

*TOWNSHIP OF PEQUANNOCK*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2015*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS

REPORT OF AUDIT

2015

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TOWNSHIP OF PEQUANNOCK  
PART I  
REPORT ON AUDIT OF  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2015



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## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Council  
 Township of Pequannock  
 Pompton Plains, New Jersey

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

We have audited the financial statements – *regulatory basis* – of the various funds of the Township of Pequannock, in the County of Morris (the "Township") as of and for the year ended December 31, 2015 and the related notes to the 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 Township'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 Township'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 Township Council  
Township of Pequannock  
Page 2

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

As described in Note 1, the financial statements are prepared by the Township 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 each fund and account group of the Township as of December 31, 2015, or the changes in financial position or where applicable, cash flows thereof for the year then ended.

***Basis for Qualified Opinion***

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, 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, 2015 financial statement of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statement referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Pequannock as of December 31, 2015 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.

***Emphasis of Matter***

As discussed in Note 5 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

***Other Matters***

The financial statements of the Township as of December 31, 2014 were audited by other auditors whose report dated July 22, 2015 expressed an unmodified opinion on those statements.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township'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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 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 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 May 30, 2016 on our consideration of the Township'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 Township's internal control over financial reporting and compliance.

May 30, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Certified Public Accountant  
Registered Municipal Accountant No. 548

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
CURRENT FUND

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 6,643,768.07	\$ 6,219,849.00
Change Funds		360.00	260.00
Due from Payroll Account			292,596.68
		<u>6,644,128.07</u>	<u>6,512,705.68</u>
Due From State of New Jersey			
Senior Citizen and Veterans Deductions		53,319.62	52,900.44
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	297,545.27	416,912.86
Tax Title Liens Receivable	A-8	19,006.82	13,447.10
Property Acquired for Taxes - Assessed Valuation		884,650.00	884,650.00
Revenue Accounts Receivable	A-9	25,206.36	29,988.59
Due from Federal and State Grant Fund	A	441.83	
Due from Animal Control Fund	B	1.25	131.59
Due from Other Trust Funds	B		259.72
Due from General Capital Fund	C	3,535.01	48,374.58
Due from Sewer Utility Operating Fund	E		4,200.37
Due from Public Library		6,510.41	27,173.00
Total Receivables and Other Assets		<u>1,236,896.95</u> (2,003.61)	<u>1,425,137.81</u>
Deferred Charges:			
Special Emergency Authorizations		33,000.00	68,000.00
Total Regular Fund		<u>7,967,344.64</u>	<u>8,058,743.93</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	62,117.60	270,405.91
Grants Receivable	A-10	598,723.01	183,592.36
Due from Current Fund	A		79,656.18
Total Federal and State Grant Fund		<u>660,840.61</u>	<u>533,654.45</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,628,185.25</u>	<u>\$ 8,592,398.38</u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

	Ref.	December 31	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 1,089,106.68	\$ 1,390,454.53
Encumbered	A-3;A-11	97,016.49	127,807.25
Total Appropriation Reserves		1,186,123.17	1,518,261.78
Accounts Payable - Vendors		138,743.18	116,000.75
Tax Overpayments		35,890.01	17,728.00
School Taxes Payable	A-12	147,879.00	483,959.00
County Taxes Payable		12,434.77	9,209.48
Prepaid Taxes		136,772.05	132,906.73
Third Party Tax Title Lien Redemptions		39,667.36	17,370.97
Due to Federal and State Grant Fund	A		79,656.18
Due to Other Trust Funds	B	94,503.83	
Due to Open Space Trust Fund	B	278.96	
Due to Water Utility Operating Fund	D		425.50
Due to Recreation Utility Operating Fund	G	355.00	21,340.91
Reserve for Pending Tax Appeals		2,774,620.73	2,238,892.04
Reserve for Dial-A-Ride Refunds			34,072.00
Reserve for Health Contracts		161,338.81	145,844.84
Reserve for Tax Map		34,995.13	34,995.13
Reserve for Flood Expenses		160,943.13	160,943.13
Reserve for Police Programs		290.00	290.00
		4,924,835.13	5,011,896.44
Reserve for Receivables and Other Assets	A	1,236,896.95	1,425,137.81
Fund Balance	A-1	1,805,612.56	1,621,709.68
Total Regular Fund		7,967,344.64	8,058,743.93
Federal and State Grant Fund:			
Accounts Payable			2,242.93
Due to Current Fund	A	441.83	
Encumbrances	A-13	7,949.56	189,599.80
Appropriation Reserves	A-13	596,522.61	260,911.09
Unappropriated Reserves	A-14	55,926.61	80,900.63
Total Federal and State Grant Fund		660,840.61	533,654.45
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,628,185.25</u>	<u>\$ 8,592,398.38</u>

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

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND

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

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,250,000.00	\$ 1,260,000.00
Miscellaneous Revenue Anticipated		3,690,398.66	3,459,455.00
Receipts from Delinquent Taxes		433,941.52	388,160.00
Receipts from Current Taxes		51,594,214.06	49,591,449.00
Nonbudget Revenue		110,426.74	108,326.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		420,214.17	556,304.00
Interfunds Returned		80,139.26	650.00
Health Contracts			7,657.00
Establish Change Fund		100.00	
Cancelled/Voiced Checks			9,584.00
Cancellation of Appropriated Grant Reserves		12,545.68	3.00
Cancellation of Unappropriated Grant Reserves		20,811.62	
Cancellation of Grant Accounts Payable		2,242.93	
Cancelled Excess Tax Appeal Reserve		87,291.25	2,770.00
Cancellation of Tax Overpayments		8,680.17	
Total Income		57,711,006.06	55,384,358.00
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		16,124,605.45	15,587,948.32
County Taxes		6,475,710.46	6,376,491.00
Local District School Tax		32,817,251.00	32,014,134.00
Municipal Open Space Tax		145,520.45	132,950.00
Prior Year Veterans and Senior Citizens Disallowed		5,089.04	
Cancellation of Grants Receivable		9,914.50	
Refund of Prior Year Revenue		14,778.18	
Increase in Reserve for Pending Tax Appeals		673,745.60	
Interfunds Advanced		10,488.50	
Total Expenditures		56,277,103.18	54,111,523.32
Statutory Excess in Revenue		1,433,902.88	1,272,834.68
<u>Fund Balance</u>			
Balance January 1		1,621,709.68	1,608,875.00
		3,055,612.56	2,881,709.68
Decreased by:			
Utilization as Anticipated Revenue		1,250,000.00	1,260,000.00
Balance December 31	A	\$ 1,805,612.56	\$ 1,621,709.68

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

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF REVENUE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Added by N.J.S.A 40A:4-87</u>		
Fund Balance Anticipated	\$ 1,250,000.00		\$ 1,250,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverage	22,800.00		22,800.00	
Other	25,000.00		25,529.00	\$ 529.00
Fees and Permits	100,000.00		132,043.28	32,043.28
Municipal Court Fines and Costs	240,000.00		220,097.60	19,902.40 *
Interest and Costs on Taxes	90,000.00		89,826.50	173.50 *
Interest on Investments & Deposits	9,000.00		10,113.37	1,113.37
Cable Franchise Fee	63,500.00		73,842.00	10,342.00
Senior Citizen House (PILOT)	82,500.00		86,573.00	4,073.00
Consolidated Municipal Property Tax Relief Aid	22,196.00		22,196.00	
Energy Receipts Tax (P.L.1999, Chapters 162 & 167)	1,192,177.00		1,192,177.00	
Uniform Construction Code Official	315,000.00		343,663.24	28,663.24
Contracts for Purchasing Agent (QPA):				
Borough of Kinnelon	2,000.00		3,000.00	1,000.00
Borough of Bloomingdale	2,000.00			2,000.00 *
Contracts for Dial-A-Ride:				
Borough of Bulter	62,873.00		62,873.00	
Borough of Kinnelon	85,465.00		85,465.00	
Borough of Lincoln Park	87,742.00		87,742.00	
Borough of Riverdale	29,681.00		29,681.00	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF REVENUE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Anticipated		Realized	Excess or Deficit *
	Budget	Added by N.J.S.A 40A:4-87		
Miscellaneous Revenue:				
Health Services:				
Borough of Kinnelon	\$ 120,858.00		\$ 120,856.00	\$ 2.00 *
Borough of Bloomingdale	90,290.00		90,288.00	2.00 *
Borough of Riverdale	41,972.00		52,270.52	10,298.52
Borough of Florham Park	137,934.00		137,936.00	2.00
Field Maintenance Contract	57,000.00		48,858.00	8,142.00 *
County Road Plowing and Salting- Morris County	30,000.00		39,431.01	9,431.01
New Jersey Department of Transportation Grant - Sunset Road	165,000.00	\$ 180,000.00	345,000.00	
Clean Communities Program	28,211.00		28,211.00	
Drunk Driving Enforcement Fund	14,452.00		14,452.00	
Municipal Alliance on Alcoholism and Drug Abuse	12,182.00		12,182.00	
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	2,500.00		2,500.00	
Alcohol Rehabilitation Grant	1,004.00		1,004.00	
New Jersey Senior Transportation Assistance Act	97,658.00		97,658.00	
Body Armor Replacement Fund	3,114.00		3,114.00	
Over the Limit Grant	8,035.00	5,000.00	13,035.00	
Uniform Fire Code Fees	19,000.00		27,065.00	8,065.00
Uniform Fire Safety Act	17,000.00		18,228.84	1,228.84
Reserve for Public Defender Fees	8,220.00		8,220.00	
Hotel Occupancy Tax	55,000.00		142,467.30	87,467.30
<b>Total Miscellaneous Revenue</b>	<b>3,341,364.00</b>	<b>185,000.00</b>	<b>3,690,398.66</b>	<b>164,034.66</b>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF REVENUE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Added by N.J.S.A 40A:4-87</u>		
Receipts from Delinquent Taxes	\$ 390,000.00		\$ 433,941.52	\$ 43,941.52
Amount to be Raised by Taxes for Support of Municipal Local Tax for Municipal Purposes	11,524,076.00		12,721,506.15	1,197,430.15
Minimum Library Tax	856,428.00		856,428.00	
	<u>12,380,504.00</u>		<u>13,577,934.15</u>	<u>1,197,430.15</u>
Budget Totals	17,361,868.00	\$ 185,000.00	18,952,274.33	1,405,406.33
Nonbudget Revenue			<u>110,426.74</u>	<u>110,426.74</u>
Totals	<u>\$ 17,361,868.00</u>	<u>\$ 185,000.00</u>	<u>\$ 19,062,701.07</u>	<u>\$ 1,515,833.07</u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF REVENUE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collections	\$ 51,594,214.06
Allocated to School, County and Open Space Taxes	39,438,481.91
Balance for Support of Municipal Budget Appropriations	12,155,732.15
Add: Appropriation "Reserve for Uncollected Taxes"	1,422,202.00
Realized for Support of Municipal Budget Appropriations	\$ 13,577,934.15

Fees and Permits - Other:

Township Clerk	\$ 3,803.00	
Board of Health	97,647.00	
Planning and Zoning	28,063.28	
Fair Housing	1,450.00	
Tax Collector	1,132.00	
		\$ 132,095.28
Less: Refunds		52.00
		\$ 132,043.28

Analysis of Nonbudget Revenue:

<u>Miscellaneous Revenue Not Anticipated:</u>		
DMV Inspection Fees	\$ 1,500.00	
2% Administration Fee for Senior and Veteran Deductions	2,682.33	
Finance	1,049.99	
Police	4,267.50	
Void Stale Dated Checks	56,105.56	
Sale of Munipal Assets	32,614.00	
Tax Collector	9,355.85	
Assessor	410.00	
Recycling Reimbursement	732.50	
Other	8,548.79	
		\$ 117,266.52
Less: Refunded		6,839.78
		\$ 110,426.74

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

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Township Manager:					
Salaries and Wages	\$ 180,060.00	\$ 180,060.00	\$ 173,358.84	\$ 6,701.16	
Other Expenses	3,000.00	3,000.00	2,414.39	585.61	
Mayor and Council:					
Salaries and Wages	25,200.00	25,200.00	25,200.00		
Other Expenses	9,425.00	9,425.00	6,136.45	3,288.55	
Township Clerk:					
Salaries and Wages	91,535.00	91,535.00	67,872.66	23,662.34	
Other Expenses	68,100.00	68,100.00	50,496.91	17,603.09	
Financial Administration:					
Salaries and Wages	135,110.00	135,110.00	120,626.35	14,483.65	
Other Expenses	10,000.00	10,000.00	4,330.38	5,669.62	
Revenue Administration (Tax Collector):					
Salaries & Wages	91,015.00	91,015.00	76,647.22	14,367.78	
Other Expenses	9,250.00	9,250.00	6,530.56	2,719.44	
Audit Services:					
Other Expenses	17,250.00	17,250.00		17,250.00	
Data Process	108,000.00	108,000.00	70,046.04	37,953.96	
Assessment of Taxes:					
Salaries and Wages	64,530.00	64,530.00	61,792.68	2,737.32	
Other Expenses	26,950.00	26,950.00	21,826.92	5,123.08	
Legal Services and Costs:					
Other Expenses	101,000.00	101,000.00	68,023.00	32,977.00	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Office of Fire Safety:					
Salaries and Wages	\$ 41,200.00	\$ 41,200.00	\$ 30,708.14	\$ 10,491.86	
Other Expenses	6,900.00	6,900.00	5,180.55	1,719.45	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	118,480.00	118,480.00	117,427.45	1,052.55	
Other Expenses	81,600.00	81,600.00	51,977.71	29,622.29	
Zoning Board of Adjustment:					
Salaries and Wages	11,950.00	11,950.00	10,970.00	980.00	
Other Expenses	11,700.00	11,700.00	7,985.28	3,714.72	
PUBLIC SAFETY:					
Municipal Court:					
Salaries and Wages	175,530.00	175,530.00	145,878.33	29,651.67	
Other Expenses	11,600.00	11,600.00	9,588.50	2,011.50	
Municipal Prosecutor:					
Salaries and Wages	25,400.00	25,400.00	24,485.85	914.15	
Public Defender:					
Other Expenses	7,275.00	7,275.00	7,060.74	214.26	
Police Department:					
Salaries and Wages	3,971,158.00	3,971,158.00	3,967,932.11	3,225.89	
Other Expenses	234,100.00	234,100.00	225,517.73	8,582.27	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
PUBLIC SAFETY: (continued):					
Office of Emergency Management:					
Salaries and Wages	\$ 16,100.00	\$ 16,100.00	\$ 13,136.15	\$ 2,963.85	
Other Expenses	6,000.00	6,000.00	1,856.50	4,143.50	
Aid to Volunteer Fire Companies:					
Salaries and Wages	87,000.00	87,000.00	87,000.00		
Aid to Volunteer Ambulance Companies:					
Other Expenses	25,000.00	25,000.00		25,000.00	
Fire Department:					
Other Expenses	54,000.00	50,000.00	42,186.00	7,814.00	
Other Expenses-Clothing Allowance	50,000.00	54,000.00	23,963.76	30,036.24	
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	232,285.00	232,285.00	227,818.03	4,466.97	
Other Expenses	104,500.00	104,500.00	101,443.56	3,056.44	
Economic Development Committee:					
Other Expenses	4,000.00	4,000.00	2,039.98	1,960.02	
Community Service Act:					
Other Expenses	21,000.00	21,000.00		21,000.00	
Director of Public Works/ Township Engineer:					
Salaries and Wages	56,380.00	56,380.00	56,370.46	9.54	
Other Expenses	25,250.00	25,250.00	23,848.74	1,401.26	
Building and Grounds:					
Salaries and Wages	103,340.00	93,340.00	74,981.01	18,358.99	
Other Expenses	92,700.00	102,700.00	98,455.04	4,244.96	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
PUBLIC WORKS (continued):					
Vehicle Maintenance:					
Salaries and Wages	\$ 78,085.00	\$ 78,085.00	\$ 74,148.81	\$ 3,936.19	
Other Expenses	75,000.00	75,000.00	66,661.76	8,338.24	
Shade Tree:					
Other Expenses	33,000.00	33,000.00	19,061.52	13,938.48	
Parks and Playground Maintenance:					
Salaries and Wages	309,220.00	309,220.00	278,319.13	30,900.87	
Other Expenses	69,130.00	68,130.00	54,392.29	13,737.71	
HEALTH AND WELFARE FUNCTIONS:					
Board of Health:					
Salaries and Wages	150,976.00	150,976.00	150,976.00		
Other Expenses	39,400.00	39,400.00	25,779.95	13,620.05	
Animal Control Services:					
Other Expenses	15,000.00	15,000.00		15,000.00	
Emergency Medical Services:					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	500.00	500.00		500.00	
P.V Mental Health Center:					
Other Expenses	100.00	100.00		100.00	
PARKS AND RECREATION FUNCTIONS:					
Recreation & Playground Services:					
Salaries and Wages	169,110.00	169,110.00	149,415.47	19,694.53	
Other Expenses	24,900.00	24,900.00	21,433.86	3,466.14	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
PARKS AND RECREATION FUNCTIONS (continued):					
Celebration of Public Events:					
Salaries and Wages	\$ 19,500.00	\$ 19,500.00	\$ 19,295.14	\$ 204.86	
Dial-A-Ride:					
Salaries and Wages	97,611.00	97,611.00	96,160.58	1,450.42	
Other Expenses	31,986.00	31,986.00	3,950.09	28,035.91	
OTHER COMMON OPERATING FUNCTIONS:					
Teen Advisory Committee:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Senior Citizens' Committee:					
Salaries and Wages	1,800.00	1,800.00	800.00	1,000.00	
Environmental Protection Commission:					
Other Expenses	1,000.00	1,000.00	699.18	300.82	
Flood Advisory Committee:					
Other Expenses	2,500.00	2,500.00		2,500.00	
Historic District Commission:					
Other Expenses	850.00	850.00	357.29	492.71	
UNCLASSIFIED:					
Electricity	116,000.00	116,000.00	67,066.68	48,933.32	
Street Lighting	152,000.00	152,000.00	99,908.04	52,091.96	
Telephone	68,800.00	68,800.00	46,615.39	22,184.61	
Water	4,000.00	4,000.00	2,665.91	1,334.09	
Natural Gas	45,000.00	45,000.00	19,108.56	25,891.44	
Gasoline	179,000.00	153,000.00	92,354.28	60,645.72	
Accumulated Leave Compensation	32,000.00	32,000.00	31,425.80	574.20	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
STATE UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	\$ 231,260.00	\$ 231,260.00	\$ 204,448.56	\$ 26,811.44	
Other Expenses	18,500.00	18,500.00	8,743.97	9,756.03	
INSURANCE:					
General Liability	201,500.00	201,500.00	154,060.83	47,439.17	
Workers Compensation	178,000.00	178,000.00	178,000.00		
Employee Group Health	1,416,428.00	1,416,428.00	1,216,137.82	200,290.18	
Unemployment Insurance	15,000.00	15,000.00	15,000.00		
Total Operations Within "CAPS"	10,293,529.00	10,266,529.00	9,210,100.93	1,056,428.07	
Total Operations Including Contingent Within "CAPS"	10,293,529.00	10,266,529.00	9,210,100.93	1,056,428.07	
Detail:					
Salaries and Wages	6,484,335.00	6,474,335.00	6,255,768.97	218,566.03	
Other Expenses	3,809,194.00	3,792,194.00	2,954,331.96	837,862.04	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Police & Firemens' Retirement System	806,877.00	807,877.00	807,607.70	269.30	
Public Employees' Retirement System	310,688.00	335,688.00	335,318.65	369.35	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS": (Cont'd)					
Statutory Expenditures: (Cont'd)					
Contributions to:					
Social Security System (O.A.S.I.)	\$ 316,200.00	\$ 316,200.00	\$ 309,712.88	\$ 6,487.12	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,433,765.00	1,459,765.00	1,452,639.23	7,125.77	
Total General Appropriations for Municipal Purposes Within "CAPS"	11,727,294.00	11,726,294.00	10,662,740.16	1,063,553.84	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library (PL 1988, Ch.82):					
Other Expenses	865,000.00	865,000.00	865,000.00		
Fair Share Housing Act (Ch. 22 P.L. 1985)					
Fair Housing Committee:					
Salaries & Wages	17,105.00	17,105.00	16,585.67	519.33	
Other Expenses	2,100.00	2,100.00	36.60	2,063.40	
Police Dispatch / 911:					
Salaries & Wages	252,100.00	252,100.00	243,774.17	8,325.83	
Field Maintenance:					
Salaries & Wages	31,000.00	31,000.00	31,000.00		
Other Expenses	26,000.00	27,000.00	27,000.00		
Dial-A-Ride Program:					
Salaries & Wages	92,554.00	92,554.00	92,554.00		
Other Expenses	173,207.00	173,207.00	173,207.00		
Shared Health Services Agreement:					
Salaries & Wages	391,054.00	391,054.00	376,409.72	14,644.28	
Morris County Road Snow Plowing	30,000.00	30,000.00	30,000.00		

