u>250,319.34</u>
Sewer Rent Overpayments		2,403.28	2,163.34
Accrued Interest on Notes		1,225.47	1,843.20
		<u>276,301.00</u>	<u>254,325.88</u>
Reserve for Receivables	E	51,385.80	74,904.66
Fund Balance	E-1	792,456.49	794,511.63
		<u>792,456.49</u>	<u>794,511.63</u>
Total Operating Fund		<u>1,120,143.29</u>	<u>1,123,742.17</u>
Capital Fund:			
Bond Anticipation Notes Payable	E-14	902,000.00	1,152,000.00
Improvement Authorizations:			
Funded	E-10	34,056.52	136,478.67
Unfunded	E-10		174,547.88
Capital Improvement Fund	E-11	20,156.25	10,156.25
Reserve for Payment of Debt Service			12,171.61
Reserve for Sewer Extensions			4,349.50
Reserve for Amortization	E-12	4,151,737.26	3,894,436.52
Deferred Reserve for Amortization	E-13	150,000.00	150,000.00
Fund Balance	E-1A	116,530.31	112,180.81
		<u>116,530.31</u>	<u>112,180.81</u>
Total Capital Fund		<u>5,374,480.34</u>	<u>5,646,321.24</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 6,494,623.63</u></u>	<u><u>\$ 6,770,063.41</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.	Year Ended December 31,	
		2013	2012
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 235,000.00	\$ 235,000.00
Sewer User Charges		1,410,737.11	1,319,213.17
Reserve for Payment of Debt Service		12,171.61	
Miscellaneous Revenue Anticipated		14,956.00	11,860.03
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		229,878.91	184,678.73
Total Income		<u>1,902,743.63</u>	<u>1,750,751.93</u>
<u>Expenditures</u>			
Operating		1,159,990.50	1,096,499.50
Capital Improvements		30,000.00	30,000.00
Debt Service		258,598.27	184,613.20
Deferred Charges and Statutory Expenditures		49,210.00	47,550.00
Total Expenditures		<u>1,497,798.77</u>	<u>1,358,662.70</u>
Excess in Revenues/Statutory Excess to Fund Balance		404,944.86	392,089.23
<u>Fund Balance</u>			
Balance January 1		794,511.63	809,422.40
		<u>1,199,456.49</u>	<u>1,201,511.63</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget		235,000.00	235,000.00
Current Fund Budget		172,000.00	172,000.00
Balance December 31	E	<u>\$ 792,456.49</u>	<u>\$ 794,511.63</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 112,180.81
Increased by:		
Reserve for Sewer Extensions Canceled		4,349.50
Balance December 31, 2013	E	\$ 116,530.31

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 300,985.00	\$ 300,985.00	\$ 262,938.52	\$ 38,046.48	
Other Expenses	859,005.50	859,005.50	649,807.83	209,197.67	
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	20,000.00	20,000.00	7,300.74	12,699.26	
Debt Service:					
Payment of Bond Anticipation Notes	250,000.00	250,000.00	250,000.00		
Interest on Notes	30,000.00	30,000.00	8,598.27		\$ 21,401.73
Statutory Expenditures:					
Public Employees' Retirement System	17,210.00	17,210.00	17,210.00		
Contribution to Social Security System (O.A.S.I.)	27,000.00	27,000.00	20,271.16	6,728.84	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
	<u>\$ 1,519,200.50</u>	<u>\$ 1,519,200.50</u>	<u>\$ 1,231,126.52</u>	<u>\$ 266,672.25</u>	<u>\$ 21,401.73</u>
				E	
Cash Disbursed			\$ 1,216,528.25		
Accrued Interest on Notes			8,598.27		
Encumbrances Payable	E		6,000.00		
			<u>\$ 1,231,126.52</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
PUBLIC ASSISTANCE FUND

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<u>ASSETS</u>			
Cash and Cash Equivalents:			
Treasurer	F-1	<u> </u>	<u>\$ 6,838.60</u>
TOTAL ASSETS		<u>\$ -0-</u>	<u>\$ 6,838.60</u>
 <u>RESERVES</u>			
Reserve for Public Assistance Expenditures		<u> </u>	<u>\$ 6,838.60</u>
TOTAL RESERVES		<u>\$ -0-</u>	<u>\$ 6,838.60</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
SPECIAL GARBAGE DISTRICT FUND

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Cash and Cash Equivalents:	H-4	\$ 814,037.52	\$ 728,964.17
TOTAL ASSETS		<u>\$ 814,037.52</u>	<u>\$ 728,964.17</u>
 <u>RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	H-3;H-6	\$ 203,039.87	\$ 173,933.44
Encumbered	H-3;H-6	227,040.03	11,128.94
		<u>430,079.90</u>	<u>185,062.38</u>
Fund Balance	H-1	383,957.62	543,901.79
TOTAL RESERVES AND FUND BALANCE		<u>\$ 814,037.52</u>	<u>\$ 728,964.17</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated		\$ 293,900.00	\$ 68,900.00
District Tax		970,951.00	925,450.50
Nonbudget Revenue		29,830.34	33,260.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		104,125.49	127,935.54
		<u>1,398,806.83</u>	<u>1,155,546.60</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		983,726.00	938,370.50
Capital Improvements		225,000.00	
Statutory Expenditures		56,125.00	55,980.00
		<u>1,264,851.00</u>	<u>994,350.50</u>
Excess in Revenues/Statutory Excess to Fund Balance		133,955.83	161,196.10
<u>Fund Balance</u>			
Balance January 1		<u>543,901.79</u>	<u>451,605.69</u>
		677,857.62	612,801.79
Decreased by:			
Utilized as Anticipated Revenue:		<u>293,900.00</u>	<u>68,900.00</u>
Balance December 31	H	<u>\$ 383,957.62</u>	<u>\$ 543,901.79</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 293,900.00	\$ 293,900.00	
Special District Tax	970,951.00	970,951.00	
	<hr/>	<hr/>	<hr/>
Budget Totals	1,264,851.00	1,264,851.00	\$ -0-
	<hr/>	<hr/>	<hr/>
Nonbudget Revenue		29,830.34	
	<hr/>	<hr/>	
	<u>\$ 1,264,851.00</u>	<u>\$ 1,294,681.34</u>	

Analysis of Nonbudget Revenue

Interest on Investments and Deposits	\$ 596.71
Sale of Garbage Stickers	4,978.00
Recycling Tonnage Grant	23,919.63
Morris County Municipal Utilities Authority Rebate	336.00
	<hr/>
	<u>\$ 29,830.34</u>

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 303,340.00	\$ 303,340.00	\$ 269,575.35	\$ 33,764.65
Other Expenses	680,386.00	678,660.00	518,738.62	159,921.38
Capital Improvements	225,000.00	226,726.00	226,726.00	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	21,110.00	21,110.00	21,110.00	
Social Security System (O.A.S.I.)	30,015.00	30,015.00	20,661.16	9,353.84
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	
	\$ 1,264,851.00	\$ 1,264,851.00	\$ 1,061,811.13	\$ 203,039.87
<u>Ref.</u>				H
Cash Disbursed			\$ 834,771.10	
Encumbrances	H		227,040.03	
			\$ 1,061,811.13	

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
GENERAL FIXED ASSETS ACCOUNT GROUP
(Unaudited)

BOROUGH OF WHARTON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

	December 31,	
	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Land	\$ 5,779,006.00	\$ 5,779,006.00
Buildings and Improvements	857,706.00	857,706.00
Equipment	1,033,700.00	1,033,700.00
TOTAL ASSETS	<u>\$ 7,670,412.00</u>	<u>\$ 7,670,412.00</u>
<u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 7,670,412.00</u>	<u>\$ 7,670,412.00</u>
TOTAL RESERVES	<u>\$ 7,670,412.00</u>	<u>\$ 7,670,412.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Wharton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Wharton, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Wharton do not include the operations of the municipal library or the Volunteer Emergency Services.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Wharton conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Wharton accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes.

Special Garbage District Fund - Collection of special district taxes to provide for the costs of garbage collection.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Other significant accounting policies".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Utility Capital Funds would be depreciated.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation - The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.

- E. Other significant accounting policies include:

Management Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments - Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable - Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts - No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved.

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

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

General Fixed Assets (Unaudited)

General fixed assets are recorded at estimated historical cost except for land which is recorded at 1992 assessed values, and buildings which are recorded at 1992 replacement values. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Utility Capital Funds. The values recorded in the General Fixed Assets Account Group and the Current, Utility Operating and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

- F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for the Current operating, utility, Special Garbage District and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF WHARTON
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013
 (Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2013	2012	2011
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$1,397,543	\$1,503,928	\$1,750,792
Water Utility:			
Notes and Loans	2,241,980	2,451,655	1,931,509
Sewer Utility:			
Notes	902,000	1,152,000	777,000
Total Issued	<u>4,541,523</u>	<u>5,107,583</u>	<u>4,459,301</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	79,985		
Water Utility:			
Bonds and Notes	91,000		286,051
Sewer Utility:			
Bonds and Notes			378,000
Total Authorized but not Issued	<u>170,985</u>	<u>-0-</u>	<u>664,051</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service:			
Water Utility Capital Fund		35,057	
Sewer Utility Capital Fund		12,172	
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 4,712,508</u>	<u>\$ 5,060,354</u>	<u>\$ 5,123,352</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/13</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 1,262,000	\$ 760,000	\$ 840,000	\$ 1,182,000
Water Utility	1,923,000	255,000	401,000	1,777,000
Sewer Utility	1,152,000		250,000	902,000
Loans Payable:				
General Capital Fund:				
Green Trust Loan	241,928		26,385	215,543
Water Utility:				
Developer's MUA	203,537		42,270	161,267
NJEIT	325,118		21,405	303,713
Total	\$ 5,107,583	\$ 1,015,000	\$ 1,581,060	\$ 4,541,523

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/12</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 1,483,000	\$ 164,000	\$ 385,000	\$ 1,262,000
Water Utility	1,318,000	870,000	265,000	1,923,000
Sewer Utility	777,000	550,000	175,000	1,152,000
Loans Payable:				
General Capital Fund:				
Green Trust Loan	267,792		25,864	241,928
Water Utility:				
Water Supply	22,433		22,433	
Developer's MUA	244,230		40,693	203,537
NJEIT	346,846		21,728	325,118
Total	\$ 4,459,301	\$ 1,584,000	\$ 935,718	\$ 5,107,583

