TOWNSHIP OF PEQUANNOCK

COUNTY OF MORRIS

REPORT OF AUDIT

2017

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS

REPORT OF AUDIT

2017

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TOWNSHIP OF PEQUANNOCK

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS AND

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2017

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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

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, 2017 and 2016 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As described in Note 1, the financial statements are prepared by the 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, 2017 and 2016, or the changes in financial position or where applicable, cash flows thereof for the years 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, 2017 and 2016 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Pequannock as of December 31, 2017 and 2016 and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the 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 fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018 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.

June 25, 2018
Mount Arlington, New Jersey

NISIVOCCIA LLP

Valerie A. Dolan

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
CURRENT FUND

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

	Ref.	December 31, 2017	December 31, 2016
ASSETS			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	$ 10,141,384.49	$ 6,464,249.38
Change Funds		360.00	360.00
		10,141,744.49	6,464,609.38
Due From State of New Jersey			
Senior Citizen and Veterans Deductions		52,795.65	54,739.48
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,541,262.42	1,498,589.67
Tax Title Liens Receivable	A-8	4,227.98	
Property Acquired for Taxes - Assessed Valuation		941,050.00	941,050.00
Revenue Accounts Receivable	A-9	143,877.00	137,160.22
Due from Animal Control Fund	B		1.47
Due from Open Space Trust Funds	B		10,513.08
Due from General Capital Fund	C	7,871.01	82.40
Due from Sewer Utility Operating Fund	E		14,779.80
Due from Pequannock Public Library		49,089.10	16,786.84
Total Receivables and Other Assets		2,687,377.51	2,618,963.48
Deferred Charges:			
Emergency Authorizations		100,000.00	
Total Regular Fund		12,981,917.65	9,138,312.34
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	131,199.63	51,347.55
Grants Receivable	A-10	553,884.19	235,565.82
Due from Current Fund	A	8,373.16	47,352.80
Total Federal and State Grant Fund		693,456.98	334,266.17
TOTAL ASSETS		$ 13,675,374.63	$ 9,472,578.51

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

	Ref.	December 31, 2017	December 31, 2016
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	$ 908,280.20	$ 1,080,171.91
Encumbered	A-3;A-11	182,637.65	132,707.29
Total Appropriation Reserves		1,090,917.85	1,212,879.20
Accounts Payable - Vendors		144,055.05	164,323.43
Tax Overpayments		13,980.90	12,471.04
School Taxes Payable	A-12	222,099.00	226,092.00
County Taxes Payable		68,824.46	13,234.56
Prepaid Taxes		2,295,864.82	166,629.76
Third Party Tax Title Lien Redemptions		24,178.39	20,011.58
Due to State of New Jersey - Building Surcharge Fees		5,673.00	9,584.00
Due to State of New Jersey - Marriage Licenses		350.00	205.00
Due to Federal and State Grant Fund	A	8,373.16	47,352.80
Due to Animal Control Fund	B	30.00	
Due to Other Trust Funds	B	40,312.85	11,469.72
Due to Sewer Utility Operating Fund	E	35,937.96	
Due to Sewer Assessment Trust Fund	E	14,374.29	5,678.21
Due to Recreation Utility Operating Fund	G	6,366.25	355.00
Due to Public Health Utility			25,093.03
Reserve for Pending Tax Appeals		2,834,581.16	2,716,090.28
Reserve for Tax Map		34,995.13	34,995.13
Reserve for Flood Expenses		106,833.14	156,833.14
Reserve for Police Programs		540.00	540.00
		6,948,287.41	4,823,837.88
Reserve for Receivables and Other Assets	A	2,687,377.51	2,618,963.48
Fund Balance	A-1	3,346,252.73	1,695,510.98
Total Regular Fund		12,981,917.65	9,138,312.34
Federal and State Grant Fund:			
Due to General Capital Fund	C		16,927.05
Due to Solid Waste Utility Operating Fund	F	24,605.66	
Encumbrances Payable	A-13	7,111.42	49,090.00
Appropriated Reserves	A-13	616,008.20	216,458.26
Unappropriated Reserves	A-14	45,731.70	51,790.86
Total Federal and State Grant Fund		693,456.98	334,266.17
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 13,675,374.63	$ 9,472,578.51

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, 2017	Year Ended December 31, 2016
Revenue and Other Income Realized			
Fund Balance Utilized		$ 1,330,000.00	$ 1,350,000.00
Miscellaneous Revenue Anticipated		3,826,275.24	3,242,926.16
Receipts from Delinquent Taxes		337,320.39	313,410.21
Receipts from Current Taxes		54,350,338.96	51,954,962.47
Nonbudget Revenue		721,511.64	463,157.72
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		765,083.45	571,883.82
Interfunds Returned		42,163.59	10,488.50
Reserve for Health Contracts Cancelled			161,338.81
Cancellation of Appropriated Grant Reserves		5,635.94	
Cancellation of Unappropriated Grant Reserves			1.15
Cancelled Excess Tax Appeal Reserve		4,237.80	
Cancellation of Tax Overpayments			18,466.31
Total Income		61,382,567.01	58,086,635.15
Expenditures			
Budget and Emergency Appropriations:			
Municipal Purposes		17,066,863.89	16,312,325.06
County Taxes		6,800,394.98	6,785,014.22
Local District School Tax		34,282,339.00	33,545,673.00
Municipal Open Space Tax		147,648.65	149,207.96
Prior Year Veterans and Senior Citizens Disallowed		3,067.81	2,809.59
Cancellation of Grants Receivable		8,752.48	
Sale of Municipal Assets Refund Payable			8,371.25
Refund of Prior Year Revenue		753.41	1,172.06
Increase in Reserve for Pending Tax Appeals		135,044.93	
Interfunds Advanced		56,960.11	42,163.59
Total Expenditures		58,501,825.26	56,846,736.73
Excess in Revenue		2,880,741.75	1,239,898.42
Adjustments to Excess Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		100,000.00	
Statutory Excess to Fund Balance		2,980,741.75	1,239,898.42
Fund Balance			
Balance January 1		1,695,510.98	1,805,612.56
		4,676,252.73	3,045,510.98
Decreased by:			
Utilization as Anticipated Revenue		1,330,000.00	1,350,000.00
Balance December 31	A	$ 3,346,252.73	$ 1,695,510.98

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, 2017

	Anticipated			
	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	$ 1,330,000.00		$ 1,330,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverage	22,800.00		23,550.00	$ 750.00
Other	30,000.00		37,088.20	7,088.20
Fees and Permits	95,000.00		93,458.07	1,541.93 *
Municipal Court Fines and Costs	265,000.00		251,220.18	13,779.82 *
Interest and Costs on Taxes	75,000.00		71,666.03	3,333.97 *
Interest on Investments & Deposits	18,270.00		29,844.51	11,574.51
Cable Franchise Fee	67,500.00		74,249.00	6,749.00
Senior Citizen House (PILOT)	89,000.00		100,033.00	11,033.00
Consoldiated Municipal Property Tax Relief Aid	16,112.00		16,112.00	
Energy Receipts Tax (P.L.1999,Chapters 162 &167)	1,198,261.00		1,198,261.00	
Uniform Construction Code Official	325,000.00		343,154.29	18,154.29
Contracts for Purchasing Agent (QPA):				
Borough of Bloomingdale	2,000.00			2,000.00 *
Contracts for Dial-A-Ride:				
Borough of Butler	65,436.00		65,436.00	
Borough of Kinnelon	88,949.00		110,750.75	21,801.75
Borough of Lincoln Park	91,319.00		91,319.00	
Borough of Riverdale	30,891.00		30,891.00	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Anticipated				
	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *	
Miscellaneous Revenue:					
Health Services:					
Borough of Kinnelon	$ 123,941.00		$ 123,941.28	$ 0.28	
Borough of Bloomingdale	92,593.00		32,282.43	60,310.57	*
Borough of Riverdale	43,043.00		92,593.16	49,550.16	
Borough of Florham Park	141,454.00		141,453.68	0.32	*
Field Maintenance Contract	58,000.00		57,999.00	1.00	*
County Road Plowing and Salting- Morris County	30,000.00		14,450.00	15,550.00	*
Clean Communities Program	39,327.00		39,327.00		
Drunk Driving Enforcement Fund	5,997.00		5,997.00		
Vehicle Maintenance - Board of Education	15,000.00			15,000.00	*
New Jersey Transportation Trust Fund Authority Act - Mountain Ave.	189,750.00	$ 175,000.00	364,750.00		
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	1,027.00		1,027.00		
AHS Mental Health - First Reponsders		9,805.50	9,805.50		
Morris County Historic Preservation Trust Fund		65,000.00	65,000.00		
New Jersey Senior Transportation Assistance Act	97,658.00		97,658.00		
Body Armor Replacement Fund	2,986.00		2,986.00		
Cablevision - Equipment Grant	2,450.00		2,450.00		
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - Reserve	25,000.00		25,000.00		
NACCHO- Planning Grant	1,500.00		1,500.00		
Uniform Fire Code Fees	27,500.00		34,431.00	6,931.00	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Anticipated			
	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Uniform Fire Safety Act	$ 17,500.00		$ 21,415.23	$ 3,915.23
Public Defender Fees	9,300.00		9,300.00	
Hotel Occupancy Tax	65,000.00		81,193.93	16,193.93
Reserve for Flood Expenses	50,000.00		50,000.00	
Total Miscellaneous Revenue	3,534,246.00	$ 249,805.50	3,826,275.24	42,223.74
Receipts from Delinquent Taxes	500,000.00		337,320.39	162,679.61 *
Amount to be Raised by Taxes for Support of Municipal				
Local Tax for Municipal Purposes	12,049,054.24		13,766,169.57	1,717,115.33
Minimum Library Tax	878,532.76		878,532.76	
	12,927,587.00		14,644,702.33	1,717,115.33
Budget Totals	18,291,833.00	249,805.50	20,138,297.96	1,922,018.68
Nonbudget Revenue			721,511.64	721,511.64
Totals	$ 18,291,833.00	$ 249,805.50	$ 20,859,809.60	$ 2,318,171.10