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public & Private Programs Offset by Revenue:					
Resident Transportation Assistance Act:					
Dial-A-Ride Program	\$ 97,658.00	\$ 97,658.00	\$ 97,658.00		
Clean Communities Program	28,211.00	28,211.00	28,211.00		
Drunk Driving Enforcement Fund	14,452.00	14,452.00	14,452.00		
Municipal Alliance on Alcoholism and Drug Abuse	14,682.00	14,682.00	14,682.00		
Municipal Alliance on Alcoholism and Drug Abuse -Local Grant	4,296.00	4,296.00	4,296.00		
Alcohol Education and Rehabilitation Grant	1,004.00	1,004.00	1,004.00		
New Jersey Body Armor Replacement Funds	3,114.00	3,114.00	3,114.00		
New Jersey Division of Highway Safety (N.J.S.A 40A:4-87, +\$5,000.00)	8,035.00	13,035.00	13,035.00		
<b>Total Operations - Excluded from "CAPS"</b>	<b>2,051,572.00</b>	<b>2,057,572.00</b>	<b>2,032,019.16</b>	<b>\$ 25,552.84</b>	
Detail:					
Other Expenses	2,051,572.00	2,057,572.00	2,032,019.16	25,552.84	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	416,000.00	416,000.00	416,000.00		
Reserve for Public Works Equipment	115,000.00	115,000.00	115,000.00		
Reserve for Road Resurfacing	300,000.00	300,000.00	300,000.00		
Reserve for Fire Appatatus	180,000.00	180,000.00	180,000.00		
Reserve for Data Processing and Office Equipment	25,000.00	25,000.00	25,000.00		
Reserve for Vehicle Replacement	140,000.00	140,000.00	140,000.00		
New Jersey Transportation Trust Fund Authority Act:					
Sunset Road (N.J.S.A 40A:4-87, +\$180,000.00)	165,000.00	345,000.00	345,000.00		
<b>Total Capital Improvements - Excluded from "CAPS"</b>	<b>1,341,000.00</b>	<b>1,521,000.00</b>	<b>1,521,000.00</b>		

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes	\$ 600,000.00	\$ 600,000.00	\$ 600,000.00		
Interest on Notes	21,800.00	21,800.00	21,739.45		\$ 60.55
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>621,800.00</b>	<b>621,800.00</b>	<b>621,739.45</b>		<b>60.55</b>
Deferred Charges - Excluded from "CAPS":					
Special Emergency Authorizations- 5 years	35,000.00	35,000.00	35,000.00		
Deferred Charges to Future Taxation - Unfunded:					
Ordinance #2002-06	153,000.00	153,000.00	153,000.00		
Ordinance #2006-11	10,000.00	10,000.00	10,000.00		
<b>Total Deferred Charges - Excluded from "CAPS"</b>	<b>198,000.00</b>	<b>198,000.00</b>	<b>198,000.00</b>		
<b>Total General Appropriations - Excluded from "CAPS"</b>	<b>4,212,372.00</b>	<b>4,398,372.00</b>	<b>4,372,758.61</b>	<b>\$ 25,552.84</b>	<b>60.55</b>
Subtotal General Appropriations	15,939,666.00	16,124,666.00	15,035,498.77	1,089,106.68	60.55
Reserve for Uncollected Taxes	1,422,202.00	1,422,202.00	1,422,202.00		
<b>Total General Appropriations</b>	<b>\$ 17,361,868.00</b>	<b>\$ 17,546,868.00</b>	<b>\$ 16,457,700.77</b>	<b>\$ 1,089,106.68</b>	<b>\$ 60.55</b>
<u>Ref.</u>				A	

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 17,361,868.00	
Added by N.J.S.A. 40A:4-87		185,000.00	
		\$ 17,546,868.00	
Cash Disbursed			\$ 14,638,634.84
Encumbrances	A		97,016.49
Due Other Trust Funds			806.99
Reserve for Appropriated Grant Reserves- Federal and State Grant Fund			521,452.00
Deferred Charges			35,000.00
Reserve for Uncollected Taxes			1,422,202.00
			16,715,112.32
Less: Appropriation Refunds			257,411.55
			\$ 16,457,700.77

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014 Restated
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 24,030.46	\$ 32,331.48
Due From State of New Jersey			1.00
		<u>24,030.46</u>	<u>32,332.48</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	2,276,792.29	1,874,680.68
Due From Current Fund	A	94,503.83	
		<u>2,371,296.12</u>	<u>1,874,680.68</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4A	250,912.90	937,179.13
Due From Current Fund	A	278.96	
Due From General Capital	C	31,776.53	
		<u>282,968.39</u>	<u>937,179.13</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,678,294.97</u>	<u>\$ 2,844,192.29</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:			
Prepaid Licenses - State Fees		\$ 579.00	\$ 325.80
Prepaid Licenses - Municipal Fees		11,176.00	4,977.20
Due to Current Fund	A	1.25	131.59
Reserve for Animal Control Expenditures	B-6	12,264.21	26,887.89
Reserve for Dodge Grant Special Projects		10.00	10.00
		<u>24,030.46</u>	<u>32,332.48</u>

TOWNSHIP OF PEQUANNOCK  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2015	2014 Restated
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Other Trust Funds:			
Due to Current Fund	A		\$ 259.72
Due to Payroll Agency Account	B		232.29
Due to Interlocal Towns		35,170.00	37,095.00
Reserve for:			
Developers Deposits - Affordable Housing		77,856.60	69,436.93
Fire Safety		19,252.53	21,391.70
Payroll Section 125 Trust		2,041.33	4,104.26
Unemployment Compensation Insurance		101,134.02	85,264.72
Developers Deposits - Escrow		546,051.56	493,222.66
Youth Development		21,701.03	21,209.57
Friends of Greenview			2.08
Refundable Permits		29,583.12	21,028.00
Refundable Housing			100.00
Group Health Insurance		408,488.57	144,779.62
Parking Offenses Adjudication Act		908.00	894.22
Sewer Line		8,817.00	8,817.00
Premium on Tax Sale		577,400.00	411,800.00
Public Defender		21,433.36	38,816.20
Developers Master Trust			6,055.68
Accrued Leave		354,670.45	371,043.56
Celebrations			215.00
Sewer Assessment Trust			426.00
Snow Removal		138,186.44	137,733.00
Insurance Refunds		3,596.36	753.47
Dial-A-Ride (D.A.R.) Bequests		25,005.75	
		<u>2,371,296.12</u>	<u>1,874,680.68</u>
Open Space Trust Fund:			
Due To General Capital Fund Fund			202,074.26
Reserve for Open Space Expenditures	C	282,968.39	735,104.87
		<u>282,968.39</u>	<u>937,179.13</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,678,294.97</u>	<u>\$ 2,844,192.29</u>

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

TOWNSHIP OF PEQUANNOCK  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF PEQUANNOCK  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
GENERAL CAPITAL FUND

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 472,563.08	\$ 439,661.54
FEMA Grants Receivable		3,914,005.21	5,444,017.19
Due from Open Space Trust Fund	B		202,074.26
Due from Sewer Utility Capital Fund	E	395,000.00	
Due from Recreation Utility Operating Fund	G	80,000.00	95,000.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	4,263,056.00	5,026,056.00
<u>TOTAL ASSETS</u>		<u>\$ 9,124,624.29</u>	<u>\$ 11,206,808.99</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 1,580,000.00	\$ 2,180,000.00
Improvement Authorizations:			
Funded	C-5	4,701,844.65	4,739,510.43
Unfunded	C-5	2,041,541.26	2,127,531.23
Due to Current Fund	A	3,535.01	48,374.58
Due to Open Space Trust Fund	B	31,776.53	
Due to Water Utility Capital Fund	D		2,893.83
Due to Sewer Utility Capital Fund	E		515,619.28
Capital Improvement Fund	C-6	20,000.00	116,000.00
Reserve for Encumbrances		159,978.08	973,596.67
Reserve for Fire Apparatus		180,000.00	
Reserve for Road Resurfacing			9,000.00
Reserve for Data/Office Equipment		42,000.00	50,000.00
Reserve for DPW Equipment		56,000.00	31,000.00
Reserve for Vehicle Replacement		18,824.00	129,824.00
Reserve for Flood Control Improvements		168,000.00	239,000.00
Fund Balance	C-1	121,124.76	44,458.97
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,124,624.29</u>	<u>\$ 11,206,808.99</u>

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

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 44,458.97
Increased By:		
Improvement Authorizations Cancelled		<u>117,665.79</u>
		162,124.76
Decreased By:		
Appropriated to Finance Improvement Authorizations		<u>41,000.00</u>
Balance December 31, 2015	C	<u>\$ 121,124.76</u>

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
WATER UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 486,598.32	\$ 535,840.55
Change Fund		60.00	60.00
		<u>486,658.32</u>	<u>535,900.55</u>
Due From Current Fund	A		425.50
Due From Payroll Account			23,569.87
Due From Sewer Utility Operating Fund	E	115,221.40	88,546.34
		<u>601,879.72</u>	<u>648,442.26</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	602,590.27	624,005.81
Deferred Charges:			
Emergency Authorization (40A:4-46)	D-3	155,000.00	
Total Operating Fund		<u>1,359,469.99</u>	<u>1,272,448.07</u>
Assessment Trust Fund:			
Water Assessment Liens		1,266.00	1,266.00
Water Assessment Lien Interest and Costs		159.00	159.00
Prospective Assessment Funded		280,000.00	280,000.00
Total Assessment Trust Fund		<u>281,425.00</u>	<u>281,425.00</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	56,379.58	112,039.50
Due from General Capital Fund	C		2,893.83
Due from Water Utility Capital Fund	D	6.67	185.09
Due from Sewer Utility Capital Fund	E	128,956.11	128,956.11
Fixed Capital	D-7	11,513,293.48	11,264,393.19
Fixed Capital Authorized and Uncompleted	D-8	3,541,695.21	3,670,427.38
Total Capital Fund		<u>15,240,331.05</u>	<u>15,178,895.10</u>
<u>TOTAL ASSETS</u>		<u>\$ 16,881,226.04</u>	<u>\$ 16,732,768.17</u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 36,009.30	\$ 198,355.71
Encumbered	D-3;D-9	35,665.28	17,089.00
		<u>71,674.58</u>	<u>215,444.71</u>
Accounts Payable - Vendors		59,104.89	87,598.05
Reserve for Accrued Interest on Notes		2,842.67	3,380.00
Due to Water Utility Capital Fund	D	6.67	185.09
		<u>133,628.81</u>	<u>306,607.85</u>
Reserve for Receivables	D	602,590.27	624,005.81
Fund Balance	D-1	623,250.91	341,834.41
		<u>1,359,469.99</u>	<u>1,272,448.07</u>
Total Operating Fund			
Assessment Trust Fund:			
Reserve for Assessment Liens and Interest and Costs		1,425.00	1,425.00
Reserve for Prospective Assessments Funded		280,000.00	280,000.00
		<u>281,425.00</u>	<u>281,425.00</u>
Total Assessment Trust Fund			
Capital Fund:			
Bond Anticipation Notes	D-14	650,000.00	780,000.00
Improvement Authorizations:			
Funded	D-10	365,189.67	315,457.51
Unfunded	D-10	3,176,505.54	3,354,969.87
Due Sewer Utility Operating Fund	C	200,000.00	200,000.00
Capital Improvement Fund	D-11	380,000.00	370,000.00
Reserve for Amortization	D-12	8,249,833.87	7,064,412.57
Deferred Reserve for Amortization	D-13	2,207,843.82	3,083,097.00
Fund Balance	D-1A	10,958.15	10,958.15
		<u>15,240,331.05</u>	<u>15,178,895.10</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 16,881,226.04</u>	<u>\$ 16,732,768.17</u>

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

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

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 109,000.00	\$ 250,000.00
Rents		2,653,668.85	2,399,071.00
Miscellaneous Revenue		39,855.00	38,531.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		111,892.65	86,610.00
Total Income		<u>2,914,416.50</u>	<u>2,774,212.00</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		2,286,160.00	2,070,167.00
Capital Improvements		70,500.00	248,000.00
Debt Service		137,241.00	136,320.00
Deferred Charges and Statutory Expenditures		185,099.00	225,513.00
Refund of Prior Year Revenue			1,527.88
Total Expenditures		<u>2,679,000.00</u>	<u>2,681,527.88</u>
Excess in Revenue		235,416.50	92,684.12
Adjustments in Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>155,000.00</u>	<u>                    </u>
Statutory Excess to Fund Balance		390,416.50	92,684.12
<u>Fund Balance</u>			
Balance January 1		<u>341,834.41</u>	<u>499,150.29</u>
		732,250.91	591,834.41
Decreased by:			
Utilized as Anticipated Revenue		<u>109,000.00</u>	<u>250,000.00</u>
Balance December 31	D	<u>\$ 623,250.91</u>	<u>\$ 341,834.41</u>

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

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	D	<u>\$ 10,958.15</u>
Balance December 31, 2015	D	<u><u>\$ 10,958.15</u></u>

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

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 109,000.00	\$ 109,000.00	
Water Rents	2,390,000.00	2,653,668.85	\$ 263,668.85
Miscellaneous Revenue	25,000.00	39,855.00	14,855.00
	<u>\$ 2,524,000.00</u>	<u>\$ 2,802,523.85</u>	<u>\$ 278,523.85</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Delinquent Water Rents	\$ 13,085.35
Interest on Investments	211.23
Water Connection Fees	23,287.46
Miscellaneous Water Fees	3,270.96
	<u>\$ 39,855.00</u>

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

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 686,010.00	\$ 686,010.00	\$ 682,168.05	\$ 3,841.95
Other Expenses (N.J.S.A. 40A:4-55 +\$155,000.00)	1,445,150.00	1,600,150.00	1,568,360.89	31,789.11
Capital Improvements:				
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	
Capital Outlay	60,500.00	60,500.00	60,121.76	378.24
Debt Service:				
Payment of Bond Anticipation Note	130,000.00	130,000.00	130,000.00	
Interest on Notes	7,241.00	7,241.00	7,241.00	
Deferred Charges:				
Ordinance 2007-13	50,000.00	50,000.00	50,000.00	
Ordinance 2007-14	10,000.00	10,000.00	10,000.00	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	63,558.00	63,558.00	63,558.00	
Social Security System (O.A.S.I.)	52,470.00	52,470.00	52,470.00	
Unemployment Compensation Insurance	1,271.00	1,271.00	1,271.00	
Paid Time Off (PTO) Buyback	7,800.00	7,800.00	7,800.00	
	<u>\$ 2,524,000.00</u>	<u>\$ 2,679,000.00</u>	<u>\$ 2,642,990.70</u>	<u>\$ 36,009.30</u>

Ref.

D

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 2,524,000.00	
Added by N.J.S.A. 40A:4-55		<u>155,000.00</u>	
		<u>\$ 2,679,000.00</u>	
Cash Disbursed			\$ 2,600,395.24
Accrued Interest on Notes			7,241.00
Encumbrances Payable	D		<u>35,665.28</u>
			2,643,301.52
Less: Appropriation Refunds			<u>(310.82)</u>
			<u>\$ 2,642,990.70</u>

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
SEWER UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<b>Operating Fund:</b>			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 712,117.90	\$ 801,321.40
Due from Water Utility Capital Fund	D	200,000.00	200,000.00
Due from Sewer Utility Capital Fund	E	67,003.43	569.71
Due from Sewer Utility Assessment Fund	E	36.03	
Due from Payroll Account			5,658.41
		<u>979,157.36</u>	<u>1,007,549.52</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-6	550,979.98	532,885.19
Sewer Liens Receivable	E-6A	301.75	301.75
		<u>551,281.73</u>	<u>533,186.94</u>
Total Operating Fund		<u>1,530,439.09</u>	<u>1,540,736.46</u>
<b>Assessment Trust Fund:</b>			
Cash and Cash Equivalents	E-4	78,559.01	805,356.44
Assessments Receivable	E-9	1,462,865.12	1,809,918.41
Assessments Liens Receivable	E-9A	9,643.00	9,643.00
Due from Sewer Utility Operating Fund	E		1,113.25
Due from Sewer Utility Capital Fund	E	500,000.00	
Prior Year Deficit			413,000.00
Prospective Assessments Funded		<u>7,000,000.00</u>	<u>6,400,000.00</u>
Total Assessment Trust Fund		<u>9,051,067.13</u>	<u>9,439,031.10</u>
<b>Capital Fund:</b>			
Cash and Cash Equivalents	E-4	114,757.52	5,512,480.80
Due from General Capital Fund	C		515,619.00
Fixed Capital	E-10	12,560,914.82	3,810,636.89
Fixed Capital Authorized and Uncompleted	E-11	<u>18,932,000.00</u>	<u>27,214,694.45</u>
Total Capital Fund		<u>31,607,672.34</u>	<u>37,053,431.14</u>
<b><u>TOTAL ASSETS</u></b>		<u>\$ 42,189,178.56</u>	<u>\$ 48,033,198.70</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-12	\$ 83,360.28	\$ 159,418.19
Encumbered	E-3;E-12	917.89	21,593.70
Total Appropriation Reserves		84,278.17	181,011.89
Accounts Payable - Vendors		25,800.00	24,200.30
Sewer Utility Overpayments		671.54	671.54
Due to Current Fund	A		4,200.37
Due to Water Utility Operating Fund	D	115,221.40	88,546.34
Due to Sewer Utility Assessment Fund	E		1,113.25
Due to Solid Waste Utility Operating Fund	F	301,651.08	294,915.61
Accrued Interest on Bonds		41,410.42	46,202.42
Accrued Interest on Notes		24,083.26	13,241.11
Reserve for Maintenance Bond		5,000.00	5,000.00
		598,115.87	659,102.83
Reserve for Receivables	E	551,281.73	533,186.94
Fund Balance	E-1	381,041.49	348,446.69
		1,530,439.09	1,540,736.46
Total Operating Fund			
Assessment Trust Fund:			
Due to Sewer Utility Operating Fund	E	36.03	
Reserve for Prospective Assessments Funded		7,000,000.00	6,400,000.00
Reserve for Assessments and Liens	E-13	1,472,508.12	1,819,561.41
Fund Balance	E-1A	578,522.98	1,219,469.69
		9,051,067.13	9,439,031.10
Total Assessment Trust Fund			

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Fund:			
Serial Bonds	E-19	\$ 5,083,000.00	\$ 5,658,000.00
Bond Anticipation Notes Payable	E-18	12,100,000.00	12,135,000.00
Improvement Authorizations:			
Funded	E-14	187,718.36	196,892.95
Unfunded	E-14	4,104,041.33	10,570,151.74
Capital Improvement Fund	E-15	33,685.20	8,685.20
Due to General Capital Fund	C	395,000.00	
Due to Water Utility Capital Fund	D	128,956.11	128,956.11
Due to Sewer Utility Operating Fund	E	67,003.43	569.71
Due to Sewer Utility Assessment Fund	E	500,000.00	
Reserve for Amortization	E-16	8,702,914.82	5,154,136.89
Deferred Reserve for Amortization	E-17	237,000.00	3,088,194.45
Fund Balance	E-1B	68,353.09	112,844.09
		<u>31,607,672.34</u>	<u>37,053,431.14</u>
Total Capital Fund			
		<u>\$ 42,189,178.56</u>	<u>\$ 48,033,198.70</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			

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

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 170,000.00	\$ 153,000.00
Sewer Service Charges		2,648,164.95	2,646,797.00
Miscellaneous		146,189.50	88,718.00
Sewer Capital Fund Balance		67,000.00	
Sewer Assessment Surplus		988,000.00	375,000.00
Other Credits to Income:			
Cancellation of Accounts Payable		11,200.30	
Cancellation of Accrued Interest on Notes		11,807.30	
Unexpended Balance of Appropriation Reserves		110,232.75	50,042.00
Total Income		<u>4,152,594.80</u>	<u>3,313,557.00</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operating		2,410,161.00	2,233,820.00
Capital Improvements		25,000.00	66,500.00
Debt Service		990,673.00	856,879.00
Deferred Charges and Statutory Expenditures		524,166.00	70,801.00
Refund of Prior Year Revenue			1,042.00
Total Expenditures		<u>3,950,000.00</u>	<u>3,229,042.00</u>
Excess Revenue/Statutory Excess to Fund Balance		202,594.80	84,515.00
<u>Fund Balance</u>			
Balance January 1		<u>348,446.69</u>	<u>416,931.69</u>
		551,041.49	501,446.69
Decreased by:			
Utilized by Sewer Utility Operating Budget		<u>170,000.00</u>	<u>153,000.00</u>
Balance December 31	E	<u>\$ 381,041.49</u>	<u>\$ 348,446.69</u>

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

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 1,219,469.69
Increased by:		
Collection of Unpledged Assessments		347,053.29
		<u>1,566,522.98</u>
Decreased by:		
Surplus Anticipated in Sewer Utility Operating Fund		988,000.00
		<u>988,000.00</u>
Balance December 31, 2015	E	<u>\$ 578,522.98</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 112,844.09
Increased by:		
Premium on Bond Anticipation Notes		22,509.00
		<u>135,353.09</u>
Decreased by:		
Surplus Anticipated in Sewer Utility Operating Fund		67,000.00
		<u>67,000.00</u>
Balance December 31, 2015	E	<u>\$ 68,353.09</u>

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

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 170,000.00	\$ 170,000.00	
Sewer Service Charges	2,640,000.00	2,648,164.95	\$ 8,164.95
Miscellaneous	85,000.00	146,189.50	61,189.50
Sewer Capital Fund Balance	67,000.00	67,000.00	
Sewer Assessment Surplus	988,000.00	988,000.00	
	<u>\$ 3,950,000.00</u>	<u>\$ 4,019,354.45</u>	<u>\$ 69,354.45</u>

Miscellaneous Revenue

Treasurer:

Interest on Investments \$ 4,210.59

Collector:

Interest on Sewer Rents \$ 10,357.59

Sewer Tap/Connection Fees 80,348.08

Other Miscellaneous 14,253.50

104,959.17

Due from Sewer Assessment Trust Fund:

Interest on Investments 543.60

Interest on Assessments 34,139.60

34,683.20

Due from Sewer Utility Capital Fund:

Interest on Investments 2,336.54

\$ 146,189.50

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

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	Appropriation		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 292,970.00	\$ 292,970.00	\$ 251,825.49	\$ 41,144.51	
Other Expenses	261,600.00	261,600.00	219,384.23	42,215.77	
Two Bridges Sewerage Authority	1,855,591.00	1,855,591.00	1,855,591.00		
Capital Improvements:					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		
Debt Service:					
Payment of Bond Principal	575,000.00	575,000.00	575,000.00		
Payment of Bond Anticipation Notes and Capital Notes	35,000.00	35,000.00	35,000.00		
Interest on Bonds	216,978.00	216,978.00	216,978.00		
Interest on Notes	163,695.00	163,695.00	163,695.00		
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Revenue:					
Ordinance 2002-07	50,000.00	50,000.00	50,000.00		
Ordinance 2006-14	10,000.00	10,000.00	10,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employee Retirement System	26,811.00	26,811.00	26,811.00		
Social Security System (O.A.S.I.)	22,230.00	22,230.00	22,230.00		
Unemployment Compensation Insurance	2,125.00	2,125.00	2,125.00		
Deficit in Sewer Assessment Trust Fund	413,000.00	413,000.00	413,000.00		
Total Sewer Utility Appropriations	<u>\$ 3,950,000.00</u>	<u>\$ 3,950,000.00</u>	<u>\$ 3,866,639.72</u>	<u>\$ 83,360.28</u>	<u>\$ -0-</u>

Ref.