BOROUGH OF WHARTON
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013
 (Continued)

Note 2: Long-Term Debt (Cont'd)

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 .20%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District Debt	\$ 2,429,622	\$ 2,429,622	
Local School District Debt	2,405,000	2,405,000	
Water Utility Debt	2,332,980	2,332,980	
Sewer Utility Debt	902,000	902,000	
General Debt	<u>1,477,528</u>		<u>\$ 1,477,528</u>
	<u>\$ 9,547,130</u>	<u>\$ 8,069,602</u>	<u>\$ 1,477,528</u>

Net Debt: \$1,477,528 divided by Average Equalized Valuations of \$721,135,128 of Real Property = .20%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 25,239,729
Net Debt	<u>1,477,528</u>
Remaining Borrowing Power	<u>\$ 23,762,201</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,389,837
Deductions:	
Operating and Maintenance Cost	\$ 1,580,345
Debt Service	<u>441,773</u>
Total Deductions	<u>2,022,118</u>
Excess in Revenue	<u>\$ 367,719</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,672,865
Deductions:	
Operating and Maintenance Cost	\$ 1,209,201
Debt Service	<u>258,598</u>
Total Deductions	<u>1,467,799</u>
Excess in Revenue	<u>\$ 205,066</u>

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

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Borough's debt issued and outstanding on December 31, 2013 is described as follows:

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Capital Improvements	10/17/13	10/17/14	0.67%	<u>\$ 1,182,000</u>

General Capital Green Trust Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Acquisition of Open Space	08/11/01	02/11/21	2.0%	<u>\$ 215,543</u>

Water Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Water System Improvements	10/17/13	10/17/14	0.67%	<u>\$ 1,777,000</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

Water Utility Capital Developer's MUA Loan

Purpose	Issue Date	Final Maturity Date	Interest Rate	Balance Dec. 31, 2013
Morris County MUA Inter-Connect	05/01/02	05/01/17	3.82%	\$ 161,267

Water Utility Capital NJEIT Loan

Purpose	Issue Date	Final Maturity Date	Interest Rate	Balance Dec. 31, 2013
Various Water System Improvements	11/10/05	08/01/25	4.0%- 5.0%	\$ 303,713

Sewer Utility Capital Bond Anticipation Notes

Purpose	Issue Date	Maturity Date	Interest Rate	Balance Dec. 31, 2013
Sewer System Improvements	10/17/13	10/17/14	0.67%	\$ 902,000
Total Debt Issued and Outstanding				\$ 4,541,523

Schedule of Annual Debt Service for Principal and Interest for the Next Five
Years and Thereafter for Loans Issued and Outstanding

Calendar Year	General Capital		Water Utility Capital		Total
	Principal	Interest	Principal	Interest	
2014	\$ 26,915	\$ 4,177	\$ 64,989	\$ 12,668	\$ 108,749
2015	27,456	3,636	66,367	10,466	107,925
2016	28,008	3,084	67,876	8,299	107,267
2017	28,570	2,521	52,847	6,181	90,119
2018	14,500	1,046	28,086	5,232	48,864
Thereafter:					
2019-2023	90,095	3,180	134,136	16,425	243,836
2024-2025			50,679	1,969	52,648
Total	\$ 215,544	\$ 17,644	\$ 464,980	\$ 61,240	\$ 759,408

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 2: Long-Term Debt (Cont'd)

NJ Environmental Infrastructure Trust (EIT) Loan

On November 1, 2005, the Borough of Wharton entered into a NJ Environmental Infrastructure Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$230,596 and the Trust loan portion is \$235,000. The aggregate amount of \$465,596 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of water system improvement projects. At December 31, 2013, the Borough had borrowed or "drawn down" \$465,596 for these projects. The loan balance as of the end of the year is \$303,713.

Principal payments to the Fund commenced August 1, 2006, and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the Trust commenced August 1, 2007, and will continue on a semiannual basis over 19 years at 4.0%-5.0% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Green Acres - Green Trust Loan

This program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation.

Through December 31, 2013, the Borough has borrowed funds under one project. The loan balance as of the end of the year is \$215,543.

Payments of principal and interest on a loan are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments commenced nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 20 years. Interest on the loan is at the rate of 2% annually on the outstanding balance.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2013 which are expected to be appropriated and included as anticipated revenue in their own respective funds in the budget for the year ending December 31, 2014 are unknown as of the date of this audit as the budget has not been introduced.

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2013, the Borough had no deferred charges.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 5: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Wharton has elected not to defer school taxes.

Note 6: Pension Plans

Borough employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers these two plans which cover substantially all Borough employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or the PFRS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting. The DCRP provides eligible members with a tax- sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the 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. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.64% effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of- living adjustments and noncontributory death benefits. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Borough contributions to PERS amounted to \$164,818, \$167,880 and \$162,396 for 2013, 2012 and 2011, respectively.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 6: Pension Plans

Borough contributions to PFRS amounted to \$521,377, \$475,802 and \$539,657 for 2013, 2012 and 2011, respectively.

Borough contributions to DCRP amounted to \$375 and \$150 for 2013 and 2012, respectively. For 2011, no employer contributions to the DCRP were required.

Note 7: Accrued Sick and Vacation Benefits

Members of the Borough Police and Public Works Departments are permitted to accrue a limited amount of unused sick and compensatory time, which may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$177,100. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

Municipal (nonunion) employees are permitted to accrue unused vacation up to a maximum of 10 days and unused sick time up to a certain maximum depending upon years of service ranging from 15 to 25 years which may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$50,042. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

The above amounts are partially funded by the Reserve for Accumulated Absences of \$49,712 on the Other Trust Funds balance sheet at December 31, 2013.

Note 8: Deferred Compensation Plan

The Borough offers its employees deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by The Hartford Life Insurance Company and Equitable, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 9: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2013*</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	\$ 2.967	\$ 2.610	\$ 2.545
<u>Apportionment of Tax Rate</u>			
Municipal	0.541	0.471	0.457
Municipal Library	0.036	0.034	0.035
County	0.278	0.252	0.254
Local School	1.278	1.105	1.065
Regional High School	0.686	0.621	0.611
Special District	0.148	0.127	0.123
<u>Assessed Valuations</u>			
2013	\$ 657,891,700		
2012		\$ 728,716,000	
2011			\$ 733,825,700

* - Reassessment became effective in this year.

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 19,527,545	\$ 19,348,697	99.08%
2012	19,022,992	18,718,558	98.39%
2011	18,693,753	18,318,773	97.99%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

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

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

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

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2013, cash and cash equivalents of the Borough of Wharton consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 100	\$ 5,014,432	\$ 5,014,532
Federal and State Grant		43,682	43,682
Animal Control	100	17,965	18,065
Other Trust		854,163	854,163
General Capital		1,488,429	1,488,429
Water Utility Operating		1,440,086	1,440,086
Water Utility Capital		259,969	259,969
Sewer Utility Operating	100	1,068,657	1,068,757
Sewer Utility Capital		170,743	170,743
Special Garbage District		814,038	814,038
	<u>\$ 300</u>	<u>\$11,172,164</u>	<u>\$11,172,464</u>

During the year ended December 31, 2013, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2013, was \$11,172,464 and the bank balance was \$11,664,250. The carrying amount of the Borough's cash and cash equivalents at December 31, 2012, was \$10,102,223 and the bank balance was \$10,625,736.

Note 11: Interfund Receivables and Payables

No interfund balances remained on the balance sheet at December 31, 2013.

Interest earned in the General Capital and Utility Capital Funds during the year was transferred to the Current and Utility Operating Funds, respectively.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 12: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Borough of Wharton is a member of the Morris County Municipal Joint Insurance Fund. The Fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

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

The December 31, 2013 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2012 is as follows:

Total Assets	<u>\$ 23,194,903</u>
Net Position	<u>\$ 9,573,823</u>
Total Revenue	<u>\$ 14,823,626</u>
Total Expenses	<u>\$ 17,170,545</u>
Member Dividends	<u>\$ -0-</u>
Change in Net Position for the Year Ended December 31	<u>\$ (2,346,919)</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 12: Risk Management (Cont'd)

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough and employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 20,000	\$ -0-	\$ 48	\$ 32,364	\$ 41,147
2012	24,000	-0-	58	21,215	53,463
2011	12,000	14,574	98	53,053	50,620

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. It also deals with potential unasserted claims in the course of Borough business. The Borough vigorously contests these lawsuits and unasserted claims and believes the ultimate resolution will not have a material adverse effect on its financial position.

The municipality has been advised that a number of tax appeals have been filed. In addition, the Borough performed a reassessment effective for 2013 which will lead to the filing of additional tax appeals. Potential refunds on tax appeals could be as much as \$237,699. A reserve for pending tax appeals in the amount of \$237,699 has been recorded as a liability as of December 31, 2013.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 14: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 15: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.01 per \$100 of assessed valuation in 1999. The tax levy was increased to \$.02 per \$100 of assessed valuation in 2004. The funds collected are used to acquire and maintain open space property in the Borough. To date, \$1,129,068 has been collected and the balances in the Open Space Trust Fund at December 31, 2013 and 2012 were \$4,653 and \$14,304, respectively.