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Allocation of Current Tax Collections:		
Revenue from Collections		$ 54,350,338.96
Allocated to School, County and Municipal Open Space Taxes		41,230,382.63
Balance for Support of Municipal Budget Appropriations		13,119,956.33
Add: Appropriation "Reserve for Uncollected Taxes"		1,524,746.00
Realized for Support of Municipal Budget Appropriations		$ 14,644,702.33
Licenses - Other		
Township Clerk	$ 3,360.00	
Board of Health	33,728.20	
		$ 37,088.20
Fees and Permits - Other:		
Township Clerk	$ 2,478.05	
Board of Health	74,519.00	
Planning and Zoning	15,861.02	
Fair Housing	600.00	
		$ 93,458.07

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Analysis of Nonbudget Revenue:		
Miscellaneous Revenue Not Anticipated:		
DMV Inspection Fees	$ 11,105.67	
2% Administration Fee for Senior and Veteran Deductions	2,594.53	
Finance	34,146.94	
Police	4,484.55	
Sale of Municipal Assets	27,115.50	
Court Restitution	1,295.00	
Assessor	500.00	
Prior Year Refund	17,246.20	
Community Service Fee	525,000.00	
Recycling Reimbursement	200.00	
Void Stale Dated Checks	18,426.00	
Other	70,205.95	
		$ 712,320.34
Tax Collector		10,153.39
		722,473.73
Less: Refunded		962.09
		$ 721,511.64

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Township Manager:					
Salaries and Wages	$ 186,795.00	$ 186,795.00	$ 182,717.13	$ 4,077.87	
Other Expenses	6,700.00	6,700.00	4,514.00	2,186.00	
Mayor and Council:					
Salaries and Wages	25,200.00	25,200.00	25,200.00		
Other Expenses	9,425.00	9,425.00	5,097.60	4,327.40	
Township Clerk:					
Salaries and Wages	95,555.00	95,555.00	94,285.65	1,269.35	
Other Expenses	69,500.00	69,500.00	65,075.24	4,424.76	
Financial Administration:					
Salaries and Wages	135,635.00	135,635.00	134,583.21	1,051.79	
Other Expenses	10,400.00	10,400.00	6,835.94	3,564.06	
Revenue Administration (Tax Collector):					
Salaries & Wages	95,210.00	95,210.00	77,625.38	17,584.62	
Other Expenses	10,850.00	10,850.00	6,684.30	4,165.70	
Audit Services:					
Other Expenses	17,250.00	29,250.00	10,000.00	19,250.00	
Data Processing	103,000.00	103,000.00	89,440.91	13,559.09	
Assessment of Taxes:					
Salaries and Wages	66,570.00	66,570.00	66,298.94	271.06	
Other Expenses	27,850.00	27,850.00	10,036.90	17,813.10	
Legal Services and Costs:					
Other Expenses	104,000.00	104,000.00	91,250.27	12,749.73	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Office of Fire Safety:					
Salaries and Wages	$ 42,836.00	$ 42,836.00	$ 34,826.85	$ 8,009.15	
Other Expenses	22,000.00	22,000.00	18,092.05	3,907.95	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	177,915.00	177,915.00	119,744.58	8,170.42	$ 50,000.00
Other Expenses	108,100.00	108,100.00	47,525.65	60,574.35	
Zoning Board of Adjustment:					
Salaries and Wages	13,560.00	13,560.00	13,055.00	505.00	
Other Expenses	12,700.00	12,700.00	5,169.04	7,530.96	
PUBLIC SAFETY:					
Municipal Court:					
Salaries and Wages	180,900.00	180,900.00	176,659.99	4,240.01	
Other Expenses	11,600.00	11,600.00	7,370.67	4,229.33	
Municipal Prosecutor:					
Salaries and Wages	26,240.00	26,240.00	25,494.94	745.06	
Public Defender:					
Other Expenses	7,630.00	7,630.00	7,422.11	207.89	
Police Department:					
Salaries and Wages	4,257,713.00	4,257,713.00	4,202,626.95	55,086.05	
Other Expenses	259,600.00	259,600.00	253,404.47	6,195.53	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS":					
PUBLIC SAFETY: (continued):					
Office of Emergency Management:					
Salaries and Wages	$ 16,950.00	$ 16,950.00	$ 14,168.63	$ 2,781.37	
Other Expenses	6,000.00	6,000.00	43.62	5,956.38	
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	55,500.00	55,500.00	37,170.87	18,329.13	
Other Expenses-Clothing Allowance	50,000.00	50,000.00	49,929.00	71.00	
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	247,030.00	247,030.00	241,962.49	5,067.51	
Other Expenses	99,750.00	99,750.00	98,677.19	1,072.81	
Community Service Act:					
Other Expenses	22,000.00	22,000.00		22,000.00	
Director of Public Works/ Township Engineer:					
Salaries and Wages	67,110.00	67,110.00	52,637.21	14,472.79	
Other Expenses	32,500.00	32,500.00	31,336.34	1,163.66	
Building and Grounds:					
Salaries and Wages	106,901.00	106,901.00	95,241.05	11,659.95	
Other Expenses	100,760.00	104,760.00	78,713.81	26,046.19	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS":					
PUBLIC WORKS (continued):					
Vehicle Maintenance:					
Salaries and Wages	$ 83,245.00	$ 83,245.00	$ 82,344.86	$ 900.14	
Other Expenses	60,000.00	60,000.00	38,881.11	21,118.89	
Shade Tree:					
Other Expenses	33,750.00	33,750.00	22,963.52	10,786.48	
Parks and Playground Maintenance:					
Salaries and Wages	322,229.00	322,229.00	303,032.91	19,196.09	
Other Expenses (N.J.S.A 40A:4-55, +$100,000.00)	71,500.00	171,500.00	153,850.29	17,649.71	
HEALTH AND WELFARE FUNCTIONS:					
Board of Health:					
Salaries and Wages	168,465.00	168,465.00	167,595.04	869.96	
Other Expenses	32,000.00	32,000.00	25,492.50	6,507.50	
Animal Control Services:					
Other Expenses	30,000.00	30,000.00		30,000.00	
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	150,640.00	150,640.00	131,593.87	19,046.13	
Other Expenses	23,500.00	23,500.00	22,615.71	884.29	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS":					
PARKS AND RECREATION FUNCTIONS (continued):					
Celebration of Public Events:					
Salaries and Wages	$ 19,500.00	$ 19,500.00	$ 18,823.62	$ 676.38	
Dial-A-Ride:					
Salaries and Wages	109,062.00	81,062.00	80,124.79	937.21	
Other Expenses	31,239.00	59,239.00	53,204.87	6,034.13	
OTHER COMMON OPERATING FUNCTIONS:					
Economic Development Committee:					
Other Expense	4,000.00	4,000.00	712.39	3,287.61	
Teen Advisory Committee:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Senior Citizens' Committee:					
Other Expenses	2,000.00	2,000.00	1,577.93	422.07	
Environmental Protection Commission:					
Other Expenses	1,500.00	1,500.00	631.84	868.16	
Flood Advisory Committee:					
Other Expenses	2,500.00	2,500.00	130.00	2,370.00	
Historic District Commission:					
Other Expenses	850.00	850.00	106.00	744.00	
UNCLASSIFIED:					
Electricity	119,000.00	119,000.00	90,030.86	28,969.14	
Street Lighting	150,000.00	150,000.00	116,566.21	33,433.79	
Telephone	56,500.00	56,500.00	43,697.94	12,802.06	
Water	7,900.00	7,900.00	3,409.48	4,490.52	
Natural Gas	45,000.00	33,000.00	8,582.30	24,417.70	
Gasoline	148,000.00	142,000.00	83,375.47	58,624.53	
Accumulated Leave Compensation	80,000.00	80,000.00	78,841.93	1,158.07	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS":					
STATE UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	$ 239,608.00	$ 239,608.00	$ 218,407.95	$ 21,200.05	
Other Expenses	17,750.00	17,750.00	10,176.61	7,573.39	
INSURANCE:					
General Liability	200,725.00	200,725.00	156,015.07	44,709.93	
Workers Compensation	183,000.00	183,000.00	183,000.00		
Employee Group Health	1,492,564.00	1,492,564.00	1,382,204.98	110,359.02	
Unemployment Insurance	2,000.00	2,000.00		2,000.00	
Total Operations Within "CAPS"	10,891,362.00	10,989,362.00	10,070,908.03	868,453.97	$ 50,000.00
Detail:					
Salaries and Wages	6,922,369.00	6,894,369.00	6,646,051.04	198,317.96	
Other Expenses	3,968,993.00	4,094,993.00	3,424,856.99	670,136.01	50,000.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Police & Firemens' Retirement System	896,146.00	896,146.00	896,146.00		
Public Employees' Retirement System	367,693.00	369,693.00	369,625.66	67.34	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Deferred Charges and Statutory Expenditures - Municipal within "CAPS": (Cont'd)					
Statutory Expenditures: (Cont'd)					
Contributions to:					
Social Security System (O.A.S.I.)	$ 328,000.00	$ 328,000.00	$ 316,524.31	$ 11,475.69	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,591,839.00	1,593,839.00	1,582,295.97	11,543.03	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,483,201.00	12,583,201.00	11,653,204.00	879,997.00	$ 50,000.00
Operations Excluded from "CAPS":					
Maintenance of Free Public Library (PL 1988, Ch.82):					
Other Expenses	890,000.00	890,000.00	882,300.00	7,700.00	
Fair Share Housing Act (Ch. 22 P.L. 1985)					
Fair Housing Committee:					
Salaries & Wages	16,535.00	16,535.00	7,872.24	8,662.76	
Other Expenses	2,100.00	2,100.00	42.85	2,057.15	
Police Dispatch / 911:					
Salaries & Wages	266,516.00	266,516.00	256,652.71	9,863.29	
Field Maintenance:					
Salaries & Wages	31,000.00	30,000.00	30,000.00		
Other Expenses	26,000.00	27,000.00	27,000.00		
Vehicle Maintenance - Board of Education	15,000.00	15,000.00	15,000.00		
Dial-A-Ride Program:					
Salaries & Wages	94,440.00	94,440.00	94,440.00		
Other Expenses	176,737.00	176,737.00	176,737.00		
Shared Health Services Agreement:					
Salaries & Wages	393,585.00	393,585.00	393,585.00		
Shared QPA Services Agreement:					
Salaries & Wages	2,000.00	2,000.00	2,000.00		
Morris County Road Snow Plowing	30,000.00	30,000.00	30,000.00		