E

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Ref.</u>	<u>Analysis of Paid or Charged</u>
Cash Disbursed		\$ 3,485,048.83
Encumbrances Payable	E	917.89
Accrued Interest on Bonds		216,978.00
Accrued Interest on Notes		<u>163,695.00</u>
		<u>\$ 3,866,639.72</u>

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

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
SOLID WASTE UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 644,970.49	\$ 598,270.71
Due from Sewer Utility Operating Fund	E	301,651.08	294,915.61
		<u>946,621.57</u>	<u>893,186.32</u>
Receivables and Other Assets With Full Reserves:			
Consumer Accounts Receivable	F-8	140,646.05	147,009.44
Total Operating Fund		<u>1,087,267.62</u>	<u>1,040,195.76</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,087,267.62</u>	<u>\$ 1,040,195.76</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-4;F-11	\$ 2,035.00	\$ 319,776.89
Unencumbered	F-4;F-11	201,907.62	2,438.77
		<u>203,942.62</u>	<u>322,215.66</u>
Accounts Payable - Vendors		55,015.80	41,475.00
Reserve for Recycling Tonnage Grant			26,369.73
Reserve for Receivables		140,646.05	147,009.44
Fund Balance	F-1	687,663.15	503,125.93
		<u>1,087,267.62</u>	<u>1,040,195.76</u>
Total Operating Fund		<u>1,087,267.62</u>	<u>1,040,195.76</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,087,267.62</u>	<u>\$ 1,040,195.76</u>

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

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 107,000.00	\$ 107,000.00
User Fees		1,608,297.73	1,593,265.00
Miscellaneous Revenue		11,883.77	9,587.00
Recycling Tonnage Grant		26,369.73	21,976.00
Other Credits to Incomes:			
Unexpended Balance of Appropriation Reserves		193,985.99	62,394.00
Total Income		<u>1,947,537.22</u>	<u>1,794,222.00</u>
<u>Expenditures</u>			
Operating		1,554,200.00	1,527,505.00
Capital Improvements		62,000.00	45,000.00
Deferred Charges and Statutory Expenditures		39,800.00	38,495.00
Total Expenditures		<u>1,656,000.00</u>	<u>1,611,000.00</u>
Statutory Excess to Fund Balance		291,537.22	183,222.00
<u>Fund Balance</u>			
Balance January 1		503,125.93	426,903.93
		<u>794,663.15</u>	<u>610,125.93</u>
Decreased by:			
Utilized as Anticipated Revenue		107,000.00	107,000.00
Balance December 31	F	<u>\$ 687,663.15</u>	<u>\$ 503,125.93</u>

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

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 107,000.00	\$ 107,000.00	
User Fees	1,515,000.00	1,608,297.73	\$ 93,297.73
Miscellaneous Revenue	7,631.00	11,883.77	4,252.77
Recycling Tonnage Grant	26,369.00	26,369.73	0.73
	<u>\$ 1,656,000.00</u>	<u>\$ 1,753,551.23</u>	<u>\$ 97,551.23</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Miscellaneous Receipts	\$ 1,015.00	
Interest on Deposits	<u>184.11</u>	
		\$ 1,199.11

Due from Sewer Utility Operating Fund:

Interest on Delinquent Accounts	10,423.61	
Miscellaneous Solid Waste Fees	<u>261.05</u>	
		<u>10,684.66</u>
		<u>\$ 11,883.77</u>

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

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended by		Unexpended Balances Cancelled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 197,700.00	\$ 197,700.00	\$ 175,851.71	\$ 21,848.29	
Other Expenses	1,356,500.00	1,356,500.00	1,181,664.55	174,835.45	
Capital Improvements:					
Capital Outlay	62,000.00	62,000.00	56,776.12	5,223.88	
Statutory Expenditures:					
Contribution to:					
Public Employee Retirement System	18,045.00	18,045.00	18,045.00		
Social Security System (O.A.S.I.)	14,900.00	14,900.00	14,900.00		
Unemployment Compensation Insurance	2,655.00	2,655.00	2,655.00		
Paid Time Off (PTO) Buyback	4,200.00	4,200.00	4,200.00		
	<u>\$ 1,656,000.00</u>	<u>\$ 1,656,000.00</u>	<u>\$ 1,454,092.38</u>	<u>\$ 201,907.62</u>	<u>\$ -0-</u>

Ref.

F

Cash Disbursed		\$ 1,458,104.24
Reserve for Encumbrances	F	2,035.00
		<u>1,460,139.24</u>
		6,046.86
Less: Appropriation Refunds		<u>\$ 1,454,092.38</u>

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
RECREATION UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	G-4	\$ 109,410.50	\$ 81,630.15
Due from Current Fund	A	355.00	21,340.91
Due from Payroll Account			3,295.58
Due from Recreation Utility Capital Fund	G	0.33	1.17
Total Operating Fund		<u>109,765.83</u>	<u>106,267.81</u>
Capital Fund:			
Cash and Cash Equivalents	G-4	3,818.25	13,819.09
Fixed Capital	G-8	134,682.08	134,682.08
Fixed Capital Authorized and Uncompleted	G-9	2,317.92	2,317.92
Total Capital Fund		<u>140,818.25</u>	<u>150,819.09</u>
<u>TOTAL ASSETS</u>		<u>\$ 250,584.08</u>	<u>\$ 257,086.90</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	G-3; G-10	\$ 5,059.39	\$ 20,388.72
Unencumbered	G-3; G-10	37,278.13	2,606.57
		<u>42,337.52</u>	<u>22,995.29</u>
Accounts Payable - Vendors		3,340.25	6,240.25
Reserve for Future Recreation Programs		110.00	110.00
Fund Balance	G-1	63,978.06	76,922.27
Total Operating Fund		<u>109,765.83</u>	<u>106,267.81</u>
Capital Fund:			
Improvement Authorizations:			
Unfunded	G-11	2,317.92	2,317.92
Due to General Capital Fund	C	80,000.00	95,000.00
Due to Recreation Utility Operating Fund	G	0.33	1.17
Capital Improvement Fund	G-12	6,500.00	6,500.00
Reserve for Amortization	G-13	52,000.00	47,000.00
Total Capital Fund		<u>140,818.25</u>	<u>150,819.09</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 250,584.08</u>	<u>\$ 257,086.90</u>

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

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	40,000.00	\$ 50,000.00
Recreation User Fees		148,691.44	449,212.00
Recreation Activity Fees		309,713.76	
Miscellaneous		725.70	6,424.69
Other Credits to Incomes:			
Unexpended Balance of Appropriation Reserves		17,924.89	10,626.00
Total Income		<u>517,055.79</u>	<u>516,262.69</u>
<u>Expenditures</u>			
Operating		474,620.00	487,575.00
Capital Improvements			2,500.00
Deferred Charges and Statutory Expenditures		15,380.00	19,925.00
Total Expenditures		<u>490,000.00</u>	<u>510,000.00</u>
Statutory Excess to Fund Balance		27,055.79	6,262.69
<u>Fund Balance</u>			
Balance January 1		76,922.27	120,659.58
		<u>103,978.06</u>	<u>126,922.27</u>
Decreased by:			
Utilized as Anticipated Revenue		40,000.00	50,000.00
Balance December 31	G	<u>\$ 63,978.06</u>	<u>\$ 76,922.27</u>

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

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 40,000.00	\$ 40,000.00	\$
Recreation User Fees	105,000.00	148,691.44	43,691.44
Recreation Activity Fees	340,000.00	309,713.76	30,286.24 *
Miscellaneous	5,000.00	725.70	4,274.30 *
	<u>\$ 490,000.00</u>	<u>\$ 499,130.90</u>	<u>\$ 9,130.90</u>

Analysis of Realized Revenue

Recreation User Fees	\$ 149,881.44
Less Recreation User Fees Refunded	<u>1,190.00</u>
	<u>\$ 148,691.44</u>

Recreation Activity Fees	\$ 318,460.88
Less Recreation Activity Fees Refunded	<u>8,747.12</u>
	<u>\$ 309,713.76</u>

Miscellaneous:

Interest on Investments	\$ 101.56
Other Miscellaneous	597.00
Due from Recreation Utility Capital Fund:	
Interest on Investments	<u>27.14</u>
	<u>\$ 725.70</u>

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

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 283,720.00	\$ 283,720.00	\$ 281,836.35	\$ 1,883.65	
Other Expenses	190,900.00	190,900.00	155,505.52	35,394.48	
Deferred Charges:					
Deferred Charges to Future Revenue:					
Ordinance 2014-19	5,000.00	5,000.00	5,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	2,000.00	2,000.00	2,000.00		
Social Security System	8,000.00	8,000.00	8,000.00		
Unemployment Compensation Insurance	380.00	380.00	380.00		
	<u>\$ 490,000.00</u>	<u>\$ 490,000.00</u>	<u>\$ 452,721.87</u>	<u>\$ 37,278.13</u>	<u>\$ -0-</u>
				G	
Cash Disbursed			\$ 451,674.48		
Reserve for Encumbrances			5,059.39		
			<u>456,733.87</u>		
Less: Refunded			<u>(4,012.00)</u>		
			<u>\$ 452,721.87</u>		

Ref.

G

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

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
PUBLIC ASSISTANCE FUND  
  
NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
GENERAL FIXED ASSETS ACCOUNT GROUP  
UNAUDITED

TOWNSHIP OF PEQUANNOCK  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2015	2014
<u>ASSETS</u>		
Land	\$ 28,740,064.00	\$ 28,740,064.00
Machinery and Equipment	2,239,705.00	2,239,705.00
Furniture and Fixtures	1,948,073.00	1,948,073.00
Vehicles	5,171,114.00	5,171,114.00
<u>TOTAL ASSETS</u>	<u>\$ 38,098,956.00</u>	<u>\$ 38,098,956.00</u>
<u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 38,098,956.00	\$ 38,098,956.00

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

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Pequannock include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Pequannock, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Pequannock do not include the operations of the municipal library, volunteer fire department, or first aid squad.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, 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 Governmental Accounting Standards Board's 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 Township 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 Township of Pequannock 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 Funds - Receipts, 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.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

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

B. Description of Funds (cont'd)

Solid Waste Utility Operating and Capital Funds – is used to account for garbage collection and recycling operations of the Township.

Recreation Utility Operating and Capital Funds – Account for collections of fees and operation of recreational services of the Township. The Capital Fund is used to account for financial resources to be used for the acquisition of recreation utility capital facilities.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E “General Fixed Assets”.

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 more significant accounting policies in New Jersey follow.

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 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.

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.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

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

C. Basis of Accounting (Cont'd)

Had the Township'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 Water, Sewer, and Recreation Utility Capital Funds would be depreciated and the Township's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust 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, or by issuing bonds, loans or capital lease purchase agreements.

E. Other Significant Accounting Policies

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.

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

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 is recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

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

E. Other Significant Accounting Policies (Cont'd)

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant 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.

General Fixed Assets - In accordance with New Jersey Administrative Code Accounting Requirements, as promulgated by Division of Local Government Services, General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost as estimated by the independent appraisal company which conducted the inventory of the Township's assets. Infrastructure assets are not included in general fixed assets; 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 General 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 Funds. The values recorded in the General Fixed Asset Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds are recorded in the Utility Capital accounts at cost and are not adjusted for dispositions and abandonments. 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 the acquisition of property, equipment and improvements. The Utility Funds do not record depreciation on fixed assets.

- F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for Current Operating, Utility Operating 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 Township during the year.

Note 2: Long-Term Debt

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

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2015	2014	2013
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 1,580,000.00	\$ 2,180,000.00	\$ 2,830,000.00
Water Utility:			
Bonds and Notes	650,000.00	780,000.00	910,000.00
Sewer Utility:			
Bonds and Notes	17,183,000.00	17,793,000.00	10,445,000.00
Total Issued	<u>19,413,000.00</u>	<u>20,753,000.00</u>	<u>14,185,000.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	2,683,056.00	2,846,056.00	2,996,056.00
Water Utility:			
Bonds and Notes	3,947,311.00	4,007,311.00	1,527,311.00
Sewer Utility:			
Bonds and Notes	5,370,000.00	4,990,000.00	8,835,000.00
Recreation Utility:			
Bonds and Notes	85,000.00	90,000.00	100,000.00
Total Authorized but not Issued	<u>12,085,367.00</u>	<u>11,933,367.00</u>	<u>13,458,367.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 31,498,367.00</u>	<u>\$ 32,686,367.00</u>	<u>\$ 27,643,367.00</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Serial Bonds:				
Sewer Utility Capital Fund	\$ 5,658,000.00		\$ 575,000.00	\$ 5,083,000.00
Bond Anticipation Notes:				
General Capital Fund	2,180,000.00	\$ 1,580,000.00	2,180,000.00	1,580,000.00
Water Utility Capital Fund	780,000.00	650,000.00	780,000.00	650,000.00
Sewer Utility Capital Fund	12,135,000.00	12,100,000.00	12,135,000.00	12,100,000.00
Total	<u>\$ 20,753,000.00</u>	<u>\$ 14,330,000.00</u>	<u>\$ 15,670,000.00</u>	<u>\$ 19,413,000.00</u>

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Serial Bonds:				
Sewer Utility Capital Fund	\$ 6,208,000.00		\$ 550,000.00	\$ 5,658,000.00
Bond Anticipation Notes:				
General Capital Fund	2,830,000.00	\$ 2,180,000.00	2,830,000.00	2,180,000.00
Water Utility Capital Fund	910,000.00	780,000.00	910,000.00	780,000.00
Sewer Utility Capital Fund	4,237,000.00	12,135,000.00	4,237,000.00	12,135,000.00
Total	<u>\$ 14,185,000.00</u>	<u>\$ 15,095,000.00</u>	<u>\$ 8,527,000.00</u>	<u>\$ 20,753,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.167%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 14,640,000.00	\$ 14,640,000.00	
General Debt	4,263,056.00		\$ 4,263,056.00
Water Utility Debt	4,597,311.00	4,597,311.00	
Sewer Utility Debt	22,553,000.00	22,553,000.00	
Recreation Utility Debt	85,000.00	85,000.00	
	<u>\$ 46,138,367.00</u>	<u>\$ 41,875,311.00</u>	<u>\$ 4,263,056.00</u>

Net Debt \$4,263,056.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$2,545,483,153.67 = 0.167%.

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

4% Average Equalized Valuation of Real Property	\$ 101,819,326.15
Net Debt	<u>4,263,056.00</u>
Remaining Borrowing Power	<u>\$ 97,556,270.15</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	\$ 2,802,634.92
Deductions:	
Operating and Maintenance Costs	\$ 2,411,259.00
Debt Service per Water Account	<u>137,241.00</u>
	<u>2,548,500.00</u>
Excess in Revenue	<u>\$ 254,134.92</u>

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(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		\$ 3,606,354.45
Deductions:		
Operating and Maintenance Costs	\$ 2,461,327.00	
Debt Service per Sewer Account	990,673.00	
		3,452,000.00
Excess in Revenue		\$ 154,354.45

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,753,551.23
Deductions:		
Operating and Maintenance Costs		1,594,000.00
Excess in Revenue		\$ 159,551.23

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 499,130.90
Deductions:		
Operating and Maintenance Costs		485,000.00
Excess in Revenue		\$ 14,130.90

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.

Analysis of Debt Issued and Outstanding at December 31, 2015

Sewer Capital Serial Bonds Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Sewer Utility Bonds	10/15/23	3.75%-4.00%	\$ 5,083,000.00

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2015 (Cont'd)

General Capital Bond Anticipation Notes

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
07/22/16	0.50%	<u>\$ 1,580,000.00</u>

Water Utility Capital Bond Anticipation Notes

07/22/16	0.50%	<u>\$ 650,000.00</u>
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Sewer Capital Bond Anticipation Notes

07/22/16	0.50%	\$ 4,175,000.00
10/21/16	1.00%	7,925,000.00
		<u>\$ 12,100,000.00</u>

Total Debt Issued and Outstanding \$ 19,413,000.00

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

<u>Year</u>	<u>Sewer Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 600,000.00	\$ 793,770.00	\$ 1,393,770.00
2017	625,000.00	794,562.00	1,419,562.00
2018	650,000.00	794,692.00	1,444,692.00
2019	650,000.00	775,396.00	1,425,396.00
2020	650,000.00	750,695.00	1,400,695.00
2021-2023	1,908,000.00	2,058,311.00	3,966,311.00
	<u>\$ 5,083,000.00</u>	<u>\$ 5,967,426.00</u>	<u>\$ 11,050,426.00</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$12,096,743 at June 30, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$17,474,230 at June 30, 2015. See Note 5 for further information on the PERS and PFRS.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2015, which are appropriated and included in the Current, Water Utility Operating, Sewer Utility Operating, Solid Waste Utility Operating, and Recreation Utility Operating Fund adopted budgets for the year ending December 31, 2016, are as follows:

Current Fund	\$ 1,350,000.00
Water Utility Operating Fund	340,000.00
Sewer Utility Operating Fund	170,000.00
Solid Waste Utility Operating Fund	101,000.00
Recreation Utility Operating Fund	29,000.00

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2015, the following deferred charges are shown on the balance sheet of the Current Fund and the Water Utility Operating Fund:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Required</u> <u>2016 Budget</u> <u>Appropriation</u>
Current Fund:		
Special Emergency Authorization	<u>\$ 33,000.00</u>	<u>\$ 33,000.00</u>
Water Utility Operating Fund:		
Special Emergency Authorization	<u>\$ 155,000.00</u>	<u>\$ 155,000.00</u>

The appropriations in the 2016 budget are not less than that required by statute.

Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$463,291 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability was \$12,096,743 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.054%, which was a change of 0.000% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township recognized actual pension expense in the amount of \$463,291.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's proportionate share of the Net Pension Liability	\$ 15,034,771	\$ 12,096,743	\$ 9,633,521

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

Definition

- Members who were enrolled prior to May 22, 2010
- Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$852,756 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$79,771 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$191,149.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability for its proportionate share of the net pension liability was \$17,474,230. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.105%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,532,431 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.105%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 17,474,230
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>1,532,431</u>
Total Net Pension Liability	<u><u>\$ 19,006,661</u></u>

For the year ended December 31, 2015, the Township recognized total pension expense of \$852,756.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60% - 9.48% based on age
Thereafter	3.60% - 10.48% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 25,056,814	\$ 19,006,661	\$ 14,073,303

Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: 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 Township of Pequannock has elected not to defer school taxes.