BOROUGH OF WHARTON

SUPPLEMENTARY DATA

BOROUGH OF WHARTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Name		Amount of Bond	Name of Corporate or Personal Surety
William Chegvidden	Mayor		
Thomas Yeager	Council President		
Vincent Binkoski	Council		
Glenn Corbett	Council		
Sandra Hayes	Council		
Scott Hutchins	Council (to 06/24/2013)		
Robert Norton	Council (from 06/24/2013)		
Nicole Wickenheisser	Council		
Gabrielle Evangelista	Borough Clerk	(A)	
Jonathan Rheinhardt	Borough Administrator; Chief Financial Officer	(A)	Morris County Municipal JIF
Kevin Finnegan	Treasurer	\$ 1,000,000	Municipal Excess Liability JIF
Susan Megletti	Tax Collector; Assistant Administrator; Personnel Administrator; Deputy Borough Clerk; Deputy Water and Sewer Clerk	1,000,000	Municipal Excess Liability JIF
Glen Sherman	Tax Assessor	(A)	
Diana Fernandez	Water/Sewer Clerk; Deputy Borough Clerk; Deputy Tax Collector	1,000,000	Municipal Excess Liability JIF
Walter Van Kirk	Director of Public Works	(A)	
Ed Bucceri	Construction Official	(A)	
George Johnson	Borough Attorney		
Clough, Harbour & Associates, LLP	Borough Engineer		

(A) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
CURRENT FUND

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 4,387,535.93
Increased by Receipts:		
Tax Collector		\$ 19,991,583.12
Revenue Accounts Receivable		2,697,057.72
Miscellaneous Revenue Not Anticipated		118,493.05
Petty Cash Returned		350.00
Interest on Investments and Deposits		6,252.39
Due Federal and State Grant Fund - Interfund		3,947.84
Due Animal Control Fund - Interest Income		46.09
Due Other Trust Funds - Interest Income		468.32
Due General Capital Fund - Interest Income		1,507.39
Reserve for State Library Aid - State Aid		2,857.00
Reserve for UCC Construction Inspection Fees		304,587.00
Reserve for Sale of Municipal Assets		20,120.00
Due State of New Jersey:		
Marriage License Fees		1,250.00
Senior Citizens' and Veterans' Deductions		54,000.00
Appropriation Refunds		183,125.66
		23,385,645.58
		27,773,181.51
Decreased by Disbursements:		
2013 Appropriation Expenditures		6,300,780.21
2012 Appropriation Reserve Expenditures		264,021.69
Petty Cash Advanced		350.00
Local School District Taxes		8,401,869.00
Regional High School Taxes		4,507,261.00
County Taxes		1,823,723.40
Special Garbage District Taxes		970,951.00
Due Federal and State Grant Fund - Interfund		2,193.25
Due Other Trust Funds:		
Municipal Open Space Tax Levy		98,683.76
Reserve for Premium on Tax Sale Certificates		72,900.00
Reserve for Self Insurance Deductible		50,000.00
Due State of New Jersey - Marriage License Fees		1,425.00
Third Party Tax Title Lien Redemptions		250,550.20
Reserve for State Library Aid		2,886.00
Reserve for Pending Tax Appeals		7,168.52
Refund of Tax Overpayments		3,986.79
		22,758,749.82
Balance December 31, 2013	A	\$ 5,014,431.69

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2013

Increased by Receipts:			
Taxes Receivable		\$ 19,485,095.33	
Interest and Costs on Taxes		63,194.74	
2014 Prepaid Taxes		48,598.51	
Tax Overpayments		9,473.58	
Third Party Tax Title Liens		250,550.20	
Tax Title Liens		31,565.07	
Premium on Tax Sale Certificates		72,900.00	
Miscellaneous Revenue Not Anticipated		<u>30,205.69</u>	
			\$ 19,991,583.12
Decreased by:			
Payments to Municipal Treasurer			<u><u>\$ 19,991,583.12</u></u>

CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 32,968.72
Increased by Receipts:			
Prior Year Grants Receivable		\$ 25,905.44	
Current Year Grants Receivable		10,956.55	
Unappropriated Grant Funds Received		2,783.30	
Due Current Fund - Interfund		<u>2,193.25</u>	
			<u>41,838.54</u>
			74,807.26
Decreased by Disbursements:			
Current Year Expenditures		26,498.37	
Prior Year Encumbrances		679.19	
Due Current Fund - Interfund		<u>3,947.84</u>	
			<u>31,125.40</u>
Balance December 31, 2013	A		<u><u>\$ 43,681.86</u></u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2013 Levy	Collections		Overpayments Applied	State of NJ	Canceled	Transferred to	Balance
	Dec. 31, 2012		2012	2013		Citizens' and Veterans' Deductions		Tax Title Liens	
2012	\$ 260,451.68	\$ 5,779.49		\$ 270,916.70		\$ (4,750.00)	\$ 64.47		
2013		19,527,544.78	\$ 59,442.00	19,214,178.63	\$ 19,372.56	55,703.42	6,271.87	\$ 3,174.69	\$ 169,401.61
	<u>\$ 260,451.68</u>	<u>\$ 19,533,324.27</u>	<u>\$ 59,442.00</u>	<u>\$ 19,485,095.33</u>	<u>\$ 19,372.56</u>	<u>\$ 50,953.42</u>	<u>\$ 6,336.34</u>	<u>\$ 3,174.69</u>	<u>\$ 169,401.61</u>
Ref.	A								A

Analysis of 2013 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 19,519,647.73
Added and Omitted Taxes	7,897.05
	<u>\$ 19,527,544.78</u>

Tax Levy:

Local School District Taxes	\$ 8,407,250.00
Regional High School Taxes	4,507,261.00
Special Garbage District Taxes	970,951.00
Local Open Space Taxes	98,683.76
County Taxes:	
General Tax	\$ 1,823,384.75
Due County for Added and Omitted Taxes	740.16
	<u>1,824,124.91</u>
	15,808,270.67
Local Tax for Municipal Purposes Levied	3,466,339.50
Minimum Library Tax	240,238.00
	<u>3,706,577.50</u>
Add: Additional Tax Levied	12,696.61
	<u>3,719,274.11</u>
	<u>\$ 19,527,544.78</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 50,607.67
Increased by:		
Transfer from Taxes Receivable		\$ 3,174.69
Interest and Costs		<u>903.38</u>
		<u>4,078.07</u>
		54,685.74
Decreased by:		
Cash Collections		<u>31,565.07</u>
Balance December 31, 2013	A	<u>\$ 23,120.67</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued in 2013	Collected by Treasurer	Balance Dec. 31, 2013
Licenses:				
Alcoholic Beverages		\$ 8,400.00	\$ 8,400.00	
Other		10,125.00	10,125.00	
Fees and Permits - Other		34,196.59	34,196.59	
Fines and Costs - Municipal Court	\$ 8,712.30	145,254.12	141,726.73	\$ 12,239.69
Rents - Borough Lease		53,962.74	53,962.74	
Consolidated Municipal Property Tax Relief Aid		21,994.00	21,994.00	
Energy Receipts Tax		527,716.56	527,716.56	
Construction Code Official		110,316.10	110,316.10	
Shared Service Agreement - Mine Hill Township		1,466,620.00	1,466,620.00	
Water Utility Operating Surplus of Prior Year		150,000.00	150,000.00	
Sewer Utility Operating Surplus of Prior Year		172,000.00	172,000.00	
	<u>\$ 8,712.30</u>	<u>\$ 2,700,585.11</u>	<u>\$ 2,697,057.72</u>	<u>\$ 12,239.69</u>
Ref.	A			A

BOROUGH OF WHARTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

<u>Grant Description</u>	<u>Balance Dec. 31, 2012</u>	<u>Accrued in 2013</u>	<u>Received</u>	<u>Canceled to Current Fund Operations</u>	<u>Balance Dec. 31, 2013</u>
Clean Communities Grant		\$ 11,013.96	\$ 11,013.96		
Alcohol Education, Rehabilitation and Enforcement Fund		263.87	263.87		
Safe and Secure Communities Program	\$ 22,981.00		22,981.00		
Municipal Alliance on Alcoholism and Drug Abuse	16,271.60	10,773.00	2,749.44	\$ 13,784.66	\$ 10,510.50
Body Armor Replacement Fund		4,455.46	4,455.46		
Highlands Council	18,460.45		437.50		18,022.95
	<u>\$ 57,713.05</u>	<u>\$ 26,506.29</u>	<u>\$ 41,901.23</u>	<u>\$ 13,784.66</u>	<u>\$ 28,533.45</u>

Ref.

A

A

Current Year Receivable	\$ 10,956.55
Prior Year Receivable	25,905.44
Unappropriated Reserves	5,039.24
	<u>\$ 41,901.23</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	Balance Dec. 31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 9,957.92	\$ 9,957.92		\$ 9,957.92
Other Expenses	13,815.66	13,815.66	\$ 4,166.25	9,649.41
Mayor and Council:				
Salaries and Wages	0.36	0.36		0.36
Other Expenses	4,811.39	4,811.39	1,220.00	3,591.39
Municipal Clerk:				
Salaries and Wages	242.42	242.42		242.42
Other Expenses	1,281.47	1,281.47	10.92	1,270.55
Financial Administration:				
Salaries and Wages	2,747.72	2,747.72		2,747.72
Other Expenses	9,163.04	9,163.04	1,163.00	8,000.04
Other Expenses - Computer Maintenance/Support	7,055.90	7,055.90		7,055.90
Annual Audit	25,500.00	25,500.00	17,748.00	7,752.00
Workers' Compensation Insurance	222.12	222.12		222.12
Liability Insurance	1,648.92	51,648.92		51,648.92
Group Insurance for Employees	106,055.56	56,055.56	50,691.12	5,364.44
Tax Assessment Administration:				
Salaries and Wages	755.02	755.02		755.02
Other Expenses	1,678.26	1,678.26		1,678.26
Revision of Tax Map	7,500.00			
Other Expenses - Tax Appeals	42,162.50	49,662.50	49,662.50	
Revenue Administration (Tax Collection):				
Salaries and Wages	2,395.73	2,395.73		2,395.73
Other Expenses	451.26	451.26		451.26
Engineering Services and Costs:				
Other Expenses	5,499.26	4,499.26	2,437.50	2,061.76
Legal Services and Costs:				
Other Expenses	177.94	1,177.94	978.00	199.94
Codification of Ordinances	2,596.02	2,596.02		2,596.02
Public Buildings and Grounds:				
Salaries and Wages	8.80	8.80		8.80
Other Expenses	4,227.90	4,227.90	3,041.44	1,186.46
Municipal Land Use Law (NJSA 40:55D-1):				
Land Use Board:				
Salaries and Wages	799.68	799.68		799.68
Other Expenses	9,782.17	9,782.17		9,782.17
Zoning Board of Adjustment:				
Salaries and Wages	696.79	696.79		696.79
PUBLIC SAFETY:				
Aid to Volunteer Fire Company	16,188.83	16,188.83	12,400.86	3,787.97
Fire Department:				
Other Expenses - Building Rent	1,700.00	1,700.00	1,700.00	
Police:				
Salaries and Wages	112,002.07	112,002.07	28,676.78	83,325.29
Other Expenses	82,279.38	82,279.38	80,624.84	1,654.54
Dispatchers:				
Other Expenses	9,014.25	9,014.25		9,014.25