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
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	39,327.00	39,327.00	39,327.00		
Drunk Driving Enforcement Fund	5,997.00	5,997.00	5,997.00		
Municipal Alliance on Alcohol and Drug Abuse	12,182.00	12,182.00	12,182.00		
Municipal Alliance on Alcohol and Drug Abuse -Local Grant	2,500.00	2,500.00	2,500.00		
Alcohol Education and Rehabilitation Grant	1,027.00	1,027.00	1,027.00		
Mayor's Wellness Campaign (N.J.S.A 40A:4-87, +$9,805.50)		9,805.50	9,805.50		
New Jersey Body Armor Replacement Funds	2,986.00	2,986.00	2,986.00		
Protection - Forestry Service Grant					
Cablevision - Equipment Grant	2,450.00	2,450.00	2,450.00		
NJ DEP - NACCHO	1,500.00	1,500.00	1,500.00		
Morris County Historic Preservation					
Trust Fund (N.J.S.A 40A:4-87, + $65,000.00)		65,000.00	65,000.00		
New Jersey Senior Citizens and Disabled Residents -					
Transportation Assistance Act - Reserve	25,000.00	25,000.00	25,000.00		
Municipal Local Matching Grant Funds:					
Municipal Alliance on Alcoholism and Drug Abuse	4,296.00	4,296.00	4,296.00		
Total Operations - Excluded from "CAPS"	2,138,836.00	2,213,641.50	2,185,358.30	$ 28,283.20	
Detail:					
Salaries and Wages	804,076.00	803,076.00	784,549.95	18,526.05	
Other Expenses	1,334,760.00	1,410,565.50	1,400,808.35	9,757.15	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	675,000.00	675,000.00	675,000.00		
Reserve for Public Works Equipment	100,000.00	100,000.00	100,000.00		
Reserve for Road Resurfacing	210,000.00	210,000.00	210,000.00		

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Capital Improvements - Excluded from "CAPS":					
Reserve for Fire Appatatus	$ 270,000.00	$ 270,000.00	$ 270,000.00		
Reserve for Data Processing and Office Equipment	20,000.00	20,000.00	20,000.00		
Reserve for Vehicle Replacement	100,000.00	100,000.00	100,000.00		
New Jersey Transportation Trust Fund Authority Act:					
Mountain Avenue (N.J.S.A 40A:4-87, +$175,000.00)	189,750.00	364,750.00	364,750.00		
Total Capital Improvements - Excluded from "CAPS"	1,564,750.00	1,739,750.00	1,739,750.00		
Municipal Debt Service - Excluded from "CAPS":					
Interest on Notes	10,300.00	10,300.00	10,271.39		$ 28.61
Total Municipal Debt Service - Excluded from "CAPS"	540,300.00	540,300.00	540,271.39		28.61
Deferred Charges - Excluded from "CAPS":					
Ordinance #2008-26	40,000.00	40,000.00	40,000.00		
Total Deferred Charges - Excluded from "CAPS"	40,000.00	40,000.00	40,000.00		
Total General Appropriations - Excluded from "CAPS"	4,283,886.00	4,533,691.50	4,505,379.69	$ 28,283.20	28.61
Subtotal General Appropriations	16,767,087.00	17,116,892.50	16,158,583.69	908,280.20	$ 50,028.61
Reserve for Uncollected Taxes	1,524,746.00	1,524,746.00	1,524,746.00		
Total General Appropriations	$ 18,291,833.00	$ 18,641,638.50	$ 17,683,329.69	$ 908,280.20	$ 50,028.61
Ref.				A	

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Ref.	Analysis of Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 18,291,833.00	
Added by N.J.S.A. 40A:4-55		100,000.00	
Added by N.J.S.A. 40A:4-87		249,805.50	
		$ 18,641,638.50	
Cash Disbursed			$ 15,531,892.98
Encumbrances	A		182,637.65
Transfer to Federal and State Grant Fund			634,478.50
Reserve for Uncollected Taxes			1,524,746.00
			17,873,755.13
Less: Appropriation Refunds			190,425.44
			$ 17,683,329.69

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31, 2017	December 31, 2016
ASSETS			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	$ 13,530.67	$ 20,467.97
Due From Current Fund	A	30.00	
		13,560.67	20,467.97
Other Trust Funds:			
Cash and Cash Equivalents	B-4	2,131,270.84	2,345,315.52
Due From Current Fund	A	40,312.85	36,562.75
		2,171,583.69	2,381,878.27
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4A	73,081.43	161,548.83
		73,081.43	161,548.83
TOTAL ASSETS		$ 2,258,225.79	$ 2,563,895.07
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Prepaid Licenses - State Fees		$ 547.80	$ 628.80
Prepaid Licenses - Municipal Fees		10,852.20	12,314.20
Due to Current Fund	A		1.47
Due to State of New Jersey			10.00
Reserve for Animal Control Expenditures	B-6	2,160.67	7,513.50
		13,560.67	20,467.97

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31, 2017	December 31, 2016
LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)			
Other Trust Funds:			
Due to Interlocal Towns		$ 39,075.00	$ 48,150.00
Reserve for:			
Animal Shelter-Bequests		33,667.00	
Developers Deposits - Affordable Housing		78,012.47	77,934.50
Fire Safety		15,535.59	15,520.04
Payroll Section 125 Trust		376.54	1,782.87
Unemployment Compensation Insurance		111,704.60	125,559.23
Developers Deposits - Escrow		591,690.38	580,893.53
Youth Development		21,742.12	21,722.19
Refundable Permits		23,340.55	24,095.55
Group Health Insurance		282,047.10	338,731.79
Parking Offenses Adjudication Act		920.00	912.00
Sewer Line		106,665.41	106,567.87
Premium on Tax Sale		182,600.00	420,500.00
Public Defender		37,843.86	30,104.36
Accrued Leave		333,373.30	340,551.78
Storm Recovery		214,848.15	176,354.71
Insurance Refunds		73,087.91	47,467.08
Dial-A-Ride (D.A.R.) Bequests		25,053.71	25,030.77
		2,171,583.69	2,381,878.27
Open Space Trust Fund:			
Due To Current Fund	A		10,513.08
Reserve for Open Space Expenditures		73,081.43	151,035.75
		73,081.43	161,548.83
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 2,258,225.79	$ 2,563,895.07