Note 7: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$258,931 at December 31, 2015. This amount is not reported either as an expenditure or a liability. As of December 31, 2015, the Township has a reserve of \$354,670.45 for future accumulated absences claims.

Note 8: 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.

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	\$ 2.141	\$ 2.090	\$ 2.080
<u>Apportionment of Tax Rate</u>			
Municipal	.517	.502	.508
County	.268	.264	.259
Local School	1.356	1.324	1.313
<u>Assessed Valuations</u>			
2015	<u>\$ 2,420,691,500.00</u>		
2014		<u>\$ 2,418,725,200.00</u>	
2013			<u>\$ 2,419,695,800.00</u>

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 51,926,230.40	\$ 51,594,214.06	99.36%
2014	50,551,357.00	50,170,170.00	99.25%
2013	50,280,583.00	49,843,201.00	99.13%

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.

Note 9: 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 Township 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 Township 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 Township 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 Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below on the following two pages.

Deposits:

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

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

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 9: Cash and Cash Equivalents and Investments: (Cont'd)

Deposits: (Cont'd)

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

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

All collateral must be deposited with the Federal Reserve Bank, 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.

Investments:

New Jersey statutes permit the Township 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;

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 9: Cash and Cash Equivalents and Investments: (Cont'd)

Investments: (Cont'd)

- (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.

As of December 31, 2015, cash and cash equivalents of the Township of Pequannock consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 360.00	\$ 6,643,768.07	\$ 6,644,128.07
Federal and State Grant		62,117.60	62,117.60
Animal Control		24,030.46	24,030.46
Other Trust		2,276,792.29	2,276,792.29
Open Space Trust		250,912.90	250,912.90
General Capital		472,563.08	472,563.08
Water Utility Operating	60.00	486,598.32	486,658.32
Water Utility Capital		56,379.58	56,379.58
Sewer Utility Operating		712,117.90	712,117.90
Sewer Utility Assessment		78,559.01	78,559.01
Sewer Utility Capital		114,757.52	114,757.52
Solid Waste Utility Operating		644,970.49	644,970.49
Recreation Utility Operating		109,410.50	109,410.50
Recreation Utility Capital		3,818.25	3,818.25
	<u>\$ 420.00</u>	<u>\$ 11,936,795.97</u>	<u>\$ 11,937,215.97</u>

The Township did not hold any investments during the year ended December 31, 2015. The carrying amount of the Township of Pequannock's cash and cash equivalents at December 31, 2015, was \$11,937,215.97 and the bank balance was \$12,306,756.73.

Note 10: Risk Management

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

The Township of Pequannock is a member of the Morris County Municipal Joint Insurance Fund ("MCMJIF"). This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 10: Risk Management (Cont'd)

The following coverages are offered by the MCMJIF 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.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

As a member of the Fund, the Township 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. There is a very narrow possibility that the MCMJIF will impose supplemental assessments. In the twenty-four year history of the MCMJIF, a supplemental assessment has never been declared.

The Funds 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 MCMJIF has not declared dividends in the last five years and currently has no intention to reinstate the dividends. The Finance Committee of the MCMJIF has made this recommendation, which is embraced by the full membership.

Selected summarized financial information for the Fund as of December 31, 2015, is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	\$ 24,775,454
Net Position	\$ 8,631,831
Total Revenue	\$ 17,370,144
Total Expenses	\$ 17,918,337
Change in Net Position	\$ (548,193)
Members Dividends	\$ -0-

Financial statements for these funds are available at the Office of the Executive Director.

Morris County Municipal Joint Insurance Fund  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054  
(201) 881-7632

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for amounts due to the State.

The following is a summary of the interest earned and the ending balance of the Township's expendable trust fund for the current and prior years:

<u>Fiscal Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 21,431.00	\$ 21,098.64	\$ 163.55	\$ 26,823.89	\$ 101,134.02
2014	33,092.00	21,237.10		27,433.83	85,264.72
2013	64,162.00	20,527.99	34.19	43,998.84	58,369.45

Note 11: Contingent Liabilities

The Township is also periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2015.

Amounts received or receivable from grantors, principally federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township 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 Township officials expect such amounts, if any, to be immaterial.

The Township has been advised that a number of tax appeals have been filed. The township has established a reserve in the amount of \$577,400 to provide for this contingency as of December 31, 2015.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 5,981.70	\$ 95,137.79
Federal and State Grant Fund		2,445.44
Animal Control Fund		1.25
Other Trust Funds	97,503.83	3,000.00
Open Space Trust Fund	32,055.49	
General Capital Fund	475,000.00	35,311.54
Water Utility Operating Fund	115,221.40	6.67
Water Utility Capital Fund	128,962.78	200,000.00
Sewer Utility Operating Fund	267,039.46	416,872.48
Sewer Utility Assessment Fund	500,000.00	36.03
Sewer Utility Capital Fund		1,090,959.54
Recreation Utility Operating Fund	355.33	
Recreation Utility Capital Fund		80,000.33
Solid Waste Utility Operating Fund	301,651.08	
	<u>\$ 1,923,771.07</u>	<u>\$ 1,923,771.07</u>

The interfund receivable in the Current Fund is comprised of interest earned in the General Capital, Other Trust and Animal Control Fund it also consists of the cancellation of older grant funds in the Federal and State Grant Fund; The interfund receivable in the Open Space Trust Fund comprises of the 2015 added/omitted open space tax levy due from the Current Fund. The interfund receivable in the Water Utility Operating Fund represents interest earned in the Water Utility Capital Fund and prior year interfund not turned over. The interfund receivable in the Sewer Utility Operating Fund represents interest earned in the Sewer Utility Capital Fund and prior year interfund balance not turned over. The interfund receivable in the Solid Waste Utility Operating Fund represents delinquent interest earned and prior year interfund balances not turned over as of December 31, 2015. There was a \$500,000 advance from the Sewer Assessment Fund that was loaned to the Sewer Utility Capital fund until the Bond Anticipation Notes's are issued. The interfund between the Recreation Operating Fund is the interest earned in Recreation Capital Fund not yet turned over to the Recreation Operating Fund. The \$80,000 Interfund Payable in the Recreation Utility Capital Fund was prior year interfund turned over to the General Capital Fund.

Note 13: Deferred Compensation

The Township offers its employees two deferred compensations plans created in accordance with Internal Revenue Code Section 457. The plans, which are administered by AIG/Valic and AXA/Equitable, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 14: Economic Dependency

The Township of Pequannock receives nominal amount of 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 Township's programs and activities.

Note 15: Open Space Trust Reserve

The 2015 Open Space tax levy is \$145,520.45 and the 2015 Open Space tax rate is \$0.006. The balance in the Reserve for Open Space at December 31, 2015 is \$282,968.39.

Note 16: Post-Retirement Benefits

The Township of Pequannock provides post-retirement benefits, as follows, to Township employees who meet the following criteria:

All retired employees and their dependents covered under the program including surviving spouses, if such employees retired from a State or locally-administered retirement system effective after the date the employer adopted the State Health Benefits Program on a benefit based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement, but including the employees who retired on disability pensions based on fewer years of service credits in such retirement system and also to reimburse such retired employees and their spouses in accordance with the regulations of the State Health Benefits Commission.

Funding Policy

The Township is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et. seq. There is currently no provision under State statute for the Township to accrue funds, create a trust or issue debt to finance their other post-employment benefit ("OPEB") liability.

Currently, there are no contribution requirements of plan members.

The Township accounts for certain post-employment health care benefits provided in accordance with Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Employers that participate in *single-employer* or *agent multiple-employer defined benefit* OPEB plans (sole and agent employers) are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer's annual required contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under- or over contributions.

The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years. If the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are required for financial reporting by both a plan and its participating employer(s). However, if a plan's method of financing does not meet the parameters (for example, the plan is financed on a pay-as-you-go basis), the parameters nevertheless apply for financial reporting purposes.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 16: Post-Retirement Benefits (Cont'd)

The Township as a sole employer should recognize OPEB expense in an amount equal to annual OPEB cost. Net OPEB obligations, if any, should be displayed as liabilities (or assets) in the financial statements.

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The Township has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years, with an assumption that payroll increases by 4% per year.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without being eligible for benefits, disability, participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2014 actuarial valuation, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. For medical benefits, the initial rate utilized is 8.0% and decreases by 0.5% per annum, leveling at 5.0% per annum in 2020.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 16: Post-Retirement Benefits (Cont'd)

Annual OPEB Cost per Actuarial Valuation

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contribution to the plan and the Township's obligation to the Plan at December 31, 2013, 2014 and 2015:

**Benefit Obligations and Normal Cost**

	Valuation December 31,		
	2013	2014	2015
Actuarial accrued liability (AAL)	N/A	\$ 18,183,916	N/A
Unfunded actuarial accrued liability (UAAL)	N/A	18,183,916	N/A
Normal cost at beginning of year	N/A	789,375	N/A
Amortization factor based on 30 years	N/A	606,131	N/A
Annual covered payroll	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A

**Level Dollar Amortization**

Calculation of ARC under Projected Unit Credit Cost Method

	Valuation December 31,		
	2013	2014	2015
ARC normal cost with interest to end of year	N/A	\$ 789,375	N/A
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	N/A	606,131	N/A
Annual Required Contribution (ARC)		1,395,506	
Interest on net OPEB obligation		-0-	-0-
Adjustment to ARC	N/A	-0-	-0-
Annual OPEB cost (expense)	N/A	1,395,506	
Pay as you go benefits		-0-	-0-
Net OPEB expense at December 31,:			
2014 and 2015, respectively		1,395,506	-0-
Prior year	N/A	14,763,473	N/A
Net OPEB obligation December 31,:			
2014 and 2015, respectively	N/A	\$ 16,158,979	N/A
Unfunded actuarial accrued liability (December 31, 2014)			\$ 18,183,916
Projected unfunded actuarial accrued liability (December 31, 2015)			N/A

Since it has fewer than 200 plan members the Township follows the three year rotation cycle. The table above indicates N/A in the years when valuation report was not available. As of December 31, 2015 the actuarial accrued liability benefits was \$18,183,916 all of which is unfunded.

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 17: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2015 and 2014:

	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
Land & Buildings	\$28,740,064.00			\$28,740,064.00
Machinery and Equipment	2,239,705.00			2,239,705.00
Furniture and Fixtures	1,948,073.00			1,948,073.00
Vehicles	5,171,114.00			5,171,114.00
	<u>\$38,098,956.00</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$38,098,956.00</u>
	Balance Dec. 31, 2013	Additions	Deletions	Balance Dec. 31, 2014
Land & Buildings	\$26,717,435.00	\$2,022,629.00		\$28,740,064.00
Machinery and Equipment	1,945,617.00	294,088.00		2,239,705.00
Furniture and Fixtures	1,925,960.00	22,113.00		1,948,073.00
Vehicles	4,941,154.00	420,090.00	\$ 190,130.00	5,171,114.00
	<u>\$35,530,166.00</u>	<u>\$2,758,920.00</u>	<u>\$ 190,130.00</u>	<u>\$38,098,956.00</u>

Note 18: Prior Period Adjustments

The Township made certain prior year adjustments in the Trust Fund financials. The restatement removes the Net Payroll and the Payroll Agency accounts, from the Trust Fund balance Sheet and includes Health Claims. It also eliminates all prior year encumbrances. The following is a summarization of the restatements to the Other Trust Fund and Open Space Trust Fund for the year ended December 31, 2014:

	Balance 12/31/14	Retroactive Adjustments	Balance 12/31/14 Restated
<b>Assets:</b>			
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	\$ 2,266,206.78	\$ (391,526.10)	\$ 1,874,680.68
Due from Current Fund	31,435.22	(31,435.22)	
Subtotal Other Trust Funds	<u>2,297,642.00</u>	<u>(422,961.32)</u>	<u>1,874,680.68</u>
Total Assets	<u>\$ 3,234,821.13</u>	<u>\$ (422,961.32)</u>	<u>\$ 2,811,859.81</u>
<b>Liabilities:</b>			
<b>Open Space:</b>			
Due to General Capital Fund	\$ 202,074.26		\$ 202,074.26
Encumbrances Payable	5,309.19	\$ (5,309.19)	
Reserve for Open Space	729,795.68	5,309.19	735,104.87
Subtotal Open Space	<u>937,179.13</u>	<u>-0-</u>	<u>937,179.13</u>

TOWNSHIP OF PEQUANNOCK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 18: Prior Period Adjustments (Cont'd)

	<u>Balance</u> <u>12/31/14</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>12/31/14</u> <u>Restated</u>
<b>Liabilities:</b>			
<b>Other Trust Funds:</b>			
Encumbrances Payable	\$ 15,307.00	\$ (15,307.00)	
Due to Current Fund		259.72	\$ 259.72
Due to Payroll Agency Account - From Reserve for Unemployment Compensation Insurance		232.29	
Due to Interlocal Towns		37,095.00	37,095.00
<b>Reserve for:</b>			
Fire Safety	21,389.00	2.70	21,391.70
Unemployment Compensation Insurance	85,264.80	(0.08)	85,264.72
Developers Escrow	493,127.79	94.87	493,222.66
Refundable Permits	20,721.00	307.00	21,028.00
Group Health Insurance	147,274.44	(2,494.82)	144,779.62
Net Payroll/Payroll Agency		(443,151.00)	(443,151.00)
Subtotal Other Trust Funds	<u>2,297,642.00</u>	<u>(422,961.32)</u>	<u>1,874,680.68</u>
<b>Total Liabilities, Reserves and Fund Balance</b>	<u>\$ 3,234,821.13</u>	<u>\$ (422,961.32)</u>	<u>\$ 2,811,859.81</u>

TOWNSHIP OF PEQUANNOCK

SUPPLEMENTARY DATA

TOWNSHIP OF PEQUANNOCK  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2015

Name	Title	Amount of Bond	Name of Corporate Surety
Catherine Winterfield	Mayor		
David Kohle	Deputy Mayor		
Richard Phelan	Council Member		
Melisa Florance-Lynch	Council Member		
Joel D. Vanderhoff	Council Member		
David Hollberg	Township Manger	**	MCM/MEL JIF
	Chief Financial Officer/ Treasurer	**	MCM/MEL JIF
Carol Marsh	Township Clerk - effective 5/01/2015	**	MCM/MEL JIF
Joseph J. Delaney Jr.	Township Clerk - until 4/30/2015	**	MCM/MEL JIF
Lorraine Tarnogursky	Tax Collector	**	MCM/MEL JIF
Holly J. Gilbert	QPA/ Principal Accountant	**	MCM/MEL JIF
Evelyn Roosma	Utility Collector	**	MCM/MEL JIF
Linda Zacharenko	Planning Board Secretary	**	MCM/MEL JIF
Robert Oostdyk	Township Attorney	**	MCM/MEL JIF
John A. Paparazzo	Municipal Magistrate	**	MCM/MEL JIF
Shelly Gallagher	Court Administrator	**	MCM/MEL JIF
Brian C. Spring	Police Chief		
Peter Correale	Health Officer/ Registrar		

\*\* There is a Public Employee Blanket Bond for \$1,000,000 covering all municipal employees.

Morris County Municipal Joint Insurance Fund	\$ 50,000
Municipal Excess Liability Joint Insurance Fund	950,000
	<u>\$ 1,000,000</u>

All bonds were examined and were properly executed.

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
CURRENT FUND

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 6,219,849.00
Increased by Receipts:		
Tax Collector		\$ 52,856,606.18
Petty Cash		350.00
Miscellaneous Revenue Not Anticipated		117,266.52
Revenue Accounts Receivable		3,082,336.16
Senior Citizens' and Veterans' Deductions		134,116.44
Appropriation Refunds		257,411.55
Due Federal and State Grant Fund		54,376.64
Due Animal Control Fund		130.34
Due Other Trust Funds		57,622.43
Due Open Space Trust Fund		500,000.00
Due General Capital Fund		1,530,036.97
Due Sewer Utility Operating Fund		32,399.01
Due Sewer Utility Assessment Trust		390,956.17
Due Solid Waste Utility Operating Fund		66,646.86
Due Payroll Account		292,596.68
Due to Public Library		511,198.87
Reserve for Health Contracts		15,493.97
Due to State of New Jersey:		
Uniform Construction Code Fees		14,943.76
Marriage License Fees		586.00
Department of Children and Families		1,010.00
		59,916,084.55
		66,135,933.55

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER  
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2015 Appropriations	\$ 14,638,634.84	
2014 Appropriation Reserves	1,038,047.61	
Petty Cash	350.00	
County Taxes	6,472,485.17	
Local School District Taxes	33,153,331.00	
Tax Overpayments Refunded	4,620.58	
Accounts Payable	37,257.57	
Reserve for Pending Tax Appeals	50,725.66	
Reserve for Dial a Ride Refunds	34,072.00	
Third Party Tax Title Lien Redemptions	370,592.29	
Due to State of New Jersey:		
Uniform Construction Code Fees	14,943.76	
Marriage License Fees	586.00	
Department of Children and Families	1,010.00	
Due Federal and State Grant Fund	113,084.92	
Due Other Trust Funds	412,565.87	
Due Open Space Trust Fund	645,241.49	
Due General Capital Fund	1,485,197.40	
Due Water Utility Operating Fund	425.50	
Due Sewer Utility Operating Fund	28,198.64	
Due Sewer Utility Assessment Trust	390,956.17	
Due Solid Waste Utility Operating Fund	66,646.86	
Due Recreation Utility Operating Fund	20,985.91	
Due to Public Library	490,536.28	
Refund of Board of Health Fees and Permits	52.00	
Refund of Prior Year Revenue	14,778.18	
Refund of Miscellaneous Revenue	6,839.78	
	<hr/>	
		\$ 59,492,165.48
		<hr/>
Balance December 31, 2015	A	\$ 6,643,768.07
		<hr/> <hr/>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

Increased by Receipts:	
Interest and Costs on Taxes	\$ 89,826.50
Taxes Receivable	51,751,196.94
Tax Search Fees and Other Fees	1,132.00
2016 Prepaid Taxes	136,772.05
Tax Overpayments	35,890.01
Tax Sale Premiums	448,900.00
Third-Party Lien Redemptions	392,888.68
	<u>52,856,606.18</u>
Decreased by:	
Amount Turned Over to Treasurer	<u>\$ 52,856,606.18</u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 270,405.91
Increased by Receipts:		
Grant Funds Received	\$	35,002.05
Unappropriated Grant Reserves		<u>50,653.60</u>
		<u>85,655.65</u>
		356,061.56
Decreased by Disbursements:		
Appropriated Grant Reserve Expenditures		241,860.12
Due to Current Fund		<u>52,083.84</u>
		<u>293,943.96</u>
Balance December 31, 2015	A	<u><u>\$ 62,117.60</u></u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2014	Added Taxes	2015 Levy	Collections		Tax Overpayments Applied	Senior Citizen & Veteran Deductions	Taxes Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2015
				2014	2015					
2013					\$ 1,250.00		\$ (1,250.00)			\$ 1,194.74
2014	\$ 416,912.86	\$ 13,548.33			432,691.52		(3,839.04)	\$ 413.97		1,194.74
	416,912.86	13,548.33			433,941.52		(5,089.04)	413.97		296,350.53
2015			\$ 51,926,230.40	\$ 132,906.73	51,317,255.42	\$ 4,427.25	139,624.66	31,803.45	\$ 3,862.36	
Total	\$ 416,912.86	\$ 13,548.33	\$ 51,926,230.40	\$ 132,906.73	\$ 51,751,196.94	\$ 4,427.25	\$ 134,535.62	\$ 32,217.42	\$ 3,862.36	\$ 297,545.27