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Balance Dec. 31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY (Cont'd):				
Emergency Management Services:				
Salaries and Wages	\$ 70.03	\$ 70.03		\$ 70.03
Other Expenses	376.31	376.31		376.31
PUBLIC WORKS:				
Street and Road Repairs and Maintenance:				
Salaries and Wages	69,201.08	69,201.08	\$ 9,929.45	59,271.63
Other Expenses	67,597.33	67,597.33	17,012.14	50,585.19
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	7,114.34	7,114.34		7,114.34
Other Expenses	5,045.65	5,045.65	1,606.42	3,439.23
Mandated Inoculations - Hepatitis B Vaccine	440.00	440.00	60.00	380.00
Animal Control:				
Salaries and Wages	2,655.00	2,655.00		2,655.00
Other Expenses	4,000.00	4,000.00		4,000.00
RECREATION AND EDUCATION:				
Parks and Playgrounds:				
Other Expenses	662.58	662.58	392.22	270.36
Recreation:				
Salaries and Wages	504.15	504.15		504.15
Other Expenses	4,360.60	4,360.60	1,382.55	2,978.05
Celebration of Public Events, Anniversary or Holiday - (R.S. 40:48-5.4)				
	6,703.18	6,703.18	35.60	6,667.58
Senior Citizen Van:				
Salaries and Wages	31,574.36	31,574.36	378.68	31,195.68
Other Expenses	2,523.51	2,523.51		2,523.51
UTILITIES:				
Bulk Utilities	25,011.70	25,011.70	18,134.99	6,876.71
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	2,223.02	2,223.02		2,223.02
Other Expenses	626.75	626.75		626.75
Other Code Enforcement Functions:				
Plumbing Inspector:				
Salaries and Wages	391.89	391.89		391.89
Fire Protection Official:				
Salaries and Wages	95.20	95.20		95.20
Electrical Inspector:				
Salaries and Wages	360.04	360.04		360.04
Housing Inspector:				
Salaries and Wages	713.19	713.19		713.19
Other Expenses	3,246.11	3,246.11		3,246.11
Other Code Enforcement Functions:				
Fire Safety:				
Salaries and Wages	1,750.00	1,750.00		1,750.00
Other Expenses	95.50	95.50		95.50

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Balance Dec. 31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
UNCLASSIFIED:				
Regionalization Feasibility Study	\$ 3,000.00	\$ 3,000.00		\$ 3,000.00
Evaluation/Upgrade Office Hardware/Software:				
Other Expenses	7,715.00	7,715.00		7,715.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	41,742.93	41,742.93	\$ 193.21	41,549.72
Defined Contribution Retirement System	350.00	350.00		350.00
Maintenance of Free Public Library	32,420.97	32,420.97	32,420.97	
Shared Service Agreement:				
Joint Court - Dover	15,500.00	15,500.00		15,500.00
Public and Private Programs Offset by Revenue:				
Matching Funds for Grants	1,906.00	1,906.00		1,906.00
	<u>\$ 822,394.76</u>	<u>\$ 822,394.76</u>	<u>\$ 336,067.44</u>	<u>\$ 486,327.32</u>

Analysis of Balance December 31, 2012:

	<u>Ref.</u>		
Encumbered	A	\$ 103,390.82	
Unencumbered	A	719,003.94	
		<u>\$ 822,394.76</u>	
Cash Disbursed			\$ 264,021.69
Reserve for Library Appropriation			22,045.75
Due Other Trust Funds:			
Reserve for Self Insurance Deductible			50,000.00
			<u>\$ 336,067.44</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2013

Ref.

Increased by:		
Levy - Calendar Year 2013	\$	8,407,250.00
Decreased by:		
Payments to Local School District		8,401,869.00
		<hr/>
Balance, December 31, 2013	A	\$ 5,381.00
		<hr/> <hr/>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2013

Increased by:		
Levy - Calendar Year 2013	\$	4,507,261.00
Decreased by:		
Payments to Regional High School District		4,507,261.00
		<hr/> <hr/>

BOROUGH OF WHARTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

Grant Description	Balance Dec. 31, 2012	Transferred from 2013 Budget Appropriations	Expended	Canceled to Current Fund Operations	Balance Dec. 31, 2013
Clean Communities Grant:					
2013		\$ 10,430.18	\$ 5,043.68		\$ 5,386.50
2012	\$ 4,935.62		4,709.05		226.57
2011	12.15		12.15		
2005		209.72			209.72
2004		374.06	314.93		59.13
Drunk Driving Enforcement Fund:					
2008	9,806.06				9,806.06
2007	10,661.37				10,661.37
2006	8,272.94				8,272.94
2005	7,692.67				7,692.67
Alcohol Education, Rehabilitation and Enforcement Fund:					
2013		263.87	263.87		
2010	1,106.01				1,106.01
2008	2,088.28				2,088.28
Municipal Alliance on Alcoholism and Drug Abuse:					
2013		10,773.00	6,337.64		4,435.36
2012	7,789.42		2,670.70	\$ 5,118.72	
2011	9,299.13			9,299.13	
Matching Funds:					
2013		2,193.25	2,013.90		179.35
2012	1,203.27		622.52	580.75	
2011	2,733.90			2,733.90	
Body Armor Grant		4,455.46	4,455.46		
Wharton American Legion Flag Grant:					
2010	105.10		105.10		
2007	1,159.05		1,159.05		
Safe Kids / Safe Communities - 2007	300.00				300.00
Highlands Council	17,798.37		2,718.75		15,079.62
	<u>\$ 84,963.34</u>	<u>\$ 28,699.54</u>	<u>\$ 30,426.80</u>	<u>\$ 17,732.50</u>	<u>\$ 65,503.58</u>

Ref.

A

A

Original Budget

\$ 36,793.24

Added by NJSA 40A:4-87

12,694.05

49,487.29

Less: Appropriation Cancellation

22,981.00

26,506.29

Due from Current Fund - Matching Funds

2,193.25

\$ 28,699.54

Cash Disbursed

\$ 26,498.37

Encumbrances Payable

A

3,928.43

\$ 30,426.80

BOROUGH OF WHARTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant Description</u>	<u>Balance Dec. 31, 2012</u>	<u>Received</u>	<u>Transferred to 2013 Budget Revenue</u>	<u>Balance Dec. 31, 2013</u>
Clean Communities Grant	\$ 583.78		\$ 583.78	
Body Armor Replacement Fund	4,455.46	\$ 2,783.30	4,455.46	\$ 2,783.30
	<u>\$ 5,039.24</u>	<u>\$ 2,783.30</u>	<u>\$ 5,039.24</u>	<u>\$ 2,783.30</u>
<u>Ref.</u>	A			A
 <u>Grants Received:</u>				
Unappropriated Funds		<u>\$ 2,783.30</u>		

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
TRUST FUNDS

BOROUGH OF WHARTON
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2012	B	\$ 11,771.32	\$ 568,398.96
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 9,139.20	
Cat License Fees		3,044.00	
State Dog License Fees		1,318.80	
Late, Impound and Boarding Fees		3,194.00	
Due Current Fund:			
Interest Income		46.09	\$ 468.32
Municipal Open Space Tax Levy			98,683.76
Self Insurance Deductible Account			50,000.00
Transferred from Public Assistance Fund:			
Relocation Assistance Fund			6,855.14
Interest on Municipal Open Space Deposits			112.75
Due to State of New Jersey - Department of Community Affairs State Training Fees			21,810.00
Special Deposits			331,413.95
Police Outside Detail			111,355.11
FEMA Reimbursements - Superstorm Sandy:			
Snow Emergency Account			35,671.67
Deposits and Interest:			
Unemployment Insurance Fund			20,047.14
Housing Trust			98.84
Police Forfeited Assets			687.07
Snow Emergency Account			59.80
Accumulated Absences Account			143.92
Wharton Pride			48.31
Recreation Trust Fund			2,350.00
		<u>16,742.09</u>	<u>679,805.78</u>
		28,513.41	1,248,204.74
Decreased by Disbursements:			
Administrative Expenses		9,259.49	
Due to State of New Jersey		1,243.20	
Due Current Fund:			
Interest Income		46.09	468.32
Due to State of New Jersey - Department of Community Affairs State Training Fees			21,499.00
Special Deposits - Refunds, Charges and Withdrawals			140,240.05
Police Outside Detail			87,424.15
State Unemployment Insurance			32,363.85
Municipal Open Space			108,447.50
Self Insurance Deductible			1,500.00
Recreation Trust Fund			2,098.59
		<u>10,548.78</u>	<u>394,041.46</u>
Balance December 31, 2013	B	<u>\$ 17,964.63</u>	<u>\$ 854,163.28</u>

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

BOROUGH OF WHARTON
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 11,865.92
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 9,139.20
Cat Licenses		3,044.00
Late, Impound and Boarding Fees		<u>3,194.00</u>
		15,377.20
		<u>27,243.12</u>
Decreased by:		
Animal Control Expenditures		<u>9,259.49</u>
Balance December 31, 2013	B	<u><u>\$ 17,983.63</u></u>

License Fees Collected:

<u>Year</u>		
2011		\$ 11,345.60
2012		<u>11,851.60</u>
Maximum Allowable Reserve		<u><u>\$ 23,197.20</u></u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
GENERAL CAPITAL FUND

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance December 31, 2012	C		\$ 963,983.66
Increased by Receipts:			
Grants Receivable:			
New Jersey Department of Transportation		\$ 484,253.50	
Safe Corridors Grant		11,669.49	
Budget Appropriation:			
Capital Improvement Fund		101,404.00	
Reserve for:			
Emergency Service Vehicles		31,000.00	
Senior Bus		7,500.00	
Bond Anticipation Note Proceeds		760,000.00	
Due Current Fund:			
Interest Income		1,507.39	
Due Other Trust Funds - Open Space:			
Deferred Charges to Future Taxation Unfunded		60,000.00	
		<hr/>	<hr/>
			1,457,334.38
			2,421,318.04
Decreased by Disbursements:			
Improvement Authorization Expenditures		665,381.91	
Bond Anticipation Notes		266,000.00	
Due Current Fund:			
Interest Income		1,507.39	
		<hr/>	<hr/>
			932,889.30
Balance December 31, 2013	C		<u><u>\$ 1,488,428.74</u></u>