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, 2017

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, 2017

NOT APPLICABLE

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TOWNSHIP OF PEQUANNOCK
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
GENERAL CAPITAL FUND

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

	Ref.	December 31, 2017	December 31, 2016
ASSETS			
Cash and Cash Equivalents	C-2	$ 3,458,930.50	$ 717,749.02
FEMA Grants Receivable		4,955,059.00	3,914,005.21
Due from Federal & State Grant Fund	A		16,927.05
Due from Recreation Utility Operating Fund	G	80,000.00	80,000.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	3,764,894.76	3,534,056.00
TOTAL ASSETS		$ 12,258,884.26	$ 8,262,737.28
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-7	$ 2,500,000.00	$ 1,030,000.00
Improvement Authorizations:			
Funded	C-5	4,149,178.08	4,067,334.53
Unfunded	C-5	2,267,249.41	1,997,009.55
Due to Current Fund	A	7,871.01	82.40
Due to Water Utility Capital Fund	D		239.20
Capital Improvement Fund	C-6	103,000.00	34,000.00
Reserve for Encumbrances		1,010,684.01	290,886.30
Reserve for Fire Apparatus			380,000.00
Reserve for Road Resurfacing		5,000.00	5,000.00
Reserve for Data/Office Equipment		42,000.00	55,000.00
Reserve for DPW Equipment		95,500.00	56,000.00
Reserve for Vehicle Replacement		126,824.00	56,824.00
Reserve for Flood Control Improvements		168,000.00	168,000.00
Reserve to Pay Debt Service		1,588,246.47	
Fund Balance	C-1	195,331.28	122,361.30
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 12,258,884.26	$ 8,262,737.28

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

	Ref.		
Balance December 31, 2016	C		$ 122,361.30
Increased By:			
Improvement Authorizations Cancelled		$ 138,118.77	
Premium on Bond Anticipation Notes Issued		21,351.21	
			159,469.98
			281,831.28
Decreased By:			
Appropriated to Finance Improvement Authorizations			86,500.00
Balance December 31, 2017	C		$ 195,331.28

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
WATER UTILITY FUND

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

	Ref.	December 31, 2017	December 31, 2016
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	D-4	$ 435,773.81	$ 645,337.93
Change Fund		60.00	60.00
		435,833.81	645,397.93
Due From Sewer Utility Operating Fund	E	120,267.19	82,064.71
Due From Water Utility Capital Fund	D	13,111.23	30.38
		569,212.23	727,493.02
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	553,072.81	525,422.97
		553,072.81	525,422.97
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		281,425.00	281,425.00
Capital Fund:			
Cash and Cash Equivalents	D-4	3,130,589.40	208,029.89
Due from General Capital Fund	C		239.20
Fixed Capital	D-7	11,602,717.14	11,566,823.04
Fixed Capital Authorized and Uncompleted	D-8	9,442,695.21	3,712,695.21
Total Capital Fund		24,176,001.75	15,487,787.34
TOTAL ASSETS		$ 25,579,711.79	$ 17,022,128.33

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

	Ref.	December 31, 2017	December 31, 2016
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	$ 120,543.95	$ 97,341.96
Encumbered	D-3;D-9	79,054.82	16,151.60
		199,598.77	113,493.56
Accounts Payable - Vendors	D-4	59,104.89	59,104.89
Reserve for Accrued Interest on Notes	D-3A; D-4	15,641.25	2,291.70
		274,344.91	174,890.15
Reserve for Receivables	D	553,072.81	525,422.97
Fund Balance	D-1	294,867.32	552,602.87
Total Operating Fund		1,122,285.04	1,252,915.99
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
Total Assessment Trust Fund		281,425.00	281,425.00
Capital Fund:			
Bond Anticipation Notes	D-14	6,090,000.00	520,000.00
Improvement Authorizations:			
Funded	D-10	219,693.34	417,439.67
Unfunded	D-10	3,854,805.84	3,060,155.54
Contracts Payable	D-10	2,490,406.85	190,446.15
Due Sewer Utility Operating Fund	E		200,000.00
Due Water Utility Operating Fund	D	13,111.23	30.38
Due Solid Waste Utility Operating Fund	F	100,000.00	
Capital Improvement Fund	D-11	139,000.00	259,000.00
Reserve for Amortization	D-12	8,599,257.53	8,433,363.43
Deferred Reserve for Amortization	D-13	2,626,154.82	2,396,154.82
Fund Balance	D-1A	43,572.14	11,197.35
Total Capital Fund		24,176,001.75	15,487,787.34
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 25,579,711.79	$ 17,022,128.33

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, 2017	2016
Revenue and Other Income Realized			
Fund Balance Utilized		$ 275,000.00	$ 340,000.00
Rents		2,295,939.45	2,645,975.69
Miscellaneous Revenue		21,331.86	36,024.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		54,993.14	37,351.29
Total Income		2,647,264.45	3,059,351.96
Expenditures			
Budget Expenditures:			
Operating		2,122,750.00	2,252,059.00
Capital Improvements		168,000.00	100,000.00
Debt Service		135,508.00	132,690.00
Deferred Charges and Statutory Expenditures		203,742.00	305,251.00
Total Expenditures		2,630,000.00	2,790,000.00
Excess in Revenue		17,264.45	269,351.96
Fund Balance			
Balance January 1		552,602.87	623,250.91
		569,867.32	892,602.87
Decreased by:			
Utilized as Anticipated Revenue		275,000.00	340,000.00
Balance December 31	D	$ 294,867.32	$ 552,602.87

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

	Ref.		
Balance December 31, 2016	D	$	11,197.35
Increased by:			
Premium on Note Sale			32,374.79
Balance December 31, 2017	D	$	43,572.14

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, 2017

	Anticipated	Realized	Excess or Deficit *
Operating Fund Balance Anticipated	$ 275,000.00	$ 275,000.00	
Water Rents	2,550,000.00	2,295,939.45	$ 254,060.55 *
Miscellaneous Revenue	30,000.00	21,331.86	8,668.14 *
	$ 2,855,000.00	$ 2,592,271.31	$ 262,728.69 *

Analysis of Realized Revenue

Miscellaneous Revenue:	
Interest on Delinquent Water Rents	$ 9,316.44
Interest on Investments	367.57
Water Connection Fees	11,647.85
	$ 21,331.86

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, 2017

	Appropriations		Expended by		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Cancelled
Operating:					
Salaries and Wages	$ 732,050.00	$ 732,050.00	$ 691,971.76	$ 40,078.24	
Other Expenses	1,615,700.00	1,615,700.00	1,346,110.58	44,589.42	$ 225,000.00
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Capital Outlay	118,000.00	118,000.00	95,124.71	22,875.29	
Debt Service:					
Payment of Bond Anticipation Note	130,000.00	130,000.00	130,000.00		
Interest on Notes	5,508.00	5,508.00	5,508.00		
Deferred Charges:					
Ordinance 2007-13	10,000.00	10,000.00	10,000.00		
Ordinance 2007-14	50,000.00	50,000.00	50,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	71,510.00	71,510.00	71,509.00	1.00	
Social Security System (O.A.S.I.)	56,825.00	56,825.00	56,825.00		
Unemployment Compensation Insurance	2,407.00	2,407.00	2,407.00		
Paid Time Off (PTO) Buyback	13,000.00	13,000.00		13,000.00	
	$ 2,855,000.00	$ 2,855,000.00	$ 2,509,456.05	$ 120,543.95	$ 225,000.00
Ref.				D	

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Ref.	Analysis of Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 2,855,000.00	
		$ 2,855,000.00	
Cash Disbursed			$ 2,425,597.62
Accrued Interest on Notes			5,508.00
Encumbrances Payable	D		79,054.82
			2,510,160.44
Less: Appropriation Refunds			(704.39)
			$ 2,509,456.05

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
SEWER UTILITY FUND

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

	Ref.	December 31, 2017	December 31, 2016
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	$ 798,500.91	$ 886,593.38
Due from Current Fund	A	35,937.96	
Due from Water Utility Capital Fund	D		200,000.00
Due from Sewer Utility Capital Fund	E	468,653.66	33.51
Due from Sewer Utility Assessment Fund	E	26.38	35.86
		1,303,118.91	1,086,662.75
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-6	594,900.55	532,444.31
		594,900.55	532,444.31
Total Operating Fund		1,898,019.46	1,619,107.06
Assessment Trust Fund:			
Cash and Cash Equivalents	E-4	365,517.78	492,237.12
Assessments Receivable	E-9	836,522.41	1,118,508.63
Assessments Liens Receivable	E-9A	9,643.00	9,643.00
Due From Current Fund	A	14,374.29	5,678.21
Prospective Assessments Funded		12,200,000.00	7,600,000.00
Total Assessment Trust Fund		13,426,057.48	9,226,066.96
Capital Fund:			
Cash and Cash Equivalents	E-4	4,264,368.02	544,526.94
Fixed Capital	E-10	28,923,188.82	12,560,914.82
Fixed Capital Authorized and Uncompleted	E-11	8,669,726.00	18,932,000.00
Total Capital Fund		41,857,282.84	32,037,441.76
TOTAL ASSETS		$ 57,181,359.78	$ 42,882,615.78