A

Ref. A

Analysis of 2015 Property Tax Levy

Tax Yield:		\$ 51,827,006.00
General Purpose Tax		99,224.40
Added, Omitted and Rollback Taxes		<u>\$ 51,926,230.40</u>
Tax Levy:		\$ 32,817,251.00
Local School District Taxes		
County Taxes	\$ 6,204,681.62	
County Open Space Taxes	258,594.07	
County Added & Omitted Taxes	<u>12,434.77</u>	
		6,475,710.46
		145,520.45
Local Taxes for Open Space - Due Other Trust Funds		<u>39,438,481.91</u>
	12,380,504.00	
Local Tax for Municipal Purposes	<u>107,244.49</u>	
Add: Additional Tax Levied		12,487,748.49
		<u>\$ 51,926,230.40</u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 13,447.10
Increased by:		
Transfer from Taxes Receivable		\$ 3,862.36
Interest and Costs on Tax Sale		<u>1,697.36</u>
		<u>5,559.72</u>
Balance December 31, 2015	A	<u>\$ 19,006.82</u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In	Collected by		Balance
	Dec. 31, 2014	2015	Collector	Treasurer	Dec. 31, 2015
Clerk:					
Licenses:					
Alcoholic Beverage		\$ 22,800.00		\$ 22,800.00	
Other		25,529.00		25,529.00	
Fees and Permits		3,803.00		3,803.00	
Board of Health:					
Fees and Permits		97,647.00		97,647.00	
Planning and Zoning:					
Fees and Permits		28,063.28		28,063.28	
Fair Housing:					
Fees and Permits		1,450.00		1,450.00	
Tax Collector:					
Fees and Permits		1,132.00	\$ 1,132.00		
Municipal Court:					
Fines and Costs	\$ 17,690.07	216,471.89		220,097.60	\$ 14,064.36
Interest and Costs on Taxes		89,826.50	89,826.50		
Interest on Investments and Deposits		10,113.37		10,113.37	
Cable Television Franchise Fee		73,842.00		73,842.00	
Senior Citizen House (PILOT)		86,573.00		86,573.00	
Consolidated Municipal Property Tax Relief Aid		22,196.00		22,196.00	
Energy Receipts Tax		1,192,177.00		1,192,177.00	
Uniform Construction Code Official		343,663.24		343,663.24	
Contracts for Purchasing Agent (QPA):					
Borough of Kinnelon	2,000.00	2,000.00		3,000.00	1,000.00
Borough of Bloomingdale		2,000.00			2,000.00

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
(Continued)

	Balance Dec. 31, 2014	Accrued In 2015	Collected by		Balance Dec. 31, 2015
			Collector	Treasurer	
Contracts for Dial-A-Ride:					
Borough of Butler		\$ 62,873.00		\$ 62,873.00	
Borough of Kinnelon		85,465.00		85,465.00	
Borough of Lincoln Park		87,742.00		87,742.00	
Borough of Riverdale		29,681.00		29,681.00	
Health Service Contract:					
Borough of Kinnelon		120,856.00		120,856.00	
Borough of Bloomingdale		90,288.00		90,288.00	
Borough of Riverdale	\$ 10,298.52	41,972.00		52,270.52	
Borough of Florham Park		137,936.00		137,936.00	
Field Maintenance Contract		57,000.00		48,858.00	\$ 8,142.00
County Road Plowing and Salting -Morris County		39,431.01		39,431.01	
Uniform Fire Code Fees		27,065.00		27,065.00	
Uniform Fire Safety Act		18,228.84		18,228.84	
Reserve for Public Defender Fees		8,220.00		8,220.00	
Hotel Occupancy Tax		142,467.30		142,467.30	
	<u>\$ 29,988.59</u>	<u>\$ 3,168,512.43</u>	<u>\$ 90,958.50</u>	<u>\$ 3,082,336.16</u>	<u>\$ 25,206.36</u>
<u>Ref.</u>	A				A

TOWNSHIP OF PEQUANNOCK  
FEDERAL AND STATE GRANT FUNDS  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	<u>Balance Dec. 31, 2014</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserves</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2015</u>
Municipal Alliance on Alcohol and Drug Abuse:						
State Share					\$ 4,079.47	
2011	\$ 4,079.47				2,512.10	
2012	2,512.10				3,323.93	
2013	3,323.93					\$ 7,952.21
2014	7,952.21					4,092.04
2015		\$ 12,182.00	\$ 8,087.54		2.42	
Local Share						
2015		2,500.00	2,500.00			
		1,004.00		\$ 1,004.00		
Municipal Alcohol Education & Rehabilitation Program		14,452.00		14,452.00		
Drunk Driving Enforcement Funds		3,114.00		3,114.00		
NJ Body Armor Replacement Fund		28,211.00		28,211.00		
Clean Communities		8,035.00		8,035.00		
NJ Highway Safety - Police					(3.42)	
NJ Senior Citizen & Disabled Transportation Assistance - 2010	(3.42)					
NJ Senior Citizen & Disabled Transportation Assistance - 2014	24,414.51		24,414.51			97,658.00
NJ Senior Citizen & Disabled Transportation Assistance - 2015		97,658.00				6,780.00
U.S Department of Justice: Body Armor Replacement Funds	6,780.00					2,000.00
Green Communities Grant	2,000.00					633.00
NJ Department of Environmental Protection - Recreational Trails Grant	633.00					20,000.00
NJ Department of Environmental Protection - Forrestry Management Grant	20,000.00					15,000.00
NJ Highlands Grant - Initial Assessment	15,000.00					5,295.56
NJ Highlands Grant - Plan Conformance	5,295.56					45,355.00
Morris County Historic Preservation Trust - PP Rail Station	45,355.00					

TOWNSHIP OF PEQUANNOCK  
FEDERAL AND STATE GRANT FUNDS  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Received</u>	<u>Transfer</u> <u>from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
NJ Department of Transportation:						\$ 46,250.00
Transportation Trust Fund (Jefferson) 2013	\$ 46,250.00					165,000.00
Transportation Trust Fund (Sunset Road) 2014		\$ 165,000.00				180,000.00
Transportation Trust Fund (Sunset Sidewalks) 2015		180,000.00				2,707.20
NJ Division of Highway Traffic Safety - Sober/ Pulled Over		5,000.00	\$ 2,292.80			
	<u>\$ 183,592.36</u>	<u>\$ 517,156.00</u>	<u>\$ 37,294.85</u>	<u>\$ 54,816.00</u>	<u>\$ 9,914.50</u>	<u>\$ 598,723.01</u>
<u>Ref.</u>	A					A
			\$ 35,002.05			
			<u>2,292.80</u>			
			<u>\$ 37,294.85</u>			

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Government:				
Township Clerk:				
Salaries and Wages	\$ 27,750.71	\$ 27,750.71		\$ 27,750.71
Other Expenses	4,434.06	4,434.06	\$ 1,759.56	2,674.50
Township Council:				
Other Expenses	2,341.04	2,341.04	325.90	2,015.14
Manager's Office:				
Salaries and Wages	10,367.71	10,367.71	9,210.00	1,157.71
Other Expenses	1,698.14	1,698.14	332.63	1,365.51
Legal Services and Costs:				
Other Expenses	37,888.06	37,888.06	1,681.66	36,206.40
Municipal Prosecutor :				
Salaries and Wages	492.56	492.56		492.56
Animal Control Services:				
Other Expenses	15,000.00	15,000.00		15,000.00
Financial Administration (Treasury):				
Salaries and Wages	4,661.33	4,661.33		4,661.33
Other Expenses	5,028.17	5,028.17		5,028.17
Municipal Court:				
Salaries and Wages	5,934.79	5,934.79		5,934.79
Other Expenses	3,337.26	3,337.26	838.30	2,498.96
Audit Services:				
Other Expenses	17,250.00	17,250.00	17,250.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	5,967.37	5,967.37		5,967.37
Other Expenses	867.98	867.98	251.80	616.18
Tax Assessment Administration:				
Salaries and Wages	2,157.91	2,157.91		2,157.91
Other Expenses	22,719.18	22,719.18	20,000.00	2,719.18
Data Processing:				
Other Expenses	21,290.06	21,290.06	21,263.20	26.86
Engineering Services:				
Salaries and Wages	6.45	6.45		6.45
Other Expenses	9,551.14	9,551.14	6,114.68	3,436.46
Environmental Commission:				
Other Expenses	110.48	110.48		110.48
Teen Advisory Commission:				
Other Expenses	1,700.00	1,700.00		1,700.00

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Government:				
Historic Preservation:				
Other Expenses	\$ 791.82	\$ 791.82		\$ 791.82
PV Mental Health Center Contribution	100.00	100.00		100.00
Planning and Building:				
Salaries and Wages	3,037.04	3,037.04		3,037.04
Other Expenses	35,235.90	35,235.90	\$ 3,058.48	32,177.42
Zoning Board of Adjustment:				
Salaries and Wages	750.00	750.00	100.00	650.00
Other Expenses	2,639.01	2,639.01	1,410.00	1,229.01
Senior Citizen Advisory Committee:				
Other Expenses	1,637.38	1,637.38		1,637.38
Police:				
Salaries & Wages	46,000.38	46,000.38	45,268.97	731.41
Other Expenses	27,519.97	27,519.97	27,499.92	20.05
Community Service Act:				
Other Expenses	20,000.00	20,000.00	16,947.87	3,052.13
Emergency Management:				
Salaries & Wages	2,893.74	2,893.74		2,893.74
Other Expenses	3,290.96	3,290.96	77.97	3,212.99
Aid to Volunteer Fire Companies	30,000.00	30,000.00	27,415.35	2,584.65
Aid to Volunteer Rescue Squad	25,000.00	25,000.00	25,000.00	
Fire Department:				
Clothing Allowance	7,304.00	7,304.00		7,304.00
Other Expenses	25,418.92	25,418.92	16,903.90	8,515.02
Office of Fire & Safety:				
Salaries & Wages	4,217.12	4,217.12		4,217.12
Other Expenses	2,854.49	2,854.49	1,764.25	1,090.24
Emergency Medical Services:				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	500.00	500.00		500.00
Shade Tree Commission:				
Other Expenses	7,393.06	7,393.06	6,358.50	1,034.56
Economic Development Committee:				
Other Expense	93.03	93.03		93.03

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

(Continued)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Government:				
Public Building & Grounds:				
Salaries & Wages	\$ 18,861.45	\$ 18,861.45		\$ 18,861.45
Other Expenses	21,835.23	21,835.23	\$ 21,579.04	256.19
Road Repairs & Maintenance:				
Salaries and Wages	19,999.17	19,999.17	570.75	19,428.42
Other Expenses	15,790.81	15,790.81	10,417.74	5,373.07
Vehicle Maintenance:				
Salaries and Wages	43.76	43.76		43.76
Other Expenses	9,680.56	9,680.56	9,439.06	241.50
Flood Advisory Committee	1,923.85	1,923.85	1,100.00	823.85
Board of Health:				
Salaries & Wages	8,806.58	8,806.58		8,806.58
Other Expenses	13,989.73	13,989.73	6,895.86	7,093.87
Parks & Playgrounds:				
Salaries & Wages	6,652.65	6,652.65		6,652.65
Other Expenses	8,000.07	8,000.07	2,995.38	5,004.69
Recreation:				
Salaries & Wages	251.24	251.24		251.24
Other Expenses	12,884.91	12,884.91	2,345.79	10,539.12
Dial-a-Ride Program:				
Salaries & Wages	698.97	698.97		698.97
Other Expenses	20,695.38	20,695.38	20,281.10	414.28
Celebration of Public Events:				
Other Expenses	3,032.36	3,032.36	1,905.31	1,127.05
Public Defender:				
Other Expenses	153.70	153.70		153.70
Insurance:				
General Liability	28,831.17	28,831.17	168.00	28,663.17
Workers Compensation Insurance	500.00	500.00		500.00
Employee Group Health	688,203.70	688,203.70	636,841.00	51,362.70
State Uniform Construction Code:				
Salaries and Wages	3,853.71	3,853.71		3,853.71
Other Expenses	9,328.97	9,328.97	6,800.60	2,528.37

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Utility Expenses:				
Electricity	\$ 50,744.92	\$ 50,744.92	\$ 46,857.22	\$ 3,887.70
Telephone	3,258.59	3,258.59	3,072.57	186.02
Water	2,220.15	2,220.15	888.54	1,331.61
Natural Gas	8,884.28	8,884.28	8,765.32	118.96
Street Lighting	36,953.51	36,953.51	22,406.93	14,546.58
Water				
Gasoline	10,869.73	10,869.73	8,686.11	2,183.62
Accumulated Leave	35,000.00	35,000.00	35,000.00	
Contingent				
Public Employees' Retirement System	322.00	322.00		322.00
Police Firemens' Retirement System	0.27	0.27		0.27
Social Security	17,821.18	17,821.18		17,821.18
Police Dispatch/911-Salaries & Wages	8,867.37	8,867.37	198.35	8,669.02
Fair Housing Committee:				
Salaries and Wages	211.60	211.60		211.60
Other Expenses	1,358.99	1,358.99		1,358.99
	<u>\$ 1,518,261.78</u>	<u>\$ 1,518,261.78</u>	<u>\$ 1,098,047.61</u>	<u>\$ 420,214.17</u>

Balance December 31, 2014:

	<u>Ref.</u>	
Unencumbered	A	\$ 1,390,454.53
Encumbered	A	127,807.25
		<u>\$ 1,518,261.78</u>

Cash Disbursed	\$ 1,038,047.61
Accounts Payable	60,000.00
	<u>\$ 1,098,047.61</u>

TOWNSHIP OF PEQUANNOCK  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 483,959.00
Increased by:		
Levy - Calendar Year 2015		\$ 32,817,251.00
		<u>33,301,210.00</u>
Decreased by:		
Payments to Board of Education		\$ 33,153,331.00
Balance December 31, 2015	A	<u>\$ 147,879.00</u>

TOWNSHIP OF PEQUANNOCK  
FEDERAL AND STATE GRANT FUNDS  
SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2014	Transfer from Current Fund Budget	Expended	Encumbered	Adjustments/ Cancelled	Balance Dec. 31, 2015
Municipal Alcohol Education & Rehabilitation Grant - 2005	\$ 22.00		\$ 22.00			
Municipal Alcohol Education & Rehabilitation Grant - 2008	338.00		338.00			
Municipal Alcohol Education & Rehabilitation Grant - 2009	588.00		588.00			
Municipal Alcohol Education & Rehabilitation Grant - 2010	201.00		201.00			
Municipal Alcohol Education & Rehabilitation Grant - 2011	53.00		53.00			
Municipal Alcohol Education & Rehabilitation Grant - 2012	485.00		485.00			
Municipal Alcohol Education & Rehabilitation Grant - 2014	476.00		476.00			
Municipal Alcohol Education & Rehabilitation Grant - 2012		\$ 1,004.00	837.00			\$ 167.00
Clean Communities Grant - 2009	3,853.08		1,327.98	\$ 200.00		2,325.10
Clean Communities Grant - 2010	10,363.03		2,425.00			7,938.03
Clean Communities Grant - 2011	5,843.95		400.00	983.53	\$ 1,148.25	3,312.17
Clean Communities Grant - 2012	(1,148.25)				(1,148.25)	
Clean Communities Grant - 2012	16,631.87		6,708.80	400.00		9,523.07
Clean Communities Grant - 2014	27,684.00		1,400.00			26,284.00
Clean Communities Grant - 2015		28,211.00				28,211.00
Municipal Drug Alliance - 2010	1,874.75				1,874.75	
Municipal Drug Alliance - 2010 - Supplement	273.65				273.65	
Municipal Drug Alliance - 2010 - Match	2,233.42				1,175.53	1,057.89
Municipal Drug Alliance - 2011	4,590.25				4,079.47	510.78
Municipal Drug Alliance - 2011 - Match	201.79					201.79
Municipal Drug Alliance - 2012	664.10				664.10	
Municipal Drug Alliance - 2012 - Supplement	630.00				630.00	
Municipal Drug Alliance - 2012- Match	1,419.94				1,218.00	201.94
Municipal Drug Alliance - 2013	(69.59)				(69.59)	
Municipal Drug Alliance - 2014	4,455.61		4,455.61			
Municipal Drug Alliance - 2014 - Match	1,114.40		1,114.40			
Municipal Drug Alliance - 2015		12,182.00	3,598.36			8,583.64
Municipal Drug Alliance - 2015 - Supplement		2,500.00	2,080.08			419.92
Municipal Drug Alliance - 2015 - Match		4,296.00	1,939.14			2,356.86

TOWNSHIP OF PEQUANNOCK  
FEDERAL AND STATE GRANT FUNDS  
SCHEDULE OF APPROPRIATED GRANT RESERVES

(Continued)

	Balance Dec. 31, 2014	Transfer from Current Fund Budget	Expended	Encumbered	Adjustments/ Cancelled	Balance Dec. 31, 2015
NJ Senior Citizen Transportation Assistance Act - 2015		\$ 97,658.00	\$ 97,658.00			\$ 15,000.00
NJ Highlands Protection Grant - Initial Assessment	\$ 15,000.00					2,435.84
NJ Highlands Protection Grant - Plan Performance	2,435.84					18.00
NJ Body Armor Funds - 2009	364.00			\$ 346.00		0.01
NJ Body Armor Funds - 2015		3,114.00		3,113.99		
NJ Department of Health - BioTerrorism Grant	2,000.00				\$ 2,000.00	
NJ Department of Transportation:						11,268.80
Transortation Trust ( Sunset Road ) - 2007	11,268.80					5,658.25
Transportation Trust ( Sunset Road ) - 2008	5,658.25					
Transportation Trust Fund (Jefferson) - 2013	185,000.00		185,000.00			144,814.03
Transportation Trust Fund (Sunset Road) 2014		165,000.00	20,185.97			180,000.00
Transportation Trust Fund (Sunset Sidewalks) 2015		180,000.00				
NJ Department of Environmental Protection:						3,000.00
Desnagging - Adminstration	3,000.00					28,289.55
River Desnagging Grant	29,389.55		1,100.00			411.00
NJSP - Emergency Management Aid	411.00					
Public Health Priority Funding - 2006	1,021.00				1,021.00	
Public Health Priority Funding - 2007	593.00				593.00	
NJDOH- H1N1 Flu Grant - 2009	1,520.88				1,520.88	
Public Health Planning	1.00				1.00	
Center for Disease Control - Health Communication Grant	36.31				36.31	
Mayor's Wellness Campaign - 2014	1,000.00					1,000.00
NJ Department of Health - Cancer Control Grant - 2010	(739.11)				(739.11)	
Recycling Tonnage Grant - 1994	908.86		908.86			
Recycling Tonnage Grant - 2005	57.00		57.00			
Recycling Tonnage Grant - 2008	4,610.25		4,610.25			13,878.87
Recycling Tonnage Grant - 2011	25,686.00		8,901.09	2,906.04		3,326.74
Recreation Trail Program	3,326.74					3,000.00
NJ Forestry Management Grant	3,000.00					15,965.00
NJ Forestry Management Grant	20,000.00		4,035.00			10,000.00
NJ Forestry Management Grant - Local	10,000.00					750.00
Smart Growth Planning - Match	750.00					

TOWNSHIP OF PEQUANNOCK  
FEDERAL AND STATE GRANT FUNDS  
SCHEDULE OF APPROPRIATED GRANT RESERVES

(Continued)

	Balance Dec. 31, 2014	Transfer from Current Fund Budget	Expended	Encumbered	Adjustments/ Cancelled	Balance Dec. 31, 2015
	\$ 735.00		\$ 528.00			\$ 207.00
Tabacco Age of Sale Enforcement Program Enforcement - 2012	1,313.22					1,313.22
Tabacco Age of Sale Enforcement Program Enforcement - 2011	2,820.00					2,820.00
Tabacco Age of Sale Enforcement Program Enforcement - 2010	3,060.00					3,060.00
Tabacco Age of Sale Enforcement Program Enforcement - 2009	(1,733.31)				\$ (1,733.31)	
MC Historic Preservation Trust - 2008	5,694.00		2,798.00			2,896.00
Stormwater Management	5,696.02					5,696.02
Drunk Driving Enforcement - 2008	5,363.89					5,363.89
Drunk Driving Enforcement - 2009	16,671.73					16,671.73
Drunk Driving Enforcement - 2014		\$ 14,452.00				14,452.00
Drunk Driving Enforcement - 2015		5,000.00				5,000.00
NJ Div of Highway Traffic Safety - Sober/ Pulled Over		8,035.00				8,035.00
DHTS - Over the Limit, Under Arrest	811.97		713.50			98.47
New Jersey League of Municipalities Education Foundation	1,000.00					1,000.00
New Jersey League of Municipalities Education Foundation	\$ 450,510.89	\$ 521,452.00	\$ 354,945.04	\$ 7,949.56	\$ 12,545.68	\$ 596,522.61
Ref.	A			A		A
Unencumbered	\$ 260,911.09					
Encumbered	189,599.80					
	\$ 450,510.89					
Federal and State Grant Funds		\$ 517,156.00				
Local Matching Funds		4,296.00				
		\$ 521,452.00				
			\$ 241,860.12			
			113,084.92			
			\$ 354,945.04			

TOWNSHIP OF PEQUANNOCK  
FEDERAL AND STATE GRANT FUNDS  
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Cash</u> <u>Received</u>	<u>Transferred to</u> <u>Budget Revenue</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Municipal Alcohol Education & Rehabilitation Program	\$ 1,005.02	\$ 1,296.53	\$ 1,004.00		\$ 1,297.55
Drunk Driving Enforcement Funds	14,453.56	6,985.03	14,452.00		6,986.59
NJ Senior Citizen Transportation Assistance Act	1,267.56				1,267.56
NJ Body Armor Replacement Fund	3,115.77	3,110.02	3,114.00		3,111.79
NJ Department of Health - Comprehensive Cancer Control Plan	20,385.62			\$ 20,385.62	2,000.00
New Jersey League of Municipalities Educational Foundation	2,000.00			426.00	2,000.00
Public Health Priority Funds	426.00				34,362.38
Clean Communities	28,211.36	34,362.02	28,211.00		0.74
NJ Highway Safety - Police	8,035.74		8,035.00		2,000.00
NJ Division of Forestry - Forestry Management Plan	2,000.00				4,900.00
Cable Franchise - Equipment Grant		4,900.00			4,900.00
	<u>\$ 80,900.63</u>	<u>\$ 50,653.60</u>	<u>\$ 54,816.00</u>	<u>\$ 20,811.62</u>	<u>\$ 55,926.61</u>

Ref.