**BOROUGH OF WHARTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance/ (Deficit) Dec. 31, 2012	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2013
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 1,744.51								\$ 6,752.72	\$ 8,497.23
Capital Improvement Fund	98,025.23		\$ 101,404.00				\$ 140,000.00		6,398.60	65,827.83
Grants Receivable:										
New Jersey Department of Transportation Safe Corridors Grant	(539,787.74)			\$ 484,253.50					55,534.24	
Morris County Historic Preservation Trust Fund	(286,450.00)									(286,450.00)
Due Current Fund				1,507.39					\$ 1,507.39	
Due Other Trust Funds				60,000.00				60,000.00		
Reserve for:										
Ambulance	87,500.00									87,500.00
Emergency Service Vehicles	213,000.00		31,000.00							244,000.00
Garbage Truck	14,500.00									14,500.00
Main Street Improvement	100,000.00								34,564.69	134,564.69
Senior Bus	22,500.00		7,500.00							30,000.00
Office Equipment	10,000.00							10,000.00		
Ordinance										
Date	No.	Improvement Authorizations								
9/12/2005	19-05	Various Street, Curb, Sidewalk and Drainage Improvements	19,071.71		\$ 6,151.36					12,920.35
6/11/2007	10-07	Various Improvements	66,632.75		27,286.63	\$ 35,000.00		4,346.12		
2/25/2008	01-08	Main Street Improvements	34,564.69					34,564.69		
6/29/2008	17-08	Various Improvements	49,676.08							49,676.08
2/23/2009	01-09	First Aid Squad Building	15,036.10			8,637.50		6,398.60		
8/17/2009	13-09	Various Improvements	20,690.34			3,908.68		12,920.00		3,861.66
2/8/2010	01-10	Canal Restoration Project	42,614.24					42,614.24		
3/8/2010	02-10	Various Improvements	129,222.38			750.63	128,000.00	471.75		
4/26/2010	05-10	Various Improvements	56,886.10			396.17	55,000.00	1,489.93		
7/19/2010	09-10	General Capital Projects	350.59			350.59				
5/9/2011	10-11	Improvement of Various Roads	48,880.70			435.78	48,000.00	444.92		
6/13/2011	13-11	Various Improvements	20,479.85			2,319.85				18,160.00
12/12/2011	19-11	Various Building Improvements	20,678.33			20,678.33				
2/13/2012	02-12	Morris Canal Lock 2E Restoration	286,450.00							286,450.00
4/9/2012	06-12	Various Improvements	65,897.34			45,897.34				20,000.00
5/21/2012	11-12	Various Street Improvements	231,171.54			195,383.96				35,787.58
6/11/2012	12-12	Improvement of Various Roads	120,796.26			112,961.93				7,834.33
8/20/2012	17-12	Police Equipment	13,852.66			13,002.00				850.66
2/11/2013	02-13	Various Improvements		\$ 760,000.00		192,222.66			110,000.00	677,777.34
4/22/2013	06-13	Various Improvements				34,998.50			100,000.00	65,001.50
8/19/2013	08-13	Police Equipment							11,669.49	11,669.49
\$	963,983.66	\$ 760,000.00	\$ 139,904.00	\$ 557,430.38	\$ 665,381.91	\$ 266,000.00	\$ 1,507.39	\$ 324,919.74	\$ 324,919.74	\$ 1,488,428.74

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

Ordinance		Improvement Description	Balance Dec. 31, 2012	2013 Improvement Authorizations	Notes Paid by Budget Appropriation	Funded by Open Space Trust Fund	Improvement Authorizations Canceled	Balance Dec. 31, 2013	Analysis of Balance Dec. 31, 2013	
Date	No.								Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
6/11/2007	10-07	Various Improvements	\$ 35,000.00				\$ 35,000.00			
9/24/2007	15-07	Acquisition of New and Additional Fire Fighting Apparatus	304,000.00		\$ 304,000.00					
3/8/2010	02-10	Various Improvements	360,000.00		232,000.00		128,000.00			
4/26/2010	05-10	Various Improvements	190,000.00		38,000.00		55,000.00	\$ 97,000.00	\$ 97,000.00	
5/9/2011	10-11	Improvement of Various Roads	209,000.00				48,000.00	161,000.00	161,000.00	
6/11/2012	12-12	Improvement of Various Roads	164,000.00					164,000.00	164,000.00	
2/11/2013	02-13	Various Improvements		\$ 950,000.00		\$ 60,000.00	50,014.84	839,985.16	760,000.00	\$ 79,985.16
			<u>\$ 1,262,000.00</u>	<u>\$ 950,000.00</u>	<u>\$ 574,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 316,014.84</u>	<u>\$ 1,261,985.16</u>	<u>\$ 1,182,000.00</u>	<u>\$ 79,985.16</u>

Ref.

C

C

Improvement Authorizations - Unfunded	\$ 765,596.83
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance Dated 6/11/12 - Improvements to Various Roads	\$ 7,834.33
Ordinance Dated 2/11/13 - Various Improvements	677,777.34
	<u>685,611.67</u>
	<u>\$ 79,985.16</u>

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance No.	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations			Balance Dec. 31, 2013		
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded	Other Sources	Improvement Authorizations Canceled	Paid or Charged	Funded
Various Street, Curb, Sidewalk and Drainage Improvements	19-05	9/12/2005	\$ 100,000.00	\$ 19,071.71					\$ 6,151.36	\$ 12,920.35	
Various Improvements	10-07	6/11/2007	690,000.00	31,632.75	\$ 35,000.00			\$ 39,346.12	27,286.63		
Main Street Improvements	01-08	2/25/2008	312,000.00	34,564.69				34,564.69			
Various Improvements	17-08	9/29/2008	75,000.00	49,676.08							49,676.08
First Aid Squad Building	01-09	2/23/2009	300,000.00	15,036.10				6,398.60	8,637.50		
Various Improvements	13-09	8/17/2009	215,000.00	20,690.34				12,920.00	3,908.68		3,861.66
Canal Restoration Project	01-10	2/8/2010	582,000.00	42,614.24				42,614.24			
Various Improvements	02-10	3/8/2010	590,000.00		129,222.38			128,471.75	750.63		
Various Improvements	05-10	4/26/2010	325,000.00		56,886.10			56,489.93	396.17		
General Capital Projects	09-10	7/19/2010	144,000.00	350.59					350.59		
Improvement of Various Roads	10-11	5/9/2011	300,000.00		48,880.70			48,444.92	435.78		
Various Improvements	13-11	6/13/2011	95,000.00	20,479.85					2,319.85		18,160.00
Various Building Improvements	19-11	12/12/2011	75,000.00	20,678.33					20,678.33		
Morris Canal Lock2E Restoration	02-12	2/13/2012	286,450.00	286,450.00							286,450.00
Various Improvements	06-12	4/9/2012	113,500.00	65,897.34					45,897.34		20,000.00
Various Street Improvements	11-12	5/21/2012	255,000.00	231,171.54					195,383.96		35,787.58
Improvement of Various Roads	12-12	6/11/2012	177,000.00		120,796.26				112,961.93		\$ 7,834.33
Police Equipment	17-12	8/20/2012	13,852.66	13,852.66					13,002.00		850.66

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
(Continued)

Improvement Description	Ordinance No.	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations			Paid or Charged	Balance Dec. 31, 2013		
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded	Other Sources		Improvement Authorizations Canceled	Funded	Unfunded
Various Improvements	02-13	2/11/2013	\$ 1,000,000.00			\$ 50,000.00	\$ 950,000.00		\$ 50,014.84	\$ 192,222.66	\$ 757,762.50	
Various Improvements	06-13	4/22/2013	100,000.00			90,000.00		\$ 10,000.00		34,998.50	\$ 65,001.50	
Police Equipment	08-13	8/19/2013	11,669.49					11,669.49			11,669.49	
				\$ 852,166.22	\$ 390,785.44	\$ 140,000.00	\$ 950,000.00	\$ 21,669.49	\$ 419,265.09	\$ 665,381.91	\$ 504,377.32	\$ 765,596.83
				<u>Ref.</u>	C	C					C	C
								\$ 10,000.00				
								11,669.49				
								<u>\$ 21,669.49</u>				
									\$ 6,752.72			
									6,398.60			
									316,014.84			
									55,534.24			
									34,564.69			
									<u>\$ 419,265.09</u>			

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 98,025.23
Increased by:		
2013 Budget Appropriation		\$ 101,404.00
Fully Funded Improvement Authorizations Canceled		<u>6,398.60</u>
		<u>107,802.60</u>
		205,827.83
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>140,000.00</u>
Balance December 31, 2013	C	<u><u>\$ 65,827.83</u></u>

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Improvement Description	Ord. No.	Ordinance	Date of			Interest Rate	Balance Dec. 31, 2012	Issued	Matured	Balance Dec. 31, 2013
			Issue of Original Note	Issue	Maturity					
Various General Improvements	10-07	6/11/2007	10/24/2007	10/18/2012	10/18/2013	0.80%	\$ 35,000.00		\$ 35,000.00	
			10/24/2007	10/17/2013	10/17/2014	0.67%				
Acquisition of New and Additional Fire Fighting Apparatus	15-07	9/24/2007	10/23/2008	10/18/2012	10/18/2013	0.80%	304,000.00		304,000.00	
			10/24/2007	10/17/2013	10/17/2014	0.67%				
Various Improvements	02-10	3/8/2010	10/23/2008	10/18/2012	10/18/2013	0.80%	360,000.00		360,000.00	
			10/24/2007	10/17/2013	10/17/2014	0.67%				
Various Improvements	05-10	4/26/2010	10/23/2008	10/18/2012	10/18/2013	0.80%	190,000.00	\$ 97,000.00	190,000.00	\$ 97,000.00
			10/24/2007	10/17/2013	10/17/2014	0.67%				
Improvement of Various Roads	10-11	5/9/2011	10/23/2008	10/18/2012	10/18/2013	0.80%	209,000.00	161,000.00	209,000.00	161,000.00
			10/24/2007	10/17/2013	10/17/2014	0.67%				
Improvement of Various Roads	12-12	6/11/2012	10/18/2012	10/18/2012	10/18/2013	0.80%	164,000.00	164,000.00	164,000.00	164,000.00
			10/24/2007	10/17/2013	10/17/2014	0.67%				
Various Improvements	02-13	2/11/2013	10/24/2007	10/17/2013	10/17/2014	0.67%		760,000.00		760,000.00
							<u>\$ 1,262,000.00</u>	<u>\$ 1,182,000.00</u>	<u>\$ 1,262,000.00</u>	<u>\$ 1,182,000.00</u>
							<u>Ref.</u>	C		C
Renewals								\$ 422,000.00	\$ 422,000.00	
Issued for Cash								760,000.00		
Redeemed from Cash									266,000.00	
Paid by Budget Appropriation									574,000.00	
								<u>\$ 1,182,000.00</u>	<u>\$ 1,262,000.00</u>	