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

	Ref.	December 31, 2017	December 31, 2016
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-12	$ 84,633.71	$ 60,738.49
Encumbered	E-3;E-12	10,308.70	1,607.42
Total Appropriation Reserves		94,942.41	62,345.91
Accounts Payable - Vendors		1,800.00	25,800.00
Due to Current Fund	A		14,779.80
Due to Water Utility Operating Fund	D	120,267.19	82,064.71
Due to Solid Waste Utility Operating Fund	F	307,577.71	294,590.25
Accrued Interest on Bonds		210,632.29	65,797.65
Accrued Interest on Notes			37,457.39
Reserve for Maintenance Bond		5,000.00	5,000.00
		740,219.60	587,835.71
Reserve for Receivables	E	594,900.55	532,444.31
Fund Balance	E-1	562,899.31	498,827.04
Total Operating Fund		1,898,019.46	1,619,107.06
Assessment Trust Fund:			
Due to Sewer Utility Operating Fund	E	26.38	35.86
Reserve for Prospective Assessments Funded		12,200,000.00	7,600,000.00
Reserve for Assessments and Liens	E-13	846,165.41	1,128,151.63
Fund Balance	E-1A	379,865.69	497,879.47
Total Assessment Trust Fund		13,426,057.48	9,226,066.96

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

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	December 31, 2017	December 31, 2016
Capital Fund:			
Serial Bonds	E-19	$ 23,845,000.00	$ 4,390,000.00
Bond Anticipation Notes Payable	E-18		16,080,000.00
Improvement Authorizations:			
Funded	E-14	4,168,084.65	17,182.95
Unfunded	E-14	2,281,217.10	1,679,147.86
Reserve for Encumbrances	E-14	8,000.00	
Capital Improvement Fund	E-15	53,685.20	43,685.20
Due to Sewer Utility Operating Fund	E	468,653.66	33.51
Reserve for Amortization	E-16	10,100,914.82	9,475,914.82
Reserve to Pay Debt Service		520,249.99	
Deferred Reserve for Amortization	E-17	297,000.00	237,000.00
Fund Balance	E-1B	114,477.42	114,477.42
Total Capital Fund		41,857,282.84	32,037,441.76
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 57,181,359.78	$ 42,882,615.78

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 2017	2016
Revenue and Other Income Realized			
Fund Balance Utilized		$ 170,000.00	$ 170,000.00
Sewer Service Charges		2,869,676.62	2,839,539.46
Miscellaneous		141,524.74	164,669.70
Sewer Capital Fund Balance			20,000.00
Sewer Assessment Surplus		400,000.00	425,000.00
Other Credits to Income:			
Cancellation of Accrued Interest on Notes		121.72	
Cancellation of Sewer Utility Overpayments			671.54
Unexpended Balance of Appropriation Reserves		44,830.63	58,371.01
Total Income		3,626,153.71	3,678,251.71
Expenditures			
Budget Appropriations:			
Operating		2,340,922.00	2,331,103.00
Capital Improvements		10,000.00	10,000.00
Debt Service		921,470.00	966,991.00
Deferred Charges and Statutory Expenditures		119,608.00	72,906.00
Refund of Prior Year Revenue		81.44	9,466.16
Total Expenditures		3,392,081.44	3,390,466.16
Excess Revenue/Statutory Excess to Fund Balance		234,072.27	287,785.55
Fund Balance			
Balance January 1		498,827.04	381,041.49
		732,899.31	668,827.04
Decreased by:			
Utilized by Sewer Utility Operating Budget		170,000.00	170,000.00
Balance December 31	E	$ 562,899.31	$ 498,827.04

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

E-1A

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

	Ref.		
Balance December 31, 2016	E	$	497,879.47
Increased by:			
Collection of Unpledged Assessments			281,986.22
			779,865.69
Decreased by:			
Surplus Anticipated in Sewer Utility Operating Fund			400,000.00
Balance December 31, 2017	E	$	379,865.69

E-1B

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

	Ref.		
Balance December 31, 2016	E	$	114,477.42
Balance December 31, 2017	E	$	114,477.42

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, 2017

	Anticipated	Realized	Excess or Deficit*
Fund Balance Anticipated	$ 170,000.00	$ 170,000.00	
Sewer Service Charges	2,700,000.00	2,869,676.62	$ 169,676.62
Miscellaneous	122,000.00	141,524.74	19,524.74
Sewer Assessment Surplus	400,000.00	400,000.00	
	$ 3,392,000.00	$ 3,581,201.36	$ 189,201.36

Miscellaneous		
Treasurer:		
Interest on Investments		$ 1,403.71
Collector:		
Interest on Sewer Rents	$ 8,904.35	
Sewer Tap/Connection Fees	98,218.41	
Other Miscellaneous	785.40	
		107,908.16
Due from Sewer Utility Assessment Trust Fund:		
Interest on Investments		26.38
Due from Sewer Utility Capital Fund:		
Interest on Investments		1,468.73
Due from Current Fund:		
Interest on Assessments	23,226.62	
Sewer Rents	7,491.14	
		30,717.76
		$ 141,524.74

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

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Appropriation		Expended by		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operating:					
Salaries and Wages	$ 310,185.00	$ 310,185.00	$ 264,518.81	$ 45,666.19	
Other Expenses	285,050.00	285,050.00	251,082.48	33,967.52	
Two Bridges Sewerage Authority	1,745,687.00	1,745,687.00	1,745,687.00		
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Debt Service:					
Payment of Bond Principal	625,000.00	625,000.00	625,000.00		
Interest on Bonds	186,170.00	186,170.00	186,170.00		
Interest on Notes	110,300.00	110,300.00	110,300.00		
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Revenue:					
Ordinance 2006-14	60,000.00	60,000.00	60,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employee Retirement System	30,243.00	30,243.00	30,243.00		
Social Security System (O.A.S.I.)	23,765.00	23,765.00	23,765.00		
Unemployment Compensation Insurance	600.00	600.00	600.00		
Paid Time Off (PTO) Buyback	5,000.00	5,000.00		5,000.00	
Total Sewer Utility Appropriations	$ 3,392,000.00	$ 3,392,000.00	$ 3,307,366.29	$ 84,633.71	$ -0-
Ref.				E	

E-3
1 of 2

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Ref.	Analysis of Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 3,392,000.00	
Cash Disbursed			$ 3,000,587.59
Encumbrances Payable	E		10,308.70
Accrued Interest on Bonds			186,170.00
Accrued Interest on Notes			110,300.00
			$ 3,307,366.29

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
SOLID WASTE UTILITY FUND

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

	Ref.	December 31, 2017	December 31, 2016
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	F-4	$ 460,428.14	$ 707,551.86
Due from State and Federal Grant Fund	A	24,605.66	
Due from Sewer Utility Operating Fund	E	307,577.71	294,590.25
Due from Water Utility Capital Fund	D	100,000.00	
		892,611.51	1,002,142.11
Receivables and Other Assets With Full Reserves:			
Consumer Accounts Receivable	F-5	136,160.48	139,697.88
Total Operating Fund		1,028,771.99	1,141,839.99
TOTAL ASSETS		$ 1,028,771.99	$ 1,141,839.99
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-4;F-11	$ 116,764.58	$ 113,884.08
Unencumbered	F-4;F-11	45,155.34	124,740.31
		161,919.92	238,624.39
Accounts Payable - Vendors		5,470.00	35,674.99
Reserve for Recycling Tonnage Grant	F-4	28,864.18	
Reserve for Receivables		136,160.48	139,697.88
Fund Balance	F-1	696,357.41	727,842.73
Total Operating Fund		1,028,771.99	1,141,839.99
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 1,028,771.99	$ 1,141,839.99

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 2017	2016
Revenue and Other Income Realized			
Fund Balance Utilized		$ 135,000.00	$ 101,000.00
User Fees		1,647,515.63	1,638,889.77
Miscellaneous Revenue		11,219.03	10,838.11
Recycling Tonnage Grant		24,605.66	22,489.51
Other Credits to Incomes:			
Unexpended Balance of Appropriation Reserves		53,174.36	99,962.19
Total Income		1,871,514.68	1,873,179.58
Expenditures			
Operating		1,707,870.00	1,644,675.00
Capital Improvements		15,000.00	45,000.00
Deferred Charges and Statutory Expenditures		45,130.00	42,325.00
Total Expenditures		1,768,000.00	1,732,000.00
Statutory Excess to Fund Balance		103,514.68	141,179.58
Fund Balance			
Balance January 1		727,842.73	687,663.15
		831,357.41	828,842.73
Decreased by:			
Utilized as Anticipated Revenue		135,000.00	101,000.00
Balance December 31	F	$ 696,357.41	$ 727,842.73