A

A

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds (Restated)</u>
Balance December 31, 2014	B	\$ 32,331.48	\$ 1,874,680.68
Increased by Receipts:			
Animal Control Collector		\$ 27,976.00	
Cat License Fees		6,938.00	
Late and Replacement Fees		1,246.00	
State Registration Fees		1,914.00	
Prepaid License Fees:			
Dog		9,152.00	
Cat License Fees		2,024.00	
State Registration Fees		579.00	
Donations/Other		8,849.57	
Interest Earned		116.92	
Developers Deposits - Escrow			\$ 168,836.19
Developers Deposits - Affordable Housing			8,419.67
Fire Safety			19.65
Flexible Spending			11,687.90
Interfund Advance From Unemployment Fund			3,000.00
Unemployment Compensation Insurance			42,529.64
Health Trust Account			70,905.00
Due Current Fund			33,027.78
Reserve for Youth Development			491.46
Reserve for Refundable Permits			13,161.12
Reserve for Group Health Insurance			3,025,429.08
Reserve for Parking Offenses Adjudication Act			14.00
Reserve for Premium on Tax Sale			448,900.00
Reserve for Public Defender			10,409.50
Reserve for Accrued Leave			1,259.18
Reserve for Snow Removal			453.44
Reserve for Insurance Refunds			23,527.25
Reserve for Dial a Ride (D.A.R. Bequests)			25,005.75
Reserve for Health Claims			1,749,728.80
		<u>\$ 58,795.49</u>	<u>5,636,805.41</u>
		91,126.97	7,511,486.09

TOWNSHIP OF PEQUANNOCK  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	
Decreased by Disbursements:			
Animal Control Expenditures	\$ 64,610.45		
Due State of New Jersey	2,238.80		
Due Current Fund	247.26	\$ 126,984.34	
Due Payroll Agency Account		232.29	
Developers Deposits - Escrow		116,007.29	
Fire Safety		2,158.82	
Flexible Spending		14,557.82	
Unemployment Compensation Insurance		26,660.34	
Interfund Advanced to Flexible Spending		3,000.00	
Health Trust Account		72,830.00	
Reserve for Friends of Greenview		2.08	
Reserve for Refundable Permits		4,606.00	
Reserve for Refundable Housing		100.00	
Reserve for Group Health Insurance		2,761,720.13	
Reserve for Parking Offenses Adjudication Act		0.22	
Reserve for Premium on Tax Sale		283,300.00	
Reserve for Public Defender		27,792.34	
Reserve for Developers Master Trust		6,055.68	
Reserve for Accrued Leave		17,632.29	
Reserve for Celebrations		215.00	
Reserve for Sewer Assessment Trust		426.00	
Reserve for Insurance Refunds		20,684.36	
Reser for Health Claims		1,749,728.80	
	<u>\$ 67,096.51</u>	<u>\$ 5,234,693.80</u>	
Balance December 31, 2015	B	<u>\$ 24,030.46</u>	<u>\$ 2,276,792.29</u>

TOWNSHIP OF PEQUANNOCK  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Open Space Trust Fund</u>
Balance December 31, 2014	B	\$ 937,179.13
Increased by Receipts:		
Open Space Trust Fund:		
Interest Earned		\$ 210.48
Open Space Levy		145,241.49
Green Acres Grant		127,351.05
Other Deposits		108,877.08
		<u>381,680.10</u>
		<u>1,318,859.23</u>
Decreased by Disbursements:		
Open Space Trust Fund Expenditures		233,850.79
Interfund Returned - General Capital Fund		833,816.58
Open Space Trust Reserve Expenditures		278.96
Due Current Fund		<u>1,067,946.33</u>
Balance December 31, 2015	B	<u><u>\$ 250,912.90</u></u>

TOWNSHIP OF PEQUANNOCK  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 26,887.89
Increased by:		
Dog License Fees Collected		\$ 27,976.00
Cat License Fees Collected		6,938.00
Prior Year Prepaid Licenses		4,977.20
Late, Adoption and Replacement Fees		<u>10,095.57</u>
		49,986.77
		<u>76,874.66</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>64,610.45</u>
Balance December 31, 2015	B	<u><u>\$ 12,264.21</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 28,544.00
2014	<u>28,454.00</u>
Maximum Allowable Reserve	<u><u>\$ 56,998.00</u></u>

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
GENERAL CAPITAL FUND

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 439,661.54
Increased by Receipts:		
Current Fund Appropriations:		
Capital Improvement Fund		\$ 416,000.00
Deferred Charges to Future Taxation Unfunded		763,000.00
Bond Anticipation Notes Issued		1,580,000.00
FEMA Grants Receivable		1,530,011.98
Due to Current Fund		25,930.26
Due to Water Utility Operating Fund		137,778.33
Due to Water Utility Capital Fund		650,000.00
Due to Sewer Utility Operating Fund		76,983.05
Due to Sewer Utility Capital Fund		4,680,000.00
Due to Recreation Utility Operating Fund		15,000.00
Improvement Authorization Refunds		600.00
Reserve for Fire Apparatus		180,000.00
Reserve for Road Resurfacing		300,000.00
Reserve for Data/Office Equipment		25,000.00
Reserve for DPW Equipment		115,000.00
Reserve for Vehicle Replacement		146,000.00
		10,641,303.62
		11,080,965.16
Decreased by Disbursements:		
Bond Anticipation Notes Matured		2,180,000.00
Improvement Authorization Expenditures		1,899,357.76
Due to Current Fund		70,769.83
Due to Water Utility Operating Fund		137,778.33
Due to Water Utility Capital Fund		652,893.83
Due to Sewer Utility Operating Fund		76,983.05
Due to Sewer Utility Capital Fund		5,590,619.28
		10,608,402.08
Balance December 31, 2015	C	\$ 472,563.08

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2014	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2015
		Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 44,458.97									\$ 121,124.76
Capital Improvement Fund	116,000.00	\$ 416,000.00						\$ 41,000.00	\$ 117,665.79	\$ 20,000.00
Due Current Fund	48,374.58			\$ 25,930.26				537,000.00	25,000.00	3,535.01
Due Open Space Trust Fund	(202,074.26)								233,850.79	31,776.53
Due Water Utility Operating Fund				137,778.33						
Due Water Utility Capital Fund	2,893.83			650,000.00						
Due Sewer Utility Operating Fund				76,983.05						
Due Sewer Utility Capital Fund				4,680,000.00						(395,000.00)
Due Recreation Utility Operating Fund	(95,000.00)			15,000.00						(80,000.00)
FEMA Grant Receivables	(5,444,017.19)			1,530,011.98						(3,914,005.21)
Reserve for Encumbrances	973,596.67							973,596.67	159,978.08	159,978.08
Reserve for DPW Equipment	31,000.00			115,000.00				90,000.00		56,000.00
Reserve for Data/Office Equipment	50,000.00			25,000.00				33,000.00		42,000.00
Reserve for Road Resurfacing	9,000.00			300,000.00				309,000.00		18,824.00
Reserve for Vehicle Replacement	129,824.00			146,000.00				257,000.00		180,000.00
Reserve for Fire Apparatus	239,000.00			180,000.00				71,000.00		168,000.00
Reserve for Flood Control Improvements										
Ord. Number	Improvement Description									
		(228,567.67)	153,000.00					1,983.63		(77,551.30)
2002-06	Various Capital/Drainage	292.33								292.33
2003-12	Refunding Bond Ordinance	77,815.67								77,815.67
2003-16	Various Capital/Streetscape & Roads	54,827.95								54,827.95
2004-16	Various Capital/Streetscape & Fire Engine	37,688.98			\$ 35,326.86					2,362.12
2005-04	Various Capital/Streetscape & Firehouse	(591,021.60)	10,000.00							(581,021.60)
2006-11	Various Capital/Streetscape & Sidewalks	46,317.36	260,000.00		64,774.89	\$ 260,000.00		92,906.47	111,364.00	(488,000.00)
2007-08	Various Capital/Streetscape & Sidewalks	(488,000.00)								(68,441.84)
2008-25	Greenview Park Plan	(68,441.84)								
2008-26	Sidewalk Improvements		40,000.00	\$ 110,000.00						150,000.00
2008-28	Replacement Fire Truck 1-2	(26,500.00)	160,000.00	130,000.00						290,000.00
2008-35	Sanitary Sewer Extension		70,000.00	320,000.00						390,000.00
2009-12	Various Improvements/Street Sweeper	2,000.00								2,000.00
2009-13	Various Capital Projects	140.13								140.13
2009-28	Park Improvements	50,868.78						25,000.00		25,868.78
2010-18	Various Capital Projects	30,971.55			6,961.96					24,009.59
2010-19	Equipment & Vehicles		70,000.00	420,000.00						490,000.00
2010-20	Various Improvements/West Franklin	38,357.28				2,050.00				36,307.28
2011-18	Various Capital Projects	1,535,594.36		600,000.00		3,019.53		10,078.09		1,522,496.74
2011-26	FEMA SRL Grant Flood Acquisitions	157,223.14				18,127.83				139,095.31
2012-12	Various Capital Projects	3,004,476.31				429,402.43		233,850.79		2,341,223.09
2012-18	FEMA HMGP Flood Acquisitions	67,972.95				8,889.80			4,944.81	64,027.96
2013-09	Various Capital Projects									

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH  
(Continued)

Ord. Number	Improvement Description	Balance (Deficit) Dec. 31, 2014	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2015
			Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
		\$ 30,504.32				\$ 5,745.00			\$ 24,759.32		\$ 17,991.06
2013-10	Equipment & Vehicles	20,591.54				1,473.00			1,127.48		114,162.51
2013-12	Park and Ballfield Improvements	158,249.19			\$ 600.00	278,418.92			17,379.00	\$ 251,111.24	82,565.18
2014-15	Various Capital Projects	109,624.93				630,846.37			2,390.00	606,176.62	465,391.91
2014-16	Equipment & Vehicles					34,068.09			37,540.00	537,000.00	331,267.04
2015-05	Various Capital Projects					380,253.08			89,479.88	801,000.00	
2015-06	Equipment & Vehicles										
		<u>\$ 439,661.54</u>	<u>\$ 1,179,000.00</u>	<u>\$ 1,580,000.00</u>	<u>\$ 7,882,303.62</u>	<u>\$ 1,899,357.76</u>	<u>\$ 2,180,000.00</u>	<u>\$ 6,529,044.32</u>	<u>\$ 2,848,091.33</u>	<u>\$ 2,848,091.33</u>	<u>\$ 472,563.08</u>

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2015	Analysis of Balance Dec. 31, 2015		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2002-06	Drainage and Road Improvements	\$ 273,000.00		\$ 153,000.00	\$ 120,000.00		\$ 77,551.30	\$ 42,448.70
2006-11	Various Capital/Streetscape & Sidewalks	610,000.00		10,000.00	600,000.00		581,021.60	18,978.40
2007-08	Various Capital/Streetscape & Sidewalks	260,000.00		260,000.00				
2008-25	Greenview Park Plan	488,000.00			488,000.00		488,000.00	
2008-26	Sidewalk Improvements	76,000.00			76,000.00		68,441.84	7,558.16
2008-28	Replacement Fire Truck 1-2	150,000.00		40,000.00	110,000.00	\$ 110,000.00		
2008-35	Sanitary Sewer Extension	316,500.00		160,000.00	156,500.00	130,000.00	26,500.00	
2009-12	Various Improvements/Street Sweeper	390,000.00		70,000.00	320,000.00	320,000.00		
2010-20	Various Improvements/West Franklin	490,000.00		70,000.00	420,000.00	420,000.00		
2011-26	FEMA SRL Grant Flood Acquisitions	620,000.00			620,000.00	600,000.00		20,000.00
2012-18	FEMA HMGP Flood Acquisitions	1,352,556.00			1,352,556.00			1,352,556.00
		<u>\$ 5,026,056.00</u>	<u>\$ -0-</u>	<u>\$ 763,000.00</u>	<u>\$ 4,263,056.00</u>	<u>\$ 1,580,000.00</u>	<u>\$ 1,241,514.74</u>	<u>\$ 1,441,541.26</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded	\$ 2,041,541.26
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance 2011-26 FEMA SRL Grant Flood Acquisitions	<u>(600,000.00)</u>
	<u>\$ 1,441,541.26</u>

**TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2014		2015 Authorizations			Balance Dec. 31, 2015			
		Date	Amount	Funded	Unfunded	Funded by Various Sources	Deferred Charges to Future Taxation-Unfunded	Paid or Charged	Encumbrances Returned	Cancelled	Funded	Unfunded
					\$ 44,432.33			\$ 1,983.63			\$ 292.33	\$ 42,448.70
2002-06	Various Capital/Drainage	05/28/02	\$ 841,500.00									
2003-12	Refunding Bond Ordinance	04/22/03	3,900,000.00	\$ 292.33							77,815.67	
2003-16	Various Capital/Streetscape & Roads	04/22/03	862,000.00	77,815.67							54,827.95	
2004-16	Various Capital/Streetscape & Fire Engine	05/25/04	885,000.00	54,827.95							2,362.12	
2005-04	Various Capital/Streetscape & Firehouse	06/28/05	647,500.00		37,688.98			35,326.86				18,978.40
2006-11	Various Capital/Streetscape & Sidewalks	05/23/06	643,000.00		18,978.40			64,774.89	\$ 111,364.00	\$ 92,906.47		
2007-08	Various Capital/Streetscape & Sidewalks	04/24/07	670,000.00		46,317.36							7,558.16
2008-26	Sidewalk Improvements	09/23/08	80,000.00		7,558.16						2,000.00	
2009-13	Various Capital Projects	05/26/09	526,000.00	2,000.00							140.13	
2009-28	Park Improvements	12/22/09	72,419.00	140.13						25,000.00	25,868.78	
2010-18	Various Capital Projects	08/24/10	620,000.00	50,868.78							24,009.59	
2010-19	Equipment & Vehicles	08/24/10	197,000.00	30,971.55				6,961.96			36,307.28	
2011-18	Various Capital Projects	07/26/11	423,000.00	38,357.28				2,050.00			922,496.74	620,000.00
2011-26	FEMA SRL Grant Flood Acquisitions	12/13/11	5,600,000.00	935,594.36	620,000.00			13,097.62			139,095.31	
2012-12	Various Capital Projects	06/12/12	589,000.00	157,223.14				18,127.83			2,341,223.09	1,352,556.00
2012-18	FEMA HMGP Flood Acquisitions	06/26/12	5,200,000.00	3,004,476.31	1,352,556.00			663,253.22			64,027.96	
2013-09	Various Capital Projects	05/28/13	232,000.00	67,972.95				8,889.80	4,944.81			
2013-10	Equipment & Vehicles	05/28/13	571,000.00	30,504.32				5,745.00		24,759.32		
2013-12	Park and Ballfield Improvements	06/11/13	261,000.00	20,591.54				2,600.48			17,991.06	
2014-15	Various Capital Projects	07/22/14	495,000.00	158,249.19				295,197.92	251,111.24		114,162.51	
2014-16	Equipment & Vehicles	07/22/14	1,137,000.00	109,624.93				633,236.37	606,176.62		82,565.18	
2015-05	Various Capital Projects	05/26/15	537,000.00			\$ 537,000.00		71,608.09			465,391.91	
2015-06	Equipment & Vehicles	05/26/15	801,000.00			801,000.00		469,732.96			331,267.04	
				<u>\$ 4,739,510.43</u>	<u>\$ 2,127,531.23</u>	<u>\$ 1,338,000.00</u>	<u>\$ -0-</u>	<u>\$ 2,292,586.63</u>	<u>\$ 973,596.67</u>	<u>\$ 142,665.79</u>	<u>\$ 4,701,844.65</u>	<u>\$ 2,041,541.26</u>
				C	C						C	C
				Ref.								
				Capital Fund Balance		\$ 41,000.00						
				Capital Improvement Fund		537,000.00						
				Reserve for Vehicle Replacement		257,000.00						
				Reserve for DPW Equipment		90,000.00						
				Reserve for Road Resurfacing		309,000.00						
				Reserve for Data/Office Equipment		33,000.00						
				Reserve for Flood Control		71,000.00						
						<u>\$ 1,338,000.00</u>						
								Cash Disbursed	\$ 1,899,357.76			
								Due from Open Space Trust Fund	233,850.79			
								Current Year Encumbrances	159,978.08			
								Less Refunds	(600.00)			
									<u>\$ 2,292,586.63</u>			
								Capital Improvement Fund		\$ 25,000.00		
								Capital Fund Balance		117,665.79		
										<u>\$ 142,665.79</u>		

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 116,000.00
Increased By:		
Current Fund Budget Appropriation		\$ 416,000.00
Improvement Authorizations Cancelled		<u>25,000.00</u>
		<u>441,000.00</u>
		<u>557,000.00</u>
Decreased By:		
Appropriated to Finance Improvement Authorizations		<u>537,000.00</u>
Balance December 31, 2015	C	<u><u>\$ 20,000.00</u></u>

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2014	Issued	Matured	Balance Dec. 31, 2015
		Original Issue	Issue	Maturity					
2007-08	Various Improvements/Streetscapes	08/03/07	07/25/14	07/25/15	1.00%	\$ 260,000.00		\$ 260,000.00	
2008-28	Replacement Fire Truck 1-2	10/22/09	07/25/14 07/24/15	07/25/15 07/22/16	1.00% 0.50%	150,000.00	\$ 110,000.00	150,000.00	\$ 110,000.00
2008-25	Sanitary Sewer Extension	07/31/09	07/25/14 07/24/15	07/25/15 07/22/16	1.00% 0.50%	290,000.00	130,000.00	290,000.00	130,000.00
2009-12	Various Improvements/Street Sweeper	07/31/09	07/25/14 07/24/15	07/25/15 07/22/16	1.00% 0.50%	390,000.00	320,000.00	390,000.00	320,000.00
2010-20	Various Improvements/West Franklin	07/28/11	07/25/14 07/24/15	07/25/15 07/22/16	1.00% 0.50%	490,000.00	420,000.00	490,000.00	420,000.00
2011-26	FEMA - SRL Acquisition Grant	07/25/13	07/25/14 07/24/15	07/25/15 07/22/16	1.00% 0.50%	600,000.00	600,000.00	600,000.00	600,000.00
						<u>\$ 2,180,000.00</u>	<u>\$ 1,580,000.00</u>	<u>\$ 2,180,000.00</u>	<u>\$ 1,580,000.00</u>
<u>Ref.</u>						C			C
							\$ 1,580,000.00	\$ 1,580,000.00	
Renewals Paid by Budget Appropriation								600,000.00	
							<u>\$ 1,580,000.00</u>	<u>\$ 2,180,000.00</u>	

TOWNSHIP OF PEQUANNOCK  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Bond Anticipation Notes Redeemed	Bond Anticipation Notes Issued	Funded by Budget Appropriation	Balance Dec. 31, 2015
2002-06	Drainage and Road Improvements	\$ 273,000.00				\$ 153,000.00	\$ 120,000.00
2006-11	Various Capital/Streetscape & Sidewalks	610,000.00				10,000.00	600,000.00
2007-08	Various Capital/Streetscape & Sidewalks			\$ 260,000.00		260,000.00	
2008-08	Greenview Park Plan	13,000.00					13,000.00
2008-26	Sidewalk Improvements	76,000.00					76,000.00
2008-28	Replacement Fire Truck 1-2			150,000.00	\$ 110,000.00	40,000.00	
2008-35	Sanitary Sewer Extension	501,500.00		290,000.00	130,000.00	160,000.00	501,500.00
2009-12	Various Improvements/Street Sweeper			390,000.00	320,000.00	70,000.00	
2010-20	Various Improvements/West Franklin			490,000.00	420,000.00	70,000.00	
2011-26	FEMA SRL Grant Flood Acquisitions	20,000.00		600,000.00	600,000.00		20,000.00
2012-18	FEMA HMGP Flood Acquisitions	1,352,556.00					1,352,556.00
		<u>\$ 2,846,056.00</u>	<u>\$ -0-</u>	<u>\$ 2,180,000.00</u>	<u>\$ 1,580,000.00</u>	<u>\$ 763,000.00</u>	<u>\$ 2,683,056.00</u>