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
GREEN ACRES PROGRAM - GREEN TRUST LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 241,927.60
Decreased by:		
Principal Matured		26,384.31
Balance December 31, 2013	C	\$ 215,543.29

Schedule of Principal and Interest Payments Outstanding December 31, 2013

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 215,543.29
25	2/11/2014	\$ 13,390.36	\$ 2,155.43	202,152.93
26	8/11/2014	13,524.27	2,021.53	188,628.66
27	2/11/2015	13,659.51	1,886.29	174,969.15
28	8/11/2015	13,796.11	1,749.69	161,173.04
29	2/11/2016	13,934.07	1,611.73	147,238.97
30	8/11/2016	14,073.41	1,472.39	133,165.56
31	2/11/2017	14,214.14	1,331.66	118,951.42
32	8/11/2017	14,356.28	1,189.51	104,595.14
33	2/11/2018	14,499.85	1,045.95	90,095.29
34	8/11/2018	14,644.84	900.95	75,450.45
35	2/11/2019	14,791.29	754.50	60,659.16
36	8/11/2019	14,939.21	606.59	45,719.95
37	2/11/2020	15,088.60	457.20	30,631.35
38	8/11/2020	15,239.48	306.31	15,391.87
39	2/11/2021	15,391.87	153.92	
		\$ 215,543.29	\$ 17,643.65	

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2013

<u>Ordinance</u>		<u>Improvement Description</u>	<u>2013</u> <u>Authorizations</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes</u> <u>Redeemed</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes</u> <u>Issued</u>	<u>Funded by</u> <u>Open Space</u> <u>Trust Fund</u>	<u>Improvement</u> <u>Authorizations</u> <u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Date</u>	<u>No.</u>							
6/11/2007	10-07	Various Improvements		\$ 35,000.00			\$ 35,000.00	
3/8/2010	02-10	Various Improvements		128,000.00			128,000.00	
4/26/2010	05-10	Various Improvements		55,000.00			55,000.00	
5/9/2011	10-11	Improvement of Various Roads		48,000.00			48,000.00	
2/11/2013	02-13	Various Improvements	\$ 950,000.00		\$ 760,000.00	\$ 60,000.00	50,014.84	\$ 79,985.16
			<u>\$ 950,000.00</u>	<u>\$ 266,000.00</u>	<u>\$ 760,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 316,014.84</u>	<u>\$ 79,985.16</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
WATER UTILITY FUND

BOROUGH OF WHARTON
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	D	\$ 1,350,637.86	\$ 552,101.48
Increased by Receipts:			
Water Utility Collector		\$ 1,827,542.77	
Change Fund Returned		100.00	
Due Water Utility Capital Fund:			
Reserve for Payment of Debt Service		35,056.95	
Interest Earned		1,106.79	
Interest Earned		1,522.16	
Budget Appropriation:			
Capital Improvement Fund			\$ 50,000.00
County of Morris Community			
Development Block Grant			80,000.00
Bond Anticipation Note Proceeds			255,000.00
Due Water Utility Operating Fund:			
Interest Earned			1,106.79
		<u>1,865,328.67</u>	<u>386,106.79</u>
		3,215,966.53	938,208.27
Decreased by Disbursements:			
2013 Appropriation Expenditures		1,510,454.52	
2012 Appropriation Reserve Expenditures		84,399.62	
Accrued Interest on:			
NJEIT Loan		6,679.85	
MUA Loan Repayment		7,174.41	
Notes		15,384.00	
Fund Balance Anticipated in Current Fund		150,000.00	
Contracts Payable		1,788.32	
Due Water Utility Operating Fund:			
Reserve for Payment of Debt Service			35,056.95
Interest Earned			1,106.79
Bond Anticipation Notes Redeemed			51,000.00
Improvement Authorizations			591,075.13
		<u>1,775,880.72</u>	<u>678,238.87</u>
Balance December 31, 2013	D	<u>\$ 1,440,085.81</u>	<u>\$ 259,969.40</u>

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2013

Increased by Receipts:

Consumer Accounts Receivable:

Water Rents	\$ 1,760,688.97
Developer's Agreement - MUA Loan Repayment	49,444.44
Miscellaneous Revenue	15,413.82
Total Consumer Accounts Receivable	<u>1,825,547.23</u>

Water Rent Overpayments

1,995.54
<u>1,827,542.77</u>

Decreased by Disbursements:

Paid to Treasurer

<u>\$ 1,827,542.77</u>

**BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts			Disbursements			Transfers		Balance Dec. 31, 2013	
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To		
Fund Balance	\$ 438.93									\$ 438.93	
Capital Improvement Fund	63,521.48		\$ 50,000.00							113,521.48	
Due Water Utility Operating Fund				\$ 1,106.79					\$ 35,056.95		
Due from Morris County Community Development Reserve for Payment of Debt Service	35,056.95			80,000.00			\$ 36,163.74	\$ 80,000.00	35,056.95		
<u>Ordinance</u>											
<u>Date</u>	<u>No.</u>	<u>Improvement Authorizations</u>									
7/25/2005	13-05	Various Water Improvements	51,555.97		\$ 217.59	\$ 51,000.00				338.38	
4/25/2011	07-11	Pine Street Water Main Replacement	40,727.97			3,345.22				37,382.75	
6/13/2011	14-11	Mason Dump Truck	16,548.56							16,548.56	
6/27/2011	16-11	DPW Building Improvements	121,416.92			120,140.92				1,276.00	
2/13/2012	01-12	Improvement of the Water Supply and Distribution System	45,977.32			4,591.92				41,385.40	
6/25/2012	14-12	Improvement of the Water Supply and Distribution System	140,902.78			107,939.72				32,963.06	
7/16/2012	15-12	Acquisition of Lands	35,954.60			35,954.60					
2/11/2013	01-13	Improvement of the Water Supply and Distribution System - Fern Avenue Phase II		\$ 255,000.00		318,885.16			80,000.00	16,114.84	
			<u>\$ 552,101.48</u>	<u>\$ 255,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 81,106.79</u>	<u>\$ 591,075.13</u>	<u>\$ 51,000.00</u>	<u>\$ 36,163.74</u>	<u>\$ 115,056.95</u>	<u>\$ 259,969.40</u>

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 143,548.40
Increased by:		
Water Rents Levied		\$ 1,646,762.01
Developer's Agreement - MUA Loan Repayment Levied		49,444.44
Miscellaneous Fees Levied		15,413.82
		<u>1,711,620.27</u>
		1,855,168.67
Decreased by:		
Collections:		
Water Rents:		
Received		1,760,688.97
Overpayments Applied		1,603.34
Developer's Agreement - MUA Loan Repayment:		
Received		49,444.44
Miscellaneous Fees		15,413.82
		<u>1,827,150.57</u>
Balance December 31, 2013	D	<u>\$ 28,018.10</u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 5,985,968.46
Increased by:		
Additions by:		
Capital Outlay:		
Water Utility Operating Budget		<u>34,487.94</u>
Balance December 31, 2013	D	<u>\$ 6,020,456.40</u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Amount	Balance	2013	Balance
	No.	Date		Dec. 31, 2012	Authorizations	Dec. 31, 2013
Various Water Improvements	13-05	7/25/2005	\$ 1,885,000.00	\$ 1,265,746.00		\$ 1,265,746.00
Pine Street Water Main Replacement	07-11	4/25/2011	300,000.00	300,000.00		300,000.00
Mason Dump Truck	14-11	6/13/2011	80,000.00	80,000.00		80,000.00
DPW Building Improvements	16-11	6/27/2011	200,000.00	200,000.00		200,000.00
Improvement of the Water Supply and Distribution System	01-12	2/13/2012	250,000.00	250,000.00		250,000.00
Improvement of the Water Supply and Distribution System	14-12	6/25/2012	150,000.00	150,000.00		150,000.00
Acquisition of Lands	15-12	7/16/2012	550,000.00	550,000.00		550,000.00
Improvement of the Water Supply and Distribution System - Fern Avenue Phase II	01-13	2/11/2013	375,000.00		\$ 375,000.00	375,000.00
				<u>\$ 2,795,746.00</u>	<u>\$ 375,000.00</u>	<u>\$ 3,170,746.00</u>
				<u>Ref.</u>		
				D		D

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 23,555.58	\$ 23,555.58	\$ 1,419.91	\$ 22,135.67
Other Expenses	499,503.54	499,503.54	82,979.71	416,523.83
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	6,477.54	6,477.54		6,477.54
	<u>\$ 529,536.66</u>	<u>\$ 529,536.66</u>	<u>\$ 84,399.62</u>	<u>\$ 445,137.04</u>

Ref.