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, 2017

	Anticipated	Realized	Excess or Deficit *
Operating Fund Balance Anticipated	$ 135,000.00	$ 135,000.00	
User Fees	1,600,000.00	1,647,515.63	$ 47,515.63
Miscellaneous Revenue	8,395.00	11,219.03	2,824.03
Recycling Tonnage Grant	24,605.00	24,605.66	0.66
	$ 1,768,000.00	$ 1,818,340.32	$ 50,340.32

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Deposits		$ 1,707.56
Due from Sewer Utility Operating Fund:		
Interest on Delinquent Accounts	$ 9,089.77	
Miscellaneous Solid Waste Fees	421.70	
		9,511.47
		$ 11,219.03

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, 2017

	Ref.	Appropriations Budget	Appropriations Budget After Modification	Expended by Paid or Charged	Expended by Reserved	Unexpended Balances Cancelled
Operating:						
Salaries and Wages		$ 210,170.00	$ 210,170.00	$ 199,747.64	$ 10,422.36	
Other Expenses		1,497,700.00	1,497,700.00	1,463,709.02	33,990.98	
Capital Improvements:						
Capital Outlay		15,000.00	15,000.00	14,258.00	742.00	
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System		20,545.00	20,545.00	20,545.00		
Social Security System (O.A.S.I.)		16,460.00	16,460.00	16,460.00		
Unemployment Compensation Insurance		1,125.00	1,125.00	1,125.00		
Paid Time Off (PTO) Buyback		7,000.00	7,000.00	7,000.00		
		$ 1,768,000.00	$ 1,768,000.00	$ 1,722,844.66	$ 45,155.34	$ -0-
	Ref.				F	
Cash Disbursed				$ 1,606,080.08		
Reserve for Encumbrances	F			116,764.58		
				$ 1,722,844.66		

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
RECREATION UTILITY FUND

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

	Ref.	December 31, 2017	December 31, 2016
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	G-4	$ 116,865.95	$ 116,855.38
Petty Cash			100.00
Due from Current Fund	A	6,366.25	355.00
Due from Recreation Utility Capital Fund	G	2.33	0.74
Total Operating Fund		123,234.53	117,311.12
Deferred Charges:			
Emergency Authorization (40A:4-46)	G-3		18,000.00
Total Operating Fund		123,234.53	135,311.12
Capital Fund:			
Cash and Cash Equivalents	G-4	126,425.25	8,553.66
Fixed Capital	G-8	134,947.08	134,947.08
Fixed Capital Authorized and Uncompleted	G-9	122,052.92	2,052.92
Total Capital Fund		383,425.25	145,553.66
TOTAL ASSETS		$ 506,659.78	$ 280,864.78
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Encumbered	G-3; G-10	$ 10,671.57	$ 1,929.28
Unencumbered	G-3; G-10	42,938.33	12,270.99
		53,609.90	14,200.27
Accounts Payable - Vendors		3,340.25	3,340.25
Reserve for Future Recreation Programs		110.00	110.00
Fund Balance	G-1	66,174.38	117,660.60
Total Operating Fund		123,234.53	135,311.12
Capital Fund:			
Bond Anticipation Notes Payable	G-15	120,000.00	
Improvement Authorizations:			
Unfunded	G-11	23,182.92	2,052.92
Due to General Capital Fund	C	80,000.00	80,000.00
Due to Recreation Utility Operating Fund	G	2.33	0.74
Capital Improvement Fund	G-12	6,500.00	6,500.00
Contracts Payable	G-11	91,200.00	
Reserve for Amortization	G-13	62,000.00	57,000.00
Fund Balance	G-1A	540.00	
Total Capital Fund		383,425.25	145,553.66
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 506,659.78	$ 280,864.78

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 2017	2016
Revenue and Other Income Realized			
Fund Balance Utilized		$ 61,000.00	$ 29,000.00
Recreation User Fees		169,480.20	180,982.59
Recreation Activity Fees		311,930.93	317,146.28
Miscellaneous		851.66	317.85
Other Credits to Incomes:			
Unexpended Balance of Appropriation Reserves		11,730.99	34,561.82
Total Income		554,993.78	562,008.54
Expenditures			
Budget Expenditures:			
Operating		516,505.00	481,620.00
Deferred Charges and Statutory Expenditures		28,495.00	15,380.00
Refund of Prior Year Recreation Revenue		480.00	326.00
Total Expenditures		545,480.00	497,326.00
Excess in Revenue		9,513.78	64,682.54
Adjustments to Income Before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year			18,000.00
Statutory Excess to Fund Balance		9,513.78	82,682.54
Fund Balance			
Balance January 1		117,660.60	63,978.06
		127,174.38	146,660.60
Decreased by:			
Utilized as Anticipated Revenue		61,000.00	29,000.00
Balance December 31	G	$ 66,174.38	$ 117,660.60

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

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Ref.		
Balance December 31, 2016	E	$	-0-
Increased by:			
Bond Anticipation Note Premium			540.00
Balance December 31, 2017	E	$	540.00

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, 2017

	Anticipated	Realized	Excess or Deficit *	
Operating Fund Balance Anticipated	$ 61,000.00	$ 61,000.00		
Recreation User Fees	170,000.00	169,480.20	$ 519.80	*
Recreation Activity Fees	313,900.00	311,930.93	1,969.07	*
Miscellaneous	100.00	851.66	751.66	
	$ 545,000.00	$ 543,262.79	$ (1,737.21)	*

Analysis of Realized Revenue

Miscellaneous:	
Interest on Investments	$ 121.17
Other Miscellaneous	714.00
Due from Recreation Utility Capital Fund:	
Interest on Investments	16.49
	$ 851.66

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, 2017

	Appropriations		Expended by		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balances Cancelled
Operating:					
Salaries and Wages	$ 309,405.00	$ 309,405.00	$ 273,640.56	$ 35,764.44	
Other Expenses (N.J.S.A. 40A:4-48 $18,000)	199,100.00	207,100.00	200,926.11	6,173.89	
Deferred Charges:					
Emergency Authorizations	18,000.00	18,000.00	18,000.00		
Deferred Charges to Future Revenue:					
Ordinance 2003-19	5,000.00	5,000.00	5,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	4,000.00	4,000.00	4,000.00		
Social Security System	9,000.00	1,000.00		1,000.00	
Unemployment Compensation Insurance	495.00	495.00	495.00		
	$ 545,000.00	$ 545,000.00	$ 502,061.67	$ 42,938.33	$ -0-
Ref.				G	

G-3
1 of 2

TOWNSHIP OF PEQUANNOCK
SOLID WASTE OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Ref.	Analysis of Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 545,000.00	
		$ 545,000.00	
Cash Disbursed			$ 474,101.08
Encumbrances Payable	E		10,671.57
Deferred Charge			18,000.00
			502,772.65
Less: Refunded			710.98
			$ 502,061.67

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

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

	December 31, 2017	December 31, 2016
ASSETS		
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
TOTAL ASSETS	$ 38,098,956.00	$ 38,098,956.00
RESERVES		
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, 2017

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the 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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

B. Description of Funds (cont'd)

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

Sewer Utility Operating, Assessment Trust Fund - Account for the operations, resources and expenditures for payment of assessment debt and acquisition of capital facilities of the municipally owned sewer utility.

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, 2017
(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. Fixed assets purchased by the Water, Sewer, and Recreation Utility Capital Funds would be depreciated, investments would generally be stated at fair value 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 may include 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.