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
WATER UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2014	D	\$ 535,840.55		\$ 112,039.50
Increased by Receipts:				
Consumer Accounts Receivable		\$ 2,653,668.85		
Miscellaneous Revenue		39,855.00		
2015 Appropriation Refunds		310.82		
Due Current Fund		425.50		
Due General Capital Fund			\$ 2,893.83	
Due Water Utility Operating Fund:				
Prior Year Interfund Returned			289.49	
Capital Improvement Fund			10,000.00	
Deferred Charges to Future Revenue			60,000.00	
Due Water Utility Capital Fund		111.07		
Due Sewer Utility Operating Fund		58,584.89		
Due Payroll Account		23,569.87		
		<u>2,776,526.00</u>		<u>73,183.32</u>
		3,312,366.55		185,222.82
Decreased by Disbursements:				
2015 Appropriation Expenditures		2,600,395.24		
2014 Appropriation Reserves		103,552.06		
Accounts Payable		28,493.16		
Accrued Interest on Notes		7,778.33		
Due Water Utility Capital Fund		289.49		
Due Water Utility Operating Fund			111.07	
Due Sewer Utility Operating Fund		85,259.95		
Improvement Authorization Expenditures			<u>128,732.17</u>	
		<u>2,825,768.23</u>		<u>128,843.24</u>
Balance December 31, 2015	D	<u>\$ 486,598.32</u>		<u>\$ 56,379.58</u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF WATER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts		Disbursements		Balance/ (Deficit) Dec. 31, 2015
		2015 Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	
Fund Balance	\$ 10,958.15					\$ 10,958.15
Capital Improvement Fund	370,000.00	\$ 10,000.00				380,000.00
Encumbrances Payable						
Due from General Capital Fund	(2,893.83)		\$ 2,893.83			(6.67)
Due to Water Utility Operating Fund	(185.09)		289.49		\$ 111.07	200,000.00
Due to Sewer Utility Operating Fund	200,000.00					(128,956.11)
Due to Sewer Utility Capital Fund	(128,956.11)					
Ord. No.	<u>General Improvements</u>					154.82
2000-14	Develop New Water Wells	154.82				
2001-10	Well # 2 Rehabilitation	267.84		\$ 267.84		(300,000.00)
2003-18	AMR Phase 3	(300,000.00)				(140,000.00)
2013-19	Water Mains	(140,000.00)				365,034.85
2007-13	Water Tank Construction	315,034.85	50,000.00			(202,341.13)
2007-14	Water Bleeding Facility	(212,341.13)	10,000.00			(100,000.00)
2014-18	Elevated Water Tank			100,000.00		(28,464.33)
2014-29	West Sunset Water Main			28,464.33		
		<u>\$ 112,039.50</u>	<u>\$ 70,000.00</u>	<u>\$ 3,183.32</u>	<u>\$ 128,732.17</u>	<u>\$ 56,379.58</u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 624,005.81
Increased by:		
Water Rents Levied		<u>2,632,253.31</u> 3,256,259.12
Decreased by:		
Water Collections		<u>2,653,668.85</u>
Balance December 31, 2015	D	<u>\$ 602,590.27</u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2014	Additions By		Balance Dec. 31, 2015
		Budget Capital Outlay	Capital Ordinance	
Reserve for Amortization	\$ 57,442.00			\$ 57,442.00
Distribution Mains and Accessories	2,310,530.00			2,310,530.00
House Service	286,997.00			286,997.00
Meters	876,367.57	\$ 120,168.12		996,535.69
Hydrants	110,045.00			110,045.00
General Equipment- Trucks	787,322.00			787,322.00
Office Furniture and Equipment	63,246.00			63,246.00
Structures and Improvements	295,208.00			295,208.00
Various Water Improvements	1,030,943.62			1,030,943.62
Wells and Pumping Station	3,364,431.00		\$ 267.84	3,364,698.84
Well # 2 Chlorinator	9,936.00			9,936.00
Blending Facility	2,070,000.00		100,000.00	2,170,000.00
West Sunset Water Main			28,464.33	28,464.33
New Water Tank Construction	1,925.00			1,925.00
	<u>\$ 11,264,393.19</u>	<u>\$ 120,168.12</u>	<u>\$ 128,732.17</u>	<u>\$ 11,513,293.48</u>
	D			D
Appropriation Reserves		\$ 78,301.01		
Current Budget		<u>41,867.11</u>		
		<u>\$ 120,168.12</u>		

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec. 31, 2014</u>	<u>Transferred to Fixed Capital</u>	<u>Balance Dec. 31, 2015</u>
Develop New Water Wells	2000-14	\$ 154.82		\$ 154.82
Well # 2 Rehabilitation	2001-10	267.84	\$ 267.84	
Water Tank Construction	2007-13	1,085,034.85		1,085,034.85
Water Bleeding Facility	2007-14	4,969.87		4,969.87
Elevated Water Tank	2014-18	2,270,000.00	100,000.00	2,170,000.00
West Sunset Water Main	2013-29	310,000.00	28,464.33	281,535.67
		<u>\$ 3,670,427.38</u>	<u>\$ 128,732.17</u>	<u>\$ 3,541,695.21</u>

Ref.

D

D

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</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	\$ 25,958.00	\$ 25,958.00		\$ 25,958.00
Other Expenses	31,132.12	31,132.12	\$ 18,051.05	13,081.07
Capital Improvements:				
Capital Outlay	151,154.59	151,154.59	78,301.01	72,853.58
Statutory Expenditures:				
Contribution to:				
Paid time off (PTO) back	7,200.00	7,200.00	7,200.00	
	<u>\$ 215,444.71</u>	<u>\$ 215,444.71</u>	<u>\$ 103,552.06</u>	<u>\$ 111,892.65</u>

Analysis of Balance December 31, 2014

	<u>Ref.</u>	
Encumbered	D	\$ 17,089.00
Unencumbered	D	198,355.71
		<u>\$ 215,444.71</u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance Dec. 31, 2014		Paid or Charged	Balance Dec. 31, 2015	
			Funded	Unfunded		Funded	Unfunded
2000-14	Develop New Water Wells	\$ 185,000.00	\$ 154.82			\$ 154.82	
2001-10	Well # 2 Rehabilitation	180,000.00	267.84		\$ 267.84		
2007-13	Water Tank Construction	1,105,000.00	315,034.85	\$ 770,000.00		365,034.85	\$ 720,000.00
2007-14	Water Bleeding Facility	2,030,000.00		4,969.87			4,969.87
2014-18	Elevated Water Tank	2,270,000.00		2,270,000.00	100,000.00		2,170,000.00
2013-29	West Sunset Water Main	310,000.00		310,000.00	28,464.33		281,535.67
			<u>\$ 315,457.51</u>	<u>\$ 3,354,969.87</u>	<u>\$ 128,732.17</u>	<u>\$ 365,189.67</u>	<u>\$ 3,176,505.54</u>
	<u>Ref.</u>		D	D		D	D

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 370,000.00
Increased by:		
2015 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2015	D	<u><u>\$ 380,000.00</u></u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 7,064,412.57
Increased by:		
Transfer from Deferred Reserve for Amortization		\$ 935,253.18
Bond Anticipation Note Paydown from Budget		130,000.00
Capital Outlay Expenditures		<u>120,168.12</u>
		<u>1,185,421.30</u>
Balance December 31, 2015	D	<u>\$ 8,249,833.87</u>

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Balance Dec. 31, 2014	Paid by Budget Appropriation	Transferred to Reserve for Amortization	Balance Dec. 31, 2015
2000-14	Develop New Water Wells	\$ 185,000.00		\$ 184,845.18	\$ 154.82
2001-10	Well # 2 Rehabilitation	180,000.00		180,000.00	
2007-13	Water Tank Construction	335,000.00	\$ 50,000.00		385,000.00
2007-14	Water Bleeding Facility	1,812,689.00	10,000.00		1,822,689.00
N/A	Other Water Improvements	570,408.00		570,408.00	
		<u>\$ 3,083,097.00</u>	<u>\$ 60,000.00</u>	<u>\$ 935,253.18</u>	<u>\$ 2,207,843.82</u>
		D			D

N/A - Not Available

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Improvement Description</u>	<u>Original Note</u>		<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance Dec. 31, 2015</u>
	<u>Date of Issue</u>	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>					
Village Area Water Mains	7/29/10	\$ 1,300,000.00	7/25/14	7/24/15	0.50%	\$ 780,000.00		\$ 780,000.00	\$ 650,000.00
			7/23/15	7/22/16	0.50%		\$ 650,000.00		\$ 650,000.00
						<u>\$ 780,000.00</u>	<u>\$ 650,000.00</u>	<u>\$ 780,000.00</u>	<u>\$ 650,000.00</u>
					<u>Ref.</u>	D			D
					Renewals		\$ 650,000.00	\$ 650,000.00	
					Paid by Operating Budget			130,000.00	
							<u>\$ 650,000.00</u>	<u>\$ 780,000.00</u>	

TOWNSHIP OF PEQUANNOCK  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

Ord. No.	Improvement Description	Balance Dec. 31, 2014	Funded by Budget Appropriation	Balance Dec. 31, 2015
03-18	AMR Phase 3	\$ 300,000.00		\$ 300,000.00
13-19	Water Mains	140,000.00		140,000.00
07-13	Water Tank Construction	770,000.00	\$ 50,000.00	720,000.00
07-14	Water Bleeding Facility	217,311.00	10,000.00	207,311.00
14-18	Elevated Water Tank	2,270,000.00		2,270,000.00
14-29	West Sunset Water Main	310,000.00		310,000.00
		<u>\$ 4,007,311.00</u>	<u>\$ 60,000.00</u>	<u>\$ 3,947,311.00</u>

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
SEWER UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY FUNDS  
SCHEDULE OF CASH - TREASURER

Ref.	Operating	Assessment Trust	Capital	
Balance December 31, 2014	\$ 801,321.40	\$ 805,356.44	\$ 5,512,480.80	E
Increased by Receipts:				
Sewer Utility Collector	\$ 2,648,164.95			
Miscellaneous Sewer Fees	104,959.17			
Interest on Investments	4,210.59			
2015 Budget Appropriation:				
Capital Improvement Fund			\$ 25,000.00	
Deferred Charges to Future Revenue		\$ 413,000.00	60,000.00	
Prior Year Deficit	672.80			
Appropriation Reserve Refunds		347,053.29		
Sewer Assessment Collections		34,139.60		
Sewer Assessment Interest			8,835,619.00	
Due General Capital Fund				
Due Water Utility Operating Fund:		1,180.49		
Interfund Returned	2,693,312.62	543.60	2,336.54	
Interest on Investments				
Due Sewer Assessment Trust Fund:			500,000.00	
Interfund Advanced	31.21			
Interest on Assessments	34,139.60			
Interest on Investments	543.60			
Fund Balance Anticipated	988,000.00			
Due Sewer Utility Capital Fund:				
Interfund Advanced	566.28			
Interest on Investments	2,336.54			
Due Solid Waste Utility Operating Fund	1,618,982.39			
Due Payroll Account	5,658.41			
Fund Balance - Premium on Note Sale			22,509.00	
	<u>8,101,578.16</u>	<u>795,916.98</u>	<u>9,445,464.54</u>	
	8,902,899.56	1,601,273.42	14,957,945.34	

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY FUNDS  
SCHEDULE OF CASH - TREASURER

Ref.	Operating	Assessment Trust	Capital
Decreased by Disbursements:			
2015 Budget Appropriations	\$ 3,485,048.83		
2014 Appropriation Reserves	47,451.94		
Accrued Interest on Bonds	221,770.00		
Accrued Interest on Notes	141,045.55		
Accounts Payable	11,200.00		\$6,915,285.00
Improvement Authorizations			
Due Current Fund	4,200.37		7,925,000.00
Due General Capital Fund			
Due Water Utility Operating Fund	2,666,637.56		
Due Sewer Utility Operating Fund:		\$ 988,000.00	
Fund Balance Anticipated		34,139.60	
Assessment Interest		31.21	566.28
Interfund Returned		543.60	2,336.54
Interest on Investments			
Due Sewer Utility Assessment Fund	1,180.49		
Due Sewer Utility Capital Fund:		500,000.00	
Interfund Advanced			
Due Solid Waste Utility Operating Fund	<u>1,612,246.92</u>		
	<u>\$ 8,190,781.66</u>	<u>\$ 1,522,714.41</u>	<u>\$ 14,843,187.82</u>
Balance December 31, 2015	<u>\$ 712,117.90</u>	<u>\$ 78,559.01</u>	<u>\$ 114,757.52</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
ANALYSIS OF SEWER ASSESSMENT TRUST CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts			Disbursements	Balance/ (Deficit) Dec. 31, 2015
		Assessments Receivable	Assessment Interest	Miscellaneous	Miscellaneous	
Fund Balance	\$ 1,219,469.69	\$ 347,053.29	\$ 34,139.60		\$ 1,022,139.60	\$ 578,522.98
Due from Sewer Utility Operating Fund	(1,113.25)			\$ 1,724.09	574.81	36.03
Due from Sewer Utility Capital Fund					500,000.00	(500,000.00)
Prior Year Deficit	(413,000.00)			413,000.00		
	<u>\$ 805,356.44</u>	<u>\$ 347,053.29</u>	<u>\$ 34,139.60</u>	<u>\$ 414,724.09</u>	<u>\$ 1,522,714.41</u>	<u>\$ 78,559.01</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2015
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 112,844.09		\$ 22,509.00			\$ 67,000.00		\$ 68,353.09
Capital Improvement Fund	8,685.20	\$ 25,000.00						33,685.20
Due General Capital Fund	(515,619.00)		8,835,619.00		\$ 7,925,000.00			395,000.00
Due Water Utility Capital Fund	128,956.11						\$ 67,000.00	128,956.11
Due Sewer Utility Operating Fund	569.71		2,336.54		2,902.82			67,003.43
Due Sewer Utility Assessment Fund			500,000.00					500,000.00
Ord. No.								
Improvement Description								556.48
2002-07 Purchase Sewer Jet	(49,443.52)	50,000.00						(815,508.90)
2006-14 Purchase TBSA Capacity	(825,508.90)	10,000.00						311.72
2008-27 Sewer Design	311.72							286,015.05
2008-38 Sewer Extension	286,015.05				\$ 6,168,777.39			17,182.95
2010-22 Village Area Sewers	6,168,777.39				9,710.00			(736,776.54)
2013-13 Purchase Sewer Equipment	26,892.95				736,776.54			169,978.93
2014-02 Village Area Sewers, Amended					21.07			
2014-17 Sled Mounted Sewer Vacuum	170,000.00							
	<u>\$ 5,512,480.80</u>	<u>\$ 85,000.00</u>	<u>\$ 9,360,464.54</u>	<u>\$ 6,915,285.00</u>	<u>\$ 7,927,902.82</u>	<u>\$ 67,000.00</u>	<u>\$ 67,000.00</u>	<u>\$ 114,757.52</u>



TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2014	E	\$	301.75
Balance December 31, 2015	E	\$	<u>301.75</u>

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY UTILITY REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF UTILITY SHARE OF SEWER ASSESSMENT BONDS ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF AMOUNT TO BE RAISED BY FUTURE REVENUE FOR CANCELLED ASSESSMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Due Dates</u>	<u>Balance Dec. 31, 2014</u>	<u>Collected</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Pledged to Reserve</u>
2004-35	Munson/Farm Roads	8/27/12	Quarterly	\$ 342,181.68	\$ 88,619.32	\$ 253,562.36	\$ 253,562.36
2005-13	Pequannock Avenue	9/24/12	Quarterly	1,467,736.73	258,433.97	1,209,302.76	1,209,302.76
				<u>\$ 1,809,918.41</u>	<u>\$ 347,053.29</u>	<u>\$ 1,462,865.12</u>	<u>\$ 1,462,865.12</u>
				E		E	

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF SEWER ASSESSMENT LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2014	E	\$	9,643.00
Balance December 31, 2015	E	\$	<u>9,643.00</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2014	Additions By		Balance Dec. 31, 2015
		Budget Capital Outlay	Capital Ordinance	
Capacity	\$ 3,163,500.00			\$ 3,163,500.00
Treatment Plant	298,300.00			298,300.00
Trunk Lines	241,971.00			241,971.00
Transportation Equipment	3,300.00			3,300.00
Equipment	103,565.89	\$ 27,583.48		131,149.37
Sewer Improvements			\$ 8,722,694.45	8,722,694.45
	<u>\$ 3,810,636.89</u>	<u>\$ 27,583.48</u>	<u>\$ 8,722,694.45</u>	<u>\$ 12,560,914.82</u>
<u>Ref.</u>	E			E

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Improvement Authorizations	Transferred to Fixed Capital	Balance Dec. 31, 2015
		\$ 130,000.00			\$ 130,000.00
2002-07	Purchase Sewer Jet	915,000.00			915,000.00
2006-14	Purchase TBSA Capacity	400,000.00			400,000.00
2008-27	Sewer Design	710,000.00			710,000.00
2008-38	Sewer Extension	12,000,000.00			12,000,000.00
2010-22	Village Area Sewers	67,000.00			67,000.00
2013-13	Purchase Sewer Equipment	4,100,000.00			4,100,000.00
2014-02	Village Area Sewers, Amended	170,000.00			170,000.00
2014-17	Sled Mounted Sewer Vacuum		\$ 440,000.00		440,000.00
2015-11	Village Area Sewers, Amended	8,722,694.45		\$ 8,722,694.45	
N/A	Various Improvements	<u>8,722,694.45</u>			
		<u>\$ 27,214,694.45</u>	<u>\$ 440,000.00</u>	<u>\$ 8,722,694.45</u>	<u>\$ 18,932,000.00</u>

Ref.

E

E

N/A - Not Available

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 85,423.53	\$ 85,423.53		\$ 85,423.53
Other Expenses	41,588.36	41,588.36	\$ 19,195.66	22,392.70
Capital Improvements:				
Capital Outlay	54,000.00	54,000.00	51,583.48	2,416.52
	<u>\$ 181,011.89</u>	<u>\$ 181,011.89</u>	<u>\$ 70,779.14</u>	<u>\$ 110,232.75</u>

Ref.Balance December 31, 2014

Unencumbered  
Encumbered

E	\$ 159,418.19
E	21,593.70
	<u>\$ 181,011.89</u>

Cash Disbursed	\$ 47,451.94
Accounts Payable	24,000.00
	<u>71,451.94</u>
Less: Refunded	672.80
	<u>\$ 70,779.14</u>

TOWNSHIP OF PEQUANNOCK  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>Collections to Fund Balance</u>	<u>Balance Dec. 31, 2015</u>
	<u>Assessments Receivable:</u>			
2004-35	Munson/Farm Roads	\$ 342,181.68	\$ 88,619.32	\$ 253,562.36
2005-13	Pequannock Avenue	1,467,736.73	258,433.97	1,209,302.76
	<u>Assessments Liens:</u>			
2005-13	Pequannock Avenue	<u>9,643.00</u>		<u>9,643.00</u>
		<u>\$ 1,819,561.41</u>	<u>\$ 347,053.29</u>	<u>\$ 1,472,508.12</u>
	<u>Ref.</u>	E		E

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2014		2015 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded			Funded	Unfunded
	<u>General Improvements:</u>							\$ 556.48	
2002-07	Purchase Sewer Jet	04/24/07	\$ 130,000.00		\$ 556.48				\$ 14,491.10
2006-14	Purchase TBSA Capacity	05/23/06	915,000.00		14,491.10				311.72
2008-27	Sewer Design	09/23/08	400,000.00		311.72				286,015.05
2008-38	Sewer Extension	12/23/08	710,000.00		286,015.05		\$ 6,168,777.39		
2010-22	Village Area Sewers	11/23/10	12,000,000.00		6,168,777.39		9,710.00	17,182.95	
2013-13	Purchase Sewer Equipment	06/11/13	67,000.00	\$ 26,892.95			736,776.54		3,363,223.46
2014-02	Village Area Sewers, Amended	02/25/14	4,100,000.00		4,100,000.00		21.07	169,978.93	
2014-17	Sled Mounted Sewer Vacuum	07/22/14	170,000.00	170,000.00		\$ 440,000.00			440,000.00
2015-11	Village Area Sewers, Amended	08/11/15	440,000.00						
				<u>\$ 196,892.95</u>	<u>\$ 10,570,151.74</u>	<u>\$ 440,000.00</u>	<u>\$ 6,915,285.00</u>	<u>\$ 187,718.36</u>	<u>\$ 4,104,041.33</u>
				Ref. E	E			E	E

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 8,685.20
Increased by:		
2015 Budget Appropriation		<u>25,000.00</u>
Balance December 31, 2015	E	<u>\$ 33,685.20</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 5,154,136.89
Increased by:		
Serial Bonds Paid by Operating Budget		\$ 575,000.00
Bond Anticipation Notes Paid by Operating Budget		35,000.00
Deferred Charges to Future Revenue Funded by Budget Appropriation		60,000.00
Capital Outlay Expenditures		27,583.48
Transferred from Deferred Reserve for Amortization		<u>2,851,194.45</u>
		<u>3,548,777.93</u>
Balance December 31, 2015	E	<u>\$ 8,702,914.82</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Balance Dec. 31, 2014	Transferred to Reserve for Amortization	Balance Dec. 31, 2015
2013-13	Purchase Sewer Equipment	\$ 67,000.00		\$ 67,000.00
2014-17	Sled Mounted Sewer Vacuum	170,000.00		170,000.00
N/A	Various Improvemets	2,851,194.45	\$ 2,851,194.45	
		<u>\$ 3,088,194.45</u>	<u>\$ 2,851,194.45</u>	<u>\$ 237,000.00</u>
		E		E



TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance Dec. 31, 2014	Matured	Balance Dec. 31, 2015
			Date	Amount				
Sewer Bonds	10/15/07	\$ 8,983,000.00	10/15/16	\$ 600,000.00	4.00%			
			10/15/17	625,000.00	4.00%			
			10/15/18	650,000.00	3.75%			
			10/15/19	650,000.00	3.80%			
			10/15/20	650,000.00	3.85%			
			10/15/21	650,000.00	3.90%			
			10/15/22	650,000.00	4.00%			
			10/15/23	608,000.00	4.00%			
						<u>\$5,658,000.00</u>	<u>\$ 575,000.00</u>	<u>\$5,083,000.00</u>
						<u>\$5,658,000.00</u>	<u>\$ 575,000.00</u>	<u>\$5,083,000.00</u>

TOWNSHIP OF PEQUANNOCK  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2015
2002-07	Purchase Sewer Jet	\$ 50,000.00		\$ 50,000.00			
2005-13	Sanitary Sewer			11,000.00	\$ 230,000.00	\$ 241,000.00	
2006-14	Purchase of TBSA Capacity	840,000.00		10,000.00	355,000.00	365,000.00	\$ 830,000.00
2008-27	Sanitary Sewer Design - Village Area			10,000.00	110,000.00	114,000.00	
2008-38	Sanitary Sewer Extension			4,000.00	11,405,000.00	11,415,000.00	
2010-22	Village area Sewers			10,000.00			4,100,000.00
2014-02	Village area sewers-amended	4,100,000.00					440,000.00
2015-11	Village Area Sewers, Amended		\$ 440,000.00				
		<u>\$ 4,990,000.00</u>	<u>\$ 440,000.00</u>	<u>\$ 95,000.00</u>	<u>\$ 12,100,000.00</u>	<u>\$ 12,135,000.00</u>	<u>\$ 5,370,000.00</u>

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
SOLID WASTE UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2014	F	\$ 598,270.71
Increased by Receipts:		
Solid Waste Utility Charges Receivable		\$ 1,608,297.73
Miscellaneous Revenue		1,015.00
Interest on Deposits		184.11
Appropriation Refunds		6,046.86
Due Sewer Utility Operating Fund		<u>3,949.19</u>
		<u>1,619,492.89</u>
		2,217,763.60
Decreased by Disbursements:		
2015 Appropriation Expenditures		1,458,104.24
2014 Appropriation Reserves		107,188.87
Accounts Payable		<u>7,500.00</u>
		<u>1,572,793.11</u>
Balance December 31, 2015	F	<u>\$ 644,970.49</u>

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014	<u>Ref.</u> F	\$ 147,009.44
Increased by:		
2015 Charges		<u>1,601,934.34</u>
		1,748,943.78
Decreased by:		
Cash Received		<u>1,608,297.73</u>
Balance December 31, 2015	F	<u><u>\$ 140,646.05</u></u>

TOWNSHIP OF PEQUANNOCK  
SOLID WASTE UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> Dec. 31, 2014	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 8,140.36	\$ 8,140.36		\$ 8,140.36
Other Expenses	265,075.30	265,075.30	\$ 82,780.94	182,294.36
Capital Improvements:				
Capital Outlay	45,000.00	45,000.00	41,448.73	3,551.27
Statutory Expenditures:				
Sick (PTO) Buy Back	4,000.00	4,000.00	4,000.00	
	<u>\$ 322,215.66</u>	<u>\$ 322,215.66</u>	<u>\$ 128,229.67</u>	<u>\$ 193,985.99</u>

Analysis of Balance December 31, 2014

	<u>Ref.</u>	
Encumbered	F	\$ 319,776.89
Unencumbered	F	<u>2,438.77</u>
		<u>\$ 322,215.66</u>

Cash Disbursed	\$ 107,188.87
Accounts Payable	<u>21,040.80</u>
	<u>\$ 128,229.67</u>

TOWNSHIP OF PEQUANNOCK  
COUNTY OF MORRIS  
2015  
RECREATION UTILITY FUND

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>		<u>Capital</u>
Balance December 31, 2014	G	\$ 81,630.15		\$ 13,819.09
 Increased by Receipts:				
Recreation User Fees		\$ 149,881.44		
Recreation Activity Fees		318,460.88		
Miscellaneous		725.70		
Appropriation Refunds		4,012.00		
Due Current Fund		20,985.91		
Due from Payroll		3,295.58		
Due Recreation Utility Operating Fund:				
2015 Budget Appropriation:			\$ 5,000.00	
Deferred Charge to Future Revenue			26.30	
Interest Earned		0.84		
Due Recreation Utility Capital Fund		<u>497,362.35</u>		<u>5,026.30</u>
		<u>578,992.50</u>		<u>18,845.39</u>
 Decreased by Disbursements:				
2015 Appropriation Expenditures		451,674.48		
2014 Appropriation Reserves		5,070.40		
Recreation User Fees Refunded		1,190.00		
Recreation Activity Fees Refunded		8,747.12		
Accounts Payable		2,900.00		
Due General Capital Fund			15,000.00	
Due Recreation Utility Operating Fund			<u>27.14</u>	
		<u>469,582.00</u>		<u>15,027.14</u>
Balance December 31, 2015	G	<u>\$ 109,410.50</u>		<u>\$ 3,818.25</u>

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
ANALYSIS OF RECREATION CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts		Disbursements	Balance (Deficit) Dec. 31, 2015
		Budget Appropriation	Miscellaneous	Miscellaneous	
Capital Improvement Fund	\$ 6,500.00				\$ 6,500.00
Due to General Capital Fund	95,000.00			\$ 15,000.00	80,000.00
Due to Recreation Utility Operating Fund	1.17		\$ 26.30	27.14	0.33
<u>Improvement Authorizations:</u>					
Ord. No.	<u>General Improvements</u>				
2003-19	PV Park Pavilion	(87,682.08)	\$ 5,000.00		(82,682.08)
		\$ 13,819.09	\$ 5,000.00	\$ 15,027.14	\$ 3,818.25

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Park Improvements	\$ 134,682.08	\$ 134,682.08
	<u>\$ 134,682.08</u>	<u>\$ 134,682.08</u>
<u>Ref.</u>	G	G

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
PV Park Pavilion	2003-19	\$ 2,317.92	\$ 2,317.92
		<u>\$ 2,317.92</u>	<u>\$ 2,317.92</u>
	<u>Ref.</u>	G	G

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</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	\$ 1,421.61	\$ 1,421.61		\$ 1,421.61
Other Expenses	12,573.68	12,573.68	\$ 5,070.40	7,503.28
Contribution to:				
Public Employees Retirement System	7,000.00	7,000.00		7,000.00
Social Security System	2,000.00	2,000.00		2,000.00
	<u>\$ 22,995.29</u>	<u>\$ 22,995.29</u>	<u>\$ 5,070.40</u>	<u>\$ 17,924.89</u>

Analysis of Balance December 31, 2014

	<u>Ref.</u>	
Encumbered	G	\$ 20,388.72
Unencumbered	G	<u>2,606.57</u>
		<u>\$ 22,995.29</u>

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
		<u>Date</u>	<u>Amount</u>	<u>Unfunded</u>	<u>Unfunded</u>
2003-19	PV Park Pavilion	04/22/03	\$ 137,000.00	\$ 2,317.92	\$ 2,317.92
				<u>\$ 2,317.92</u>	<u>\$ 2,317.92</u>
			<u>Ref.</u>	G	G

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance December 31, 2014	G	\$	6,500.00
Balance December 31, 2015	G	\$	<u>6,500.00</u>

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	G	\$ 47,000.00
Increased by:		
Budget Appropriation		<u>5,000.00</u>
Balance December 31, 2015	G	<u>\$ 52,000.00</u>

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK  
RECREATION UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2014	Funded by Budget Appropriation	Balance Dec. 31, 2015
2003-19	PV Park Pavilion	\$ 90,000.00	\$ 5,000.00	\$ 85,000.00
		<u>\$ 90,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 85,000.00</u>

TOWNSHIP OF PEQUANNOCK

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF PEQUANNOCK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department/Cluster Title	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Transportation: (Passed through New Jersey Department of Law and Public Safety) Highway Safety Cluster: Total U.S. Department of Transportation	Drive Sober or Get Pulled Over	20.616	066-1160-100-157-031020	01/01/06	12/31/16	\$ 5,000.00	\$ 2,292.80 <u>2,292.80</u>			
U.S. Department of Homeland Security: (Passed through New Jersey Office of Emergency Management Severe Repetitive Loss Grant)	Hazard Mitigation Grant - Acquisition and Demolition of Flood Prone Homes and Conversion to Open Space	97.110	N/A	12/13/11	07/13/16	3,847,444.00	1,332,826.15	\$ 663,253.22	\$ 1,506,220.91	
	Severe Repetitive Loss Grant-SRI 2011-006	97.110	N/A	09/13/11	12/12/16	4,950,000.00	197,185.83 <u>1,530,011.98</u>	<u>663,253.22</u>	<u>4,027,503.26</u> <u>5,533,724.17</u>	
Total U.S. Department of Homeland Security										
Environmental Protection Agency: (Passed through New Jersey Department of Environmental Protection) Total Environmental Protection Agency	Stormwater Management	66.605	100-042-4840-091-057500	01/01/07	12/31/16	10,207.00		2,798.00 <u>2,798.00</u>	2,798.00 <u>2,798.00</u>	
TOTAL FEDERAL AWARDS							<u>\$ 1,532,304.78</u>	<u>\$ 666,051.22</u>	<u>\$ 5,536,522.17</u>	<u>\$ -0-</u>

N/A - Not Available

TOWNSHIP OF PEQUANNOCK  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of the Treasury (Passed Through the County of Morris - Governor's Council on Alcoholism and Drug Abuse)	Municipal Alliance Grant		7/1/14	6/30/15	\$ 12,182.00		\$ 4,455.61	\$ 12,182.00
	Municipal Alliance Grant		7/1/15	6/30/16	12,182.00	\$ 8,087.54	3,598.36	3,598.36
	Municipal Alliance Grant - Supplemental		7/1/15	6/30/16	2,500.00		2,080.08	2,080.08
	<b>Total - Department of the Treasury</b>					<b>8,087.54</b>	<b>10,134.05</b>	<b>67,311.69</b>
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/15	12/31/16	6,986.00	6,985.03		
						<b>6,985.03</b>		
Department of Law and Public Safety	Alcohol Education and Rehabilitation Fund	9735-760-098-Y900- 001-X100-6020	1/1/05	12/31/15	22.00		22.00	22.00
			1/1/08	12/31/15	338.00		338.00	338.00
			1/1/09	12/31/15	588.00		588.00	588.00
			1/1/10	12/31/15	201.00		201.00	201.00
			1/1/11	12/31/15	53.00		53.00	53.00
			1/1/12	12/31/15	485.00		485.00	485.00
			1/1/14	12/31/15	476.00		476.00	476.00
			1/1/15	12/31/16	1,004.00		837.00	837.00
			1/1/15	12/31/16	1,296.53		1,296.53	
			<b>1,296.53</b>	<b>3,000.00</b>	<b>3,000.00</b>			
			Total - Department of Law and Public Safety	Body Armor Grant	1020-718-066-1020 -100-YCJS-6120	1/1/16	12/31/16	3,110.02
<b>3,110.02</b>								
<b>11,391.58</b>	<b>3,000.00</b>	<b>3,000.00</b>						
Department of Health and Senior Services	Tabacco Age of Sale Enforcement Program	4230-100-046-4754	4/1/05	12/31/15	4,800.00		528.00	4,593.00
							<b>528.00</b>	<b>5,859.78</b>
New Jersey Department of Transportation (Passed Through the County of Morris - MAPS)	Senior Citizen Transportation Assistance Act	N/A	1/1/14	12/31/15	97,658.00	24,414.51		97,658.00
			1/1/15	12/31/15	97,658.00		97,658.00	97,658.00
New Jersey Transportation Trust Fund Authority Act	Jefferson Street Sunset Road	N/A	1/1/13	12/31/15	185,000.00		185,000.00	185,000.00
			1/1/14	12/31/15	165,000.00		20,185.97	20,185.97
							<b>205,185.97</b>	<b>205,185.97</b>
<b>Total - New Jersey Department of Transportation</b>					<b>24,414.51</b>	<b>302,843.97</b>	<b>400,501.97</b>	

TOWNSHIP OF PEQUANNOCK  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	
			From	To					
Department of Environmental Protection	Clean Communities Act	4900-765- 178900-60	1/1/09	12/31/16	\$ 17,323.00		\$ 1,327.98	\$ 14,797.90	
			1/1/10	12/31/16	22,149.00		2,425.00	14,210.97	
			1/1/11	12/31/16	23,139.00		400.00	18,843.30	
			1/1/13	12/31/16	25,621.00		6,708.80	15,697.93	
			1/1/14	12/31/16	27,684.00		1,400.00	1,400.00	
			1/1/15	12/31/16	34,362.00				
						\$ 34,362.02			
							34,362.02	12,261.78	64,950.10
		Recycling Grant	4900-752-042-4900 -001-V42Y-6020	1/1/04	12/31/15	10,400.00		908.86	10,400.00
	1/1/05			12/31/15	9,812.00		57.00	9,812.00	
	1/1/08			12/31/15	11,532.00		4,610.25	11,532.00	
	1/1/11			12/31/16	25,686.00		8,901.09	8,901.09	
							14,477.20	40,645.09	
		River Desnagging Grant	N/A	1/1/11	12/31/16	353,244.00		1,100.00	324,954.45
								1,100.00	324,954.45
		Green Acres Trust - Land Acquisition	4800-727-042	3/27/15	12/31/15	302,000.00	127,351.05		302,000.00
								127,351.05	
		Forestry Management Grant	N/A	1/1/14	12/31/16	20,000.00		4,035.00	4,035.00
									4,035.00
							161,713.07	31,873.98	736,584.64
						\$ 205,606.70	\$ 348,380.00	\$ 1,213,258.08	
Total - Department of Environmental Protection									
TOTAL STATE AWARDS									

N/A - Not Available

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

TOWNSHIP OF PEQUANNOCK  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township of Pequannock under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

A. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

B. 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.



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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 Township Council  
Township of Pequannock  
Pompton Plains, 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 Township of Pequannock, in the County of Morris (the "Township") as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated May 30, 2016. 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 of the financial statements, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township'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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2015-01 that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Township Council  
Township of Pequannock  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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*.

### ***The Township's Responses to the Finding***

The Township's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 result of that testing, and not to provide an opinion on the effectiveness of the Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 30, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan  
Certified Public Accountant  
Registered Municipal Accountant No. 548

TOWNSHIP OF PEQUANNOCK  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township'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 Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit disclosed the following significant deficiencies required to be reported under Generally Accepted Government Auditing Standards:

Finding 2015-1

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds, disbursement of funds and the deposit and recording of receipts for the various funds are performed by the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The Township's segregation of duties finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

TOWNSHIP OF PEQUANNOCK  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2015

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.

TOWNSHIP OF PEQUANNOCK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Status of Prior Year Findings:

There were no prior year findings.

TOWNSHIP OF PEQUANNOCK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF PEQUANNOCK  
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 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.A. 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.A. 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.A. 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.A. 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.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000; effective July 1, 2015 the threshold was increased to \$40,000 with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

TOWNSHIP OF PEQUANNOCK  
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. Our review revealed that the Township did not maintain the required Business Registration or Pay-to-Play documents.

It is recommended that Local Public Contract Law be adhered to in all cases.

Management's Response:

The Township will ensure that required bid documents and professional service files are maintained in order to demonstrate compliance with the Local Public Contracts Law N.J.S.A. 52:32-44 and N.J.S.A. 19:44A-20.4.

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 6, 2015, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

On January 6, 2015, the governing body adopted an ordinance authorizing interest to be charged at the rate of 8% per annum of delinquent utility charges. It allows for a grace period of 30 days for payment of the utilities bills.

It appears from an examination of the Tax Collector's and 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 September 14, 2015, and included all eligible properties.

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

<u>Year</u>	<u>Number of Liens</u>
2015	4
2014	5
2013	7

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

TOWNSHIP OF PEQUANNOCK  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2015 Taxes	20
Payments of 2016 Taxes	20
Delinquent Taxes	15
Payments of Water Utility Charges	15
Delinquent Water Utility Charges	15
Payments of Sewer Utility Charges	15
Delinquent Sewer Utility Charges	15
Payments of Solid Waste Utility Charges	15
Delinquent Solid Waste Utility Charges	15

Trust Funds

During our review of the trust accounts we noted that the Escrow Trust bank accounts are not being reconciled on a monthly basis.

It is recommended that monthly reconciliations be prepared on a monthly basis for the Escrow Trust accounts.

Management Response:

Administration will ensure that escrow accounts will be reconciled on a monthly basis.

Bank Reconciliations

Our examination of the various bank reconciliations of the Township revealed that there were several funds that had minor reconciling items and outstanding checks in excess of one year.

It is recommended that the Township's bank reconciliations be reviewed and the Township ensures that all reconciling items are cleared.

Management's Response:

Administration will clear any reconciling items that are over a year old.

Interfunds

Our review of the balance sheets of the various funds of the Township revealed a large number of interfunds at year end.

It is recommended that all interfunds be liquidated at year end and that every effort should be made to limit and control the number of interfund transactions in the future.

Management Response:

Administration will ensure to review and liquidate interfunds at year end and limit the number of intefund transactions in the future.

TOWNSHIP OF PEQUANNOCK  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Payroll Fund

Our review of the payroll records revealed that overtime payments were not always supported by an approval of a department supervisor and that performance review documentation is not being maintained in all cases to support performance pay.

It is recommended that payroll documentation is obtained and maintained for overtime and performance pay.

Management Response:

Administration will ensure that all necessary approvals and supporting documentation will be obtained for payroll.

Municipal Court

The transactions for the year 2015 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Receipts	Disbursements	Balance Dec. 31, 2015
Municipal Treasurer:				
Fines and Fees	\$ 17,690.07	\$ 220,087.60	\$ 223,713.31	\$ 14,064.36
Restitution	10.00	190.00	160.00	40.00
POAA FTA	4.00	10.00	14.00	
Public Defender	900.00	10,015.00	10,409.50	505.50
County:				
Fines	7,355.25	99,887.33	100,690.57	6,552.01
State:				
Fines and Costs	10,491.68	177,417.37	178,279.72	9,629.33
Conditional Discharge	55.00	2,245.00	2,220.00	80.00
SPCA				
Weights and Measures	1,050.00	34,950.00	34,150.00	1,850.00
Overpayment		45.00		45.00
Bail	7,750.69	85,373.28	84,123.14	9,000.83
	<u>\$ 45,306.69</u>	<u>\$ 630,220.58</u>	<u>\$ 633,760.24</u>	<u>\$ 41,767.03</u>

During our review of the Municipal Court records, we noted that there were several tickets on the tickets assigned to an officer report which have not been issued in over six months ago. Our review also noted that monies are not being kept in a locked bag prior to deposit. As the Court Administrator is in the process of voiding outstanding tickets and has begun using a locked bag no formal recommendation is deemed warranted at this time.

TOWNSHIP OF PEQUANNOCK  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions:

Recreation

During our review of the Recreation program it was noted that for certain individuals there was no formal approval process for fees being waived. We suggest that the Township establish a formal approval of the waiving of fees for the recreation programs.

Federal and State Grant Fund

During our review of federal and state grants, we noted that a number of grants receivable and reserve balances are several years old. We suggest that a review of the federal and state grants receivable and appropriated grant reserves be conducted to identify those grants which will be collected and disbursed and which grants should be canceled.

Deferred Compensation Plans

The Township has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Township. The Township should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Township's fiduciary responsibilities.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Township consider options to test and protect the Township from cyber-crime.

Independent Contractors

The Township should consider reviewing the status of "Independent Contractors" utilized by the Township with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year Recommendations

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2014 audit report. The recommendations regarding Interfund balances, bank reconciling items, payroll time sheets, and Business Entity Disclosure (Pay to Play) forms have not been resolved and are included in the 2015 audit.

TOWNSHIP OF PEQUANNOCK  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. Local Public Contract Law be adhered to in all cases.
3. Monthly bank reconciliations be prepared on a monthly basis for the Escrow Trust account.
4. Township bank reconciliations be reviewed and the Township ensure that all reconciling items are cleared.
5. All interfunds be liquidated at year end and that every effort should be made to limit and control the number of interfund transactions in the future.
6. Payroll documentation is obtained and maintained.

\* \* \* \* \*