Analysis of Balance December 31, 2012:

Appropriation Reserves:

Unencumbered	D	\$ 498,688.17
Encumbered	D	30,848.49
		<u>\$ 529,536.66</u>

**BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	No.	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations		Paid or Charged	Balance Dec. 31, 2013	
				Funded	Unfunded	Community Development Block Grant	Deferred Charges to Future Revenue		Funded	Unfunded
Various Water Improvements	13-05	7/25/2005	\$ 1,885,000.00		\$ 51,555.97			\$ 217.59	\$ 338.38	\$ 51,000.00
Pine Street Water Main Replacement	07-11	4/25/2011	300,000.00	\$ 40,727.97				3,345.22	37,382.75	
Mason Dump Truck	14-11	6/13/2011	80,000.00	16,548.56					16,548.56	
DPW Building Improvements	16-11	6/27/2011	200,000.00		121,416.92			120,140.92		1,276.00
Improvement of the Water Supply and Distribution System	01-12	2/13/2012	250,000.00		45,977.32			4,591.92		41,385.40
Improvement of the Water Supply and Distribution System	14-12	6/25/2012	150,000.00		140,902.78			107,939.72		32,963.06
Acquisition of Lands	15-12	7/16/2012	550,000.00		35,954.60			35,954.60		
Improvement of the Water Supply and Distribution System Fern Avenue Phase II	01-13	2/11/2013	375,000.00			\$ 80,000.00	\$ 295,000.00	318,885.16		56,114.84
				<u>\$ 57,276.53</u>	<u>\$ 395,807.59</u>	<u>\$ 80,000.00</u>	<u>\$ 295,000.00</u>	<u>\$ 591,075.13</u>	<u>\$ 54,269.69</u>	<u>\$ 182,739.30</u>
		<u>Ref.</u>		D	D				D	D

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 63,521.48
Increased by:		
2013 Budget Appropriation		<u>50,000.00</u>
Balance December 31, 2013	D	<u><u>\$ 113,521.48</u></u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 5,170,909.57
Increased by:		
Paid by Water Utility Operating Budget:		
Notes		\$ 300,000.00
Developer's MUA Loan		42,270.03
NJEIT Loan		21,404.44
Capital Outlay:		
Water Utility Operating Budget		34,487.94
		<u>398,162.41</u>
Balance December 31, 2013	D	<u>\$ 5,569,071.98</u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Improvement Description	Ordinance		Balance Dec. 31, 2012	2013 Authorizations	Paid from	Balance Dec. 31, 2013
	No.	Date			Operating Budget Notes	
Various Water Improvements	13-05	7/25/2005	\$ 699,150.00		\$ 50,000.00	\$ 749,150.00
Pine Street Water Main Replacement	07-11	4/25/2011	300,000.00			300,000.00
Mason Dump Truck	14-11	6/13/2011	80,000.00			80,000.00
Improvement of the Water Supply and Distribution System	01-12	2/13/2012	80,000.00			80,000.00
Improvement of the Water Supply and Distribution System Fern Avenue Phase II	01-13	2/11/2013		\$ 80,000.00		80,000.00
			<u>\$ 1,159,150.00</u>	<u>\$ 80,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 1,289,150.00</u>
		<u>Ref.</u>		D		D

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEVELOPER'S MUA LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 203,537.28
Decreased by:		
Principal Matured		42,270.03
Balance December 31, 2013	D	\$ 161,267.25

Schedule of Principal and Interest Payments Outstanding December 31, 2013

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 161,267.25
47	2/1/2014	\$ 10,821.01	\$ 1,540.10	150,446.24
48	5/1/2014	10,924.35	1,436.76	139,521.89
49	8/1/2014	11,028.68	1,332.43	128,493.21
50	11/1/2014	11,134.00	1,227.11	117,359.21
51	2/1/2015	11,240.33	1,120.78	106,118.88
52	5/1/2015	11,347.67	1,013.44	94,771.21
53	8/1/2015	11,456.04	905.07	83,315.17
54	11/1/2015	11,565.45	795.66	71,749.72
55	2/1/2016	11,675.90	685.21	60,073.82
56	5/1/2016	11,787.41	573.70	48,286.41
57	8/1/2016	11,899.97	461.14	36,386.44
58	11/1/2016	12,013.62	347.49	24,372.82
59	2/1/2017	12,128.35	232.76	12,244.47
60	5/1/2017	12,244.47	116.93	
		\$ 161,267.25	\$ 11,788.58	

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(NJEIT) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 325,117.61
Decreased by:		
Principal Matured		21,404.44
Balance December 31, 2013	D	\$ 303,713.17

Schedule of Principal and Interest Payments Outstanding December 31, 2013

<u>Payment Number</u>	<u>Due</u>	<u>Fund Loan Principal</u>	<u>Trust Loan Principal</u>	<u>Trust Loan Interest</u>	<u>Loan Balance</u>
					\$ 303,713.17
16	2/1/2014	\$ 2,306.35		\$ 3,565.63	301,406.82
17	8/1/2014	8,774.67	\$ 10,000.00	3,565.63	282,632.15
18	2/1/2015	2,144.65		3,315.63	280,487.50
19	8/1/2015	8,612.97	10,000.00	3,315.63	261,874.53
20	2/1/2016	2,015.28		3,115.63	259,859.25
21	8/1/2016	8,483.60	10,000.00	3,115.63	241,375.65
22	2/1/2017	1,885.91		2,915.63	239,489.74
23	8/1/2017	11,588.39	15,000.00	2,915.63	212,901.35
24	2/1/2018	1,691.86		2,615.63	211,209.49
25	8/1/2018	11,394.34	15,000.00	2,615.63	184,815.15
26	2/1/2019	1,485.69		2,296.88	183,329.46
27	8/1/2019	11,188.17	15,000.00	2,296.88	157,141.29
28	2/1/2020	1,279.51		1,978.13	155,861.78
29	8/1/2020	10,981.99	15,000.00	1,978.13	129,879.79
30	2/1/2021	1,061.20		1,640.63	128,818.59
31	8/1/2021	10,763.68	15,000.00	1,640.63	103,054.91
32	2/1/2022	848.96		1,312.50	102,205.95
33	8/1/2022	10,551.44	15,000.00	1,312.50	76,654.51
34	2/1/2023	636.72		984.38	76,017.79
35	8/1/2023	10,339.20	15,000.00	984.38	50,678.59
36	2/1/2024	424.48		656.25	50,254.11
37	8/1/2024	10,126.96	15,000.00	656.25	25,127.15
38	2/1/2025	212.24		328.13	24,914.91
39	8/1/2025	9,914.91	15,000.00	328.13	
		\$ 138,713.17	\$ 165,000.00	\$ 49,450.10	

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2013

<u>Ordinance</u>		<u>Improvement Description</u>	<u>2013</u> <u>Authorizations</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Date</u>	<u>No.</u>			<u>Redeemed</u>	<u>Issued</u>	
7/25/2005	13-05	Various Water Improvements		\$ 51,000.00		\$ 51,000.00
2/11/2013	01-13	Improvement of the Water Supply and Distribution System - Fern Avenue Phase II	\$ 295,000.00		\$ 255,000.00	40,000.00
			<u>\$ 295,000.00</u>	<u>\$ 51,000.00</u>	<u>\$ 255,000.00</u>	<u>\$ 91,000.00</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
SEWER UTILITY FUND

BOROUGH OF WHARTON
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	E	\$ 1,048,737.51	\$ 449,884.72
Increased by Receipts:			
Sewer Utility Collector		\$ 1,423,741.45	
Due Sewer Utility Capital Fund:			
Reserve for Payment of Debt Service		12,171.61	
Interest Earned		935.88	
Interest Earned		1,255.72	
Budget Appropriation:			
Capital Improvement Fund			\$ 10,000.00
Due Sewer Utility Operating Fund:			
Interest Earned			935.88
		<u>1,438,104.66</u>	<u>10,935.88</u>
		2,486,842.17	460,820.60
Decreased by Disbursements:			
2013 Appropriation Expenditures		1,216,528.25	
2012 Appropriation Reserve Expenditures		20,440.43	
Accrued Interest on Notes		9,216.00	
Fund Balance Anticipated in Current Fund		172,000.00	
Due Sewer Utility Operating Fund:			
Reserve for Payment of Debt Service			12,171.61
Interest Earned			935.88
Improvement Authorizations			276,970.03
		<u>1,418,184.68</u>	<u>290,077.52</u>
Balance December 31, 2013	E	<u>\$ 1,068,657.49</u>	<u>\$ 170,743.08</u>

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2013

Increased by Receipts:

Consumer Accounts Receivable:

Sewer User Charges	\$ 1,408,597.07
Miscellaneous Revenue	12,764.40
Total Consumer Accounts Receivable	<u>1,421,361.47</u>

Sewer User Charge Overpayments

2,379.98
<u>1,423,741.45</u>

Decreased by Disbursements:

Paid to Treasurer

<u>\$ 1,423,741.45</u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013	
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 112,180.81						\$ 4,349.50	\$ 116,530.31	
Capital Improvement Fund	10,156.25	\$ 10,000.00						20,156.25	
Due Sewer Utility Operating Fund			\$ 935.88		\$ 13,107.49		12,171.61		
Reserve for Sewer Extensions	4,349.50					\$ 4,349.50			
Reserve for Payment of Debt Service	12,171.61					12,171.61			
<u>Ord. Date</u>	<u>Ord. No.</u>	<u>Improvement Authorizations</u>							
6/27/2011	15-11	DPW Building Improvements		138,593.28	\$ 138,593.28				
6/25/2012	13-12	Trowbridge Sewer Main Replacement		136,478.67	102,422.15			34,056.52	
7/16/2012	16-12	Acquisition of Lands		35,954.60	35,954.60				
		<u>\$ 449,884.72</u>	<u>\$ 10,000.00</u>	<u>\$ 935.88</u>	<u>\$ 276,970.03</u>	<u>\$ 13,107.49</u>	<u>\$ 16,521.11</u>	<u>\$ 16,521.11</u>	<u>\$ 170,743.08</u>

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 74,904.66
Increased by:		
Sewer Rents Levied	\$ 1,387,218.25	
Miscellaneous Fees Levied	12,764.40	
	<hr/>	<hr/>
		1,399,982.65
		<hr/>
		1,474,887.31
Decreased by:		
Collections:		
Sewer User Charges:		
Received	1,408,597.07	
Overpayments Applied	2,140.04	
Miscellaneous Fees	12,764.40	
	<hr/>	<hr/>
		1,423,501.51
		<hr/>
Balance December 31, 2013	E	<u><u>\$ 51,385.80</u></u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 4,296,436.52
Increased by:		
Additions by:		
Capital Outlay:		
Sewer Utility Operating Budget		\$ 7,300.74
Ordinance		750,000.00
		<hr/>
		757,300.74
		<hr/>
Balance December 31, 2013	E	<u>\$ 5,053,737.26</u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Amount	Balance	Costs to	Balance
	No.	Date		Dec. 31, 2012	Fixed Capital	Dec. 31, 2013
DPW Building Improvements	15-11	6/27/2011	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	
Trowbridge Sewer Main Replacement	13-12	6/25/2012	150,000.00	150,000.00		\$ 150,000.00
Acquisition of Lands	16-12	7/16/2012	550,000.00	550,000.00	550,000.00	
				<u>\$ 900,000.00</u>	<u>\$ 750,000.00</u>	<u>\$ 150,000.00</u>
				<u>Ref.</u>	<u>E</u>	<u>E</u>

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	Balance Dec. 31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 31,852.04	\$ 31,852.04	\$ 2,044.08	\$ 29,807.96
Other Expenses	210,960.21	210,960.21	18,396.35	192,563.86
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	7,507.09	7,507.09		7,507.09
	\$ 250,319.34	\$ 250,319.34	\$ 20,440.43	\$ 229,878.91

Ref.