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 an expenditure 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, 2017
(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, 2017
(Continued)

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

Summary of Municipal Debt

	December 31, 2017	December 31, 2016	December 31, 2015
Issued:			
General:			
Bonds and Notes	$ 2,500,000.00	$ 1,030,000.00	$ 1,580,000.00
Water Utility:			
Bonds and Notes	6,090,000.00	520,000.00	650,000.00
Sewer Utility:			
Bonds and Notes	23,845,000.00	20,470,000.00	17,183,000.00
Recreation Utility:			
Bonds and Notes	120,000.00		
Total Issued	32,555,000.00	22,020,000.00	19,413,000.00
Less:			
Funds Temporarily Held to Pay Bonds and Notes	2,108,496.46		
Net Debt Issued	30,446,503.54	22,020,000.00	19,413,000.00
Authorized but not Issued:			
General:			
Bonds and Notes	1,264,894.76	2,504,056.00	2,683,056.00
Water Utility:			
Bonds and Notes	3,730,000.00	3,930,000.00	3,947,311.00
Sewer Utility:			
Bonds and Notes	3,350,000.00	1,310,000.00	5,370,000.00
Recreation Utility:			
Bonds and Notes	75,000.00	80,000.00	85,000.00
Total Authorized but not Issued	8,419,894.76	7,824,056.00	12,085,367.00
Net Bonds, Notes and Loans Issued and Authorized but not Issued	$ 38,866,398.30	$ 29,844,056.00	$ 31,498,367.00

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2016	Additions	Defeased/ Retirements	Balance 12/31/2017
Serial Bonds:				
Sewer Utility Capital Fund	$ 4,390,000.00	$ 20,080,000.00	$ 625,000.00	$ 23,845,000.00
Bond Anticipation Notes:				
General Capital Fund	1,030,000.00	2,500,000.00	1,030,000.00	2,500,000.00
Water Utility Capital Fund	520,000.00	6,090,000.00	520,000.00	6,090,000.00
Sewer Utility Capital Fund	16,080,000.00		16,080,000.00	
Recreation Utility Capital Fund		120,000.00		120,000.00
Total	$ 22,020,000.00	$ 28,790,000.00	$ 18,255,000.00	$ 32,555,000.00

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Serial Bonds:				
Sewer Utility Capital Fund	$ 5,083,000.00	3,795,000.00	$ 4,488,000.00	$ 4,390,000.00
Bond Anticipation Notes:				
General Capital Fund	1,580,000.00	$ 1,030,000.00	1,580,000.00	1,030,000.00
Water Utility Capital Fund	650,000.00	520,000.00	650,000.00	520,000.00
Sewer Utility Capital Fund	12,100,000.00	16,080,000.00	12,100,000.00	16,080,000.00
Total	$ 19,413,000.00	$ 21,425,000.00	$ 18,818,000.00	$ 22,020,000.00

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 0.082%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 12,550,000.00	$ 12,550,000.00	
General Debt	3,764,894.76	1,588,246.47	$ 2,176,648.29
Water Utility Debt	9,820,000.00	9,820,000.00	
Sewer Utility Debt	27,195,000.00	27,195,000.00	
Recreation Utility Debt	195,000.00	195,000.00	
	$ 53,524,894.76	$ 51,348,246.47	$ 2,176,648.29

Net Debt $2,176,648.29 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, $2,640,713,454.33. = 0.082%.

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

4% Average Equalized Valuation of Real Property	$ 105,628,538.17
Net Debt	2,176,648.29
Remaining Borrowing Power	$ 103,451,889.88

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		$ 2,592,271.31
Deductions:		
Operating and Maintenance Costs	2,266,492.00	
Debt Service per Water Account	135,508.00	
		2,402,000.00
Excess in Revenue		$ 190,271.31

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

Cash Receipts from Fees, Rents or Other Charges for Year		$ 3,581,201.36
Deductions:		
Operating and Maintenance Costs	$ 2,400,530.00	
Debt Service per Sewer Account	921,470.00	
		3,322,000.00
Excess in Revenue		$ 259,201.36

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

Cash Receipts from Fees, Rents or Other Charges for Year	$ 542,922.79
Deductions:	
Operating and Maintenance Costs	522,000.00
Excess in Revenue	$ 20,922.79

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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2017

Sewer Capital Serial Bonds Payable

Description	Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2017
Sewer Utility Refunding Bonds	2016 Refunding Bonds	10/15/23	3.00%-4.00%	$ 3,765,000.00
Sewer Utility Bonds	Sewer Extension	04/01/40	0.85%-3.50%	20,080,000.00
				$ 23,845,000.00

General Capital Bond Anticipation Notes

Final Maturity	Purpose	Rate	Amount
07/20/18	Flood Elevations	2.25%	$ 2,500,000.00

Water Utility Capital Bond Anticipation Notes

07/20/18	Water Mains/ Tank Construction	2.25%	$ 6,090,000.00

Recreation Capital Bond Anticipation Notes

07/20/18	PV Park Dock and Swim Lanes	2.25%	$ 120,000.00

Total Debt Issued and Outstanding	$ 32,555,000.00

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

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

	Sewer Utility Capital Fund		
Year	Principal	Interest	Total
2018	$ 1,195,000.00	$ 125,600.00	$ 1,320,600.00
2019	1,240,000.00	106,250.00	1,346,250.00
2020	1,280,000.00	87,050.00	1,367,050.00
2021	1,335,000.00	61,850.00	1,396,850.00
2022	1,380,000.00	36,450.00	1,416,450.00
2023-2027	5,835,000.00	2,510,612.50	8,345,612.50
2028-2032	5,500,000.00	1,399,312.50	6,899,312.50
2033-2037	3,600,000.00	716,703.15	4,316,703.15
2038-2040	2,480,000.00	129,578.14	2,609,578.14
	$ 23,845,000.00	$ 5,173,406.29	$ 29,018,406.29

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be $13,822,833 at June 30, 2017. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be $17,276,982 at June 30, 2017. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2017, 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, 2018, are as follows:

Current Fund	$ 2,208,728.00
Water Utility Operating Fund	203,000.00
Sewer Utility Operating Fund	325,000.00
Solid Waste Utility Operating Fund	105,000.00
Recreation Utility Operating Fund	31,000.00

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, 2017, the following deferred charge is shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2017	Required 2018 Budget Appropriation
Current Fund:		
Emergency Authorization	$ 100,000.00	$ 100,000.00

The appropriation in the 2018 budget is 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).

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.nj.gov/treasury/pensions/financial-reports.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:

Tier	Definition
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 $1/55^{th}$ 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 $1/60^{th}$ 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 with 25 or more years of service credit before age 62 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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 $495,922.66 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability was $13,822,833 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the Township's proportion was 0.059%, which was an increase of 0.003% from its proportion measured as of June 30, 2016. For the year ended December 31, 2017, the Township recognized actual pension expense in the amount of $495,922.66.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 (7.00% at June 30, 2017) 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 method 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township'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, 2017 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:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's proportionate share of the Net Pension Liability	$ 17,148,163	$ 13,822,833	$ 11,052,422

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

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.nj.gov/treasury/pensions/financial-reports.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:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	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.

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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed 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. The June 30, 2017 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 State special funding situation pension expense for the fiscal year ended June 30, 2017 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to $896,146 for the year ended December 31, 2017. During the fiscal year ended June 30, 2017, the State of New Jersey contributed $96,767 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of $236,715. 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, 2017
(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, 2017, the Township's liability for its proportionate share of the net pension liability was $17,276,982. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the Township's proportion was 0.111%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is $1,935,168 as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the State's proportion was 0.111%, which was an increase of 0.001% from its proportion measured as of June 30, 2016 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	$	17,276,982
State's Proportionate Share of the Net Pension Liability Associated with the Township		1,935,168
Total Net Pension Liability	$	19,212,150

For the year ended December 31, 2017, the Township recognized total pension expense of $896,146.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.00%

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) 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 method 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.14% as of June 30,2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their 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 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, 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, 2017 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:

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 5: Pension Plans (Cont'd)

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

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 (Cont'd)

	June 30, 2017		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	$ 25,313,589	$ 19,212,150	$ 14,199,123

Plan Fiduciary Net Position - PFRS

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

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 $273,919 at December 31, 2017. This amount is not reported either as an expenditure or a liability. As of December 31, 2017, the Township has a reserve of $333,373.30 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

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 8: Selected Tax Information (Cont'd)

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

	2017	2016	2015
Tax Rate	$ 2.221	$ 2.151	$ 2.141
Apportionment of Tax Rate			
Municipal	.536	.525	.517
County	.277	.274	.268
Local School	1.408	1.352	1.356
Assessed Valuations			
2017	$ 2,435,959,500.00		
2016		$ 2,481,945,300.00	
2015			$ 2,420,691,500.00

Comparison of Tax Levies and Collection Currently

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

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2017	$ 54,654,340.49	$ 54,350,338.96	99.44%
2016	53,473,395.79	51,954,962.47	97.16%
2015	51,926,230.40	51,594,214.06	99.36%

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. 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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

GASB 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 and on the following page.

Custodial Credit Risk – The Township's policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

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:

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;

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

Investments: (Cont'd)

(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, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2017, cash and cash equivalents of the Township of Pequannock consisted of the following:

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

Fund	Cash on Hand	Checking Accounts	Totals
Current	$ 360.00	$ 10,141,384.49	$ 10,141,744.49
Federal and State Grant		131,199.63	131,199.63
Animal Control		13,530.67	13,530.67
Other Trust		2,131,270.84	2,131,270.84
Open Space Trust		73,081.43	73,081.43
General Capital		3,458,930.50	3,458,930.50
Water Utility Operating	60.00	435,773.81	435,833.81
Water Utility Capital		3,130,589.40	3,130,589.40
Sewer Utility Operating		798,500.91	798,500.91
Sewer Utility Assessment		365,517.78	365,517.78
Sewer Utility Capital		4,264,368.02	4,264,368.02
Solid Waste Utility Operating		460,428.14	460,428.14
Recreation Utility Operating		116,865.95	116,865.95
Recreation Utility Capial		126,425.25	126,425.25
	$ 420.00	$ 25,647,866.82	$ 25,648,286.82

The Township did not hold any investments during the year ended December 31, 2017. The carrying amount of the Township of Pequannock's cash and cash equivalents at December 31, 2017, was $25,648,286.82 and the bank balance was $25,715,043.51.