Analysis of Balance December 31, 2012:

Appropriation Reserves:			
Unencumbered	E	\$ 249,956.22	
Encumbered	E	363.12	
		\$ 250,319.34	

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2012		Paid or Charged	Balance
	No.	Date	Amount	Funded		Unfunded
DPW Building Improvements	15-11	6/27/2011	\$ 200,000.00		\$ 138,593.28	\$ 138,593.28
Trowbridge Sewer Main Replacement	13-12	6/25/2012	150,000.00	\$ 136,478.67		102,422.15
Acquisition of Lands	16-12	7/16/2012	550,000.00		35,954.60	35,954.60
				<u>\$ 136,478.67</u>	<u>\$ 174,547.88</u>	<u>\$ 276,970.03</u>
				<u>Ref.</u>	<u>E</u>	<u>E</u>
					<u>E</u>	<u>E</u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 10,156.25
Increased by:		
2013 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2013	E	<u>\$ 20,156.25</u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 3,894,436.52
Increased by:		
Paid by Water Utility Operating Budget:		
Notes		\$ 250,000.00
Capital Outlay:		
Sewer Utility Operating Budget		<u>7,300.74</u>
		<u>257,300.74</u>
Balance December 31, 2013	E	<u><u>\$ 4,151,737.26</u></u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
	<u>No.</u>	<u>Date</u>	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2013</u>
Trowbridge Sewer Main Replacement	13-12	6/25/2012	\$ 150,000.00	\$ 150,000.00
			<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>
		<u>Ref.</u>	E	E

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
PUBLIC ASSISTANCE FUND

BOROUGH OF WHARTON
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2012	F	\$ 6,838.60
Increased by Receipts:		
Interest Earned		16.54
		<u>6,855.14</u>
Decreased by Disbursements:		
Transferred to Relocation Assistance Trust Fund		6,855.14
		<u>6,855.14</u>
Balance December 31, 2013	F	<u>\$ -0-</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2013
SPECIAL GARBAGE DISTRICT FUND

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2012	H	\$ 728,964.17
Increased by Receipts:		
Due Current Fund - District Taxes	\$ 970,951.00	
Miscellaneous Revenue	29,830.34	
	<hr/>	<hr/>
		1,000,781.34
		1,729,745.51
Decreased by Disbursements:		
2013 Appropriation Expenditures	834,771.10	
2012 Appropriation Reserve Expenditures	80,936.89	
	<hr/>	<hr/>
		915,707.99
Balance December 31, 2013	H	<u>\$ 814,037.52</u>

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF DISTRICT TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2013

Increased by:	
2013 Tax Levy	\$ 970,951.00
Decreased by:	
Received from Current Fund	<u>\$ 970,951.00</u>

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	Balance Dec. 31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 31,225.50	\$ 31,225.50	\$ 504.92	\$ 30,720.58
Other Expenses	145,531.33	145,531.33	80,431.97	65,099.36
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	8,305.55	8,305.55		8,305.55
	\$ 185,062.38	\$ 185,062.38	\$ 80,936.89	\$ 104,125.49

Ref.

Analysis of Balance December 31, 2012:

Appropriation Reserves:			
Unencumbered	H	\$ 173,933.44	
Encumbered	H	11,128.94	
		\$ 185,062.38	

BOROUGH OF WHARTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Department/ Pass Through Grantor/Cluster Title	C.F.D.A. Account Number	State Program Account Number	Program	Project	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO
							From	To		Cumulative Total Expenditures
U.S. Department of Housing and Urban Development - (Passed through Morris County Office of Community Development)	14.218	N/A	Community Development Block Grant	Improvement of the Water Supply and Distribution System: Fern Ave Phase II	\$ 80,000.00	\$ 80,000.00	01/01/13	12/31/13	\$ 80,000.00	\$ 80,000.00
Total U.S. Department of Housing and Urban Development						80,000.00			80,000.00	80,000.00
U.S. Department of Transportation: Highway Planning and Construction Cluster: (Passed through NJ Department of Transportation)	20.205	480-078-6320- 156-601385	NJ Municipal Trust Fund Authority Act	Canal Restoration Princeton Avenue	582,000.00 120,000.00	364,253.50 120,000.00	01/01/11 01/01/12	12/31/13 12/31/13	120,000.00 120,000.00	526,465.76 120,000.00 646,465.76
Subtotal Highway Planning and Construction Cluster						484,253.50			120,000.00	646,465.76
Total U.S. Department of Transportation						484,253.50			120,000.00	646,465.76
U.S. Department of Homeland Security (Passed through NJ Department of Law and Public Safety)	97.036	N/A	Disaster Grants - Public Assistance - F.E.M.A.	Superstorm Sandy	59,438.53	59,438.53	01/01/12	12/31/12	59,438.53	* 59,438.53
Total U.S. Department of Homeland Security						59,438.53			59,438.53	59,438.53
TOTAL FEDERAL AWARDS						\$ 623,692.03			\$ 259,438.53	\$ 785,904.29

N/A - Not Applicable

* -Expended in prior year.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO	
					From	To		Cumulative Total Expenditures	
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-178910	\$ 5,700.53		01/01/04	12/31/14	\$ 314.93	\$ 5,641.40	
			9,032.51		01/01/11	12/31/13	12.15	9,032.51	
			8,883.70		01/01/12	12/31/14	4,709.05	8,657.13	
			10,430.18	\$ 10,430.18	01/01/13	12/31/14	5,043.68	5,043.68	
				10,430.18			10,079.81	33,830.17	
Total Department of Environmental Protection					10,430.18			10,079.81	33,830.17
Department of Law and Public Safety	Safe and Secure Communities Program	100-066-1020-107-090940	30,000.00	30,000.00	10/02/10	10/01/11		30,000.00	
			22,981.00	22,981.00	10/02/11	10/01/12		22,981.00	
				52,981.00			-0-	52,981.00	
	Body Armor Replacement Fund	98-718-066-1020-001	2,204.15		01/01/11	12/31/13	2,204.15	2,204.15	
			2,251.31		01/01/12	12/31/13	2,251.31	2,251.31	
			2,783.30	2,783.30	01/01/13	12/31/14	-0-	-0-	
				2,783.30			4,455.46	4,455.46	
Total Department of Law and Public Safety					55,764.30			4,455.46	57,436.46
Department of Treasury (Passed through the County of Morris)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance Program	100-082-2000-044-995120	11,896.00	2,486.94	01/01/12	12/31/13	2,670.70	6,777.28	
			10,773.00	262.50	01/01/13	12/31/14	6,337.64	6,337.64	
				2,749.44			9,008.34	13,114.92	
Total Department of Treasury					2,749.44			9,008.34	13,114.92

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

<u>State Funding Department</u>	<u>State Program</u>	<u>Program Account No.</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Period</u>		<u>Grant Expenditures</u>	<u>MEMO</u>
					<u>From</u>	<u>To</u>		<u>Cumulative Total Expenditures</u>
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-046-4240-040000	\$ 263.87	\$ 263.87	01/01/13	12/31/13	\$ 263.87	\$ 263.87
Total Department of Health and Senior Services				263.87			263.87	263.87
Department of Transportation	Safe Corridors Grant	100-078-6100-051-TCAP-6010	13,852.66		01/01/12	12/31/14	13,002.00	13,002.00
			11,669.49	11,669.49	01/01/13	12/31/14	-0-	-0-
Total Department of Transportation				11,669.49			13,002.00	13,002.00
TOTAL STATE AWARDS				\$ 80,877.28			\$ 36,809.48	\$ 117,647.42

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF WHARTON
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

A. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state awards of the Borough of Wharton. The Borough of Wharton is defined in Note 1 to the Borough's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

D. STATE LOANS OUTSTANDING

The Borough of Wharton has the following loans outstanding as of December 31, 2013:

General Capital Fund:	
Green Trust Loan	<u>\$ 215,543</u>
Water Utility Capital Fund:	
NJEIT Loan	<u>\$ 303,713</u>

The projects which relate to the above loans are complete and there were no current year receipts or expenditures on these loans.



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 973-328-1825 | 973-328-0507 Fax
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 11 Lawrence Road
 Newton, NJ 07860
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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 Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Wharton, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated February 28, 2014. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 Borough'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
Page 2

Compliance and Other Matters

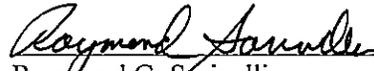
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
February 28, 2014

NISIVOCCIA LLP



Raymond G. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 383

BOROUGH OF WHARTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04 for 2013 as both state and federal grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

BOROUGH OF WHARTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2013

The Borough's prior year audit finding regarding fixed assets was resolved.

BOROUGH OF WHARTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, C.198 (N.J.S. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder 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 a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$36,000.

The governing body of the Borough of Wharton has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and 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 indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, utility charges or assessments on or before the date when they would become delinquent.

On January 7, 2013, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

BE IT RESOLVED by the Borough Council of the Borough of Wharton, Morris County, New Jersey, that the rate of interest to be paid upon delinquent taxes and utility charges for the year 2013 shall be fixed at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% per annum. However, interest shall not be collected upon taxes and utility charges that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000.

It appears from a test of the Tax Collector's and Water and Sewer Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 2, 2013 and all eligible properties were transferred to lien.

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

Year	Number of Liens
2013	5
2012	6
2011	5

Accounting Requirements Under New Jersey Administrative Code

The Division of Local Government Services has established three (3) technical accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough currently maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger system. However, the fixed asset accounting and reporting system was not updated for additions or deletions.

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Accounting Requirements Under New Jersey Administrative Code (Cont'd)

As the Borough had a fixed assets inventory performed but the report had not yet been issued as of the date of this audit, no formal recommendation is deemed necessary.

Municipal Court

Effective February 2009, the Wharton Municipal Court, along with three other courts, was combined with the Town of Dover Municipal Court as a Joint Municipal Court.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve the comment and recommendation from the 2012 audit report. The recommendation with regard to the fixed assets accounting and reporting system was resolved.

BOROUGH OF WHARTON
SUMMARY OF RECOMMENDATIONS

There are no recommendations.

* * * * *