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.

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

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 10: Risk Management (Cont'd)

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-six 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 six 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.

The December 31, 2017 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2016 is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	$ 27,753,863
Net Position	$ 12,178,035
Total Revenue	$ 19,261,910
Total Expenses	$ 15,715,706
Change in Net Position	$ 3,546,204
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

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 table on the following page is a summary of the interest earned and the ending balance of the Township's expendable trust fund for the current and prior two years.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 10: Risk Management (Cont'd)

Fiscal Year	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2017		$ 27,075.85	$ 116.22	$ 41,046.70	$111,704.60
2016	$ 19,269.00	20,145.21	114.25	15,103.25	125,559.23
2015	21,431.00	21,098.64	163.55	26,823.89	101,134.02

Note 11: Contingent Liabilities

The Township is periodically involved in various 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, 2017.

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 $2,834,581.16 which it believes is sufficient to provide for this contingency as of December 31, 2017.

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund	$ 7,871.01	$ 105,394.51
Federal and State Grant Fund	8,373.16	24,605.66
Animal Control Fund	30.00	
Other Trust Funds	40,312.85	
General Capital Fund	80,000.00	7,871.01
Water Utility Operating Fund	133,378.42	
Water Utility Capital Fund		113,111.23
Sewer Utility Operating Fund	504,618.00	427,844.90
Sewer Utility Assessment Fund	14,374.29	26.38
Sewer Utility Capital Fund		468,653.66
Solid Waste Utility Operating Fund	432,183.37	
Recreation Utility Operating Fund	6,368.58	
Recreation Utility Capital Fund		80,002.33
	$ 1,227,509.68	$ 1,227,509.68

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 12: Interfund Receivables and Payables (Cont'd)

The interfund receivable in the Current Fund is comprised of interest earned in the General Capital, Other Trust and Animal Control Funds as well as the cancellation of older grant funds in the Federal and State Grant 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, grant money due from Federal and State Grant Fund and prior year interfind balances not turned over as of December 31, 2017. The interfund between the Recreation Utility 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 is a prior year interfund not 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, permit 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.

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 2017 Open Space tax levy is $147,648.65 and the 2017 Open Space tax rate is $0.006. The balance in the Reserve for Open Space at December 31, 2017 is $73,087.91.

Note 16: Post-Retirement Benefits

Plan Description

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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

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's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. During 2017, the Township had approximately 19 employees who met eligibility requirements and recognized expenses of approximately $584,969.

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.

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.

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

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

Actuarial Methods and Assumptions (Cont'd)

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.

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 2017 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 6.0% and decreases by 0.1% per annum, leveling at 5.0% per annum in 2027. For drug benefits, the initial rate utilized is 11.0% and decreases by .5% per annum to 2021 and 1% per annum thereafter leveling at 5% per annum in 2027.

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, 2015, 2016 and 2017:

Benefit Obligations and Normal Cost

	Valuation December 31,		
	2015	2016	2017
Actuarial accrued liability (AAL)	N/A	N/A	$ 21,565,597
Unfunded actuarial accrued liability (UAAL)	N/A	N/A	21,565,597
Normal cost at beginning of year	N/A	N/A	660,325
Amortization factor based on 30 years	N/A	N/A	718,853
Annual covered payroll	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A

For drug benefits, the initial rate utilized is 11.0% and decreases by .5% per annum to 2021 and 1% per annum thereafter leveling at 5% pre annum in 2027.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(Continued)

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

Level Dollar Amortization
Calculation of ARC under Projected Unit Credit Cost Method

	Valuation December 31,		
	2015	2016	2017
ARC normal cost with interest to end of year	N/A	N/A	$ 660,325
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	N/A	N/A	718,853
Annual Required Contribution (ARC)	$ 1,395,506	$ 1,300,108	1,379,178
Interest on net OPEB obligation	717,221	791,246	861,083
Adjustment to ARC	-0-	-0-	-0-
Annual OPEB cost (expense)	2,112,727	2,091,354	2,240,261
Pay as you go benefits	(441,500)	(493,900)	(584,969)
Net OPEB expense at December 31,:			
2015, 2016 and 2017, respectively	1,671,227	1,597,454	1,655,292
Prior year	16,158,979	17,830,206	19,427,660
Net OPEB obligation December 31,:			
2015, 2016 and 2017, respectively	$ 17,830,206	$ 19,427,660	$ 21,082,952
Unfunded actuarial accrued liability (December 31, 2017)			$ 21,565,597
Projected unfunded actuarial accrued liability (December 31, 2017)			$ 21,565,597

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.

Note 17: Tax Abatements

The Township implemented Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatements*, which requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Note 17: Tax Abatements (Cont'd)

As of December 31, 2017, the Township provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Township pursuant to the authority contained in Section 18 of the Limited Dividend Law (N.J.SA. 55:16-18), Section 30 of the HFA Law (N.J.S.A. 55:14J-30) and a resolution of the Mayor and Township Council and with the approval of the New Jersey Housing Finance Agency (NJHFA) as provided under Section 30(b) of the NJHFA law. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Township an annual service charge for municipal services in an amount not exceeding the tax on the property on which the abatement is received. The tax abatement per the agreement became effective upon the date that a first mortgage upon the development is first executed and shall continue for a period of not more than fifty years therefrom nor less than the term of the related NJHFA mortgage. The annual service charge made by the nonprofit housing corporation will be in an amount not exceeding 6.28% of the annual gross revenues of the housing development as detailed in the tax abatement agreement. In the event that a breach of the agreement by either the Township or the nonprofit housing corporation or a dispute arises between the two parties either party may apply to the Superior Court, Chancery Division to settle and resolve said dispute in such fashion to accomplish the purposes of the Limited-Dividend Laws and the HFA Law.

The Township recognized revenue in the amount of $100,033 from this annual service charge or payment in lieu of taxes which is recorded as revenue in the Current Fund. The taxes which would have been paid on this property for 2017 without the abatement would have been $208,414.05 of which $50,547.48 would have been for the local municipal tax, minimum library tax and municipal open space tax.

TOWNSHIP OF PEQUANNOCK

SUPPLEMENTARY DATA

TOWNSHIP OF PEQUANNOCK
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2017

Name	Title	Amount of Bond	Name of Corporate Surety
Melissa Florance-Lynch	Mayor		
Catherine Winterfield	Deputy Mayor		
Richard Phelan	Council Member		
Joel D. Vanderhoff	Council Member		
David Kohle	Council Member		
David Hollberg	Township Manger	**	MCM/MEL JIF
	Chief Financial Officer	**	MCM/MEL JIF
Carol Marsh	Township Clerk	**	MCM/MEL JIF
Lorraine Tarnogursky	Tax Collector	**	MCM/MEL JIF
Hollis J. Lyon	QPA / Treasurer	**	MCM/MEL JIF
Anders Hassler	Utility Accounts Clerk	**	MCM/MEL JIF
Linda Zacharenko	Planning Board Secretary	**	MCM/MEL JIF
Robert Oostdyk	Township Attorney		
John A. Paparazzo	Municipal Magistrate	**	MCM/MEL JIF
Shelly Gallagher	Court Administrator	**	MCM/MEL JIF
Brian C. Spring	Police Chief	**	MCM/MEL JIF
Peter Correale	Health Officer/ Registrar	**	MCM/MEL JIF
Jean McCrystal	Payroll Clerk		

** 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
	$ 1,000,000

All bonds were examined and were properly executed.

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
CURRENT FUND

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2016	A		$ 6,464,249.38
Increased by Receipts:			
Tax Collector		$ 57,380,983.32	
Petty Cash		7.73	
Miscellaneous Revenue Not Anticipated		712,320.34	
Revenue Accounts Receivable		3,074,426.71	
Due From State of New Jersey -			
Senior Citizens' and Veterans' Deductions		129,726.71	
Appropriation Refunds		190,425.44	
Due Federal and State Grant Fund		8,370.99	
Due Animal Control Fund		31.47	
Due Other Trust Funds		185,700.00	
Due Open Space Trust Fund		385,513.08	
Due General Capital Fund		82.40	
Due Sewer Utility Operating Fund		138,582.76	
Due Sewer Utility Capital Fund		18,500.00	
Due Sewer Utility Assessment Trust		281,986.22	
Due Solid Waste Utility Operating Fund		86,530.00	
Due Water Utility Operating Fund		128,825.00	
Due Recreation Utility Operating Fund		6,011.25	
Due Claims Fund		539.27	
Due to Pequannock Public Library		525,001.40	
Due to State of New Jersey:			
Building Surcharge Fees		24,597.00	
Marriage License Fees		1,740.00	
			63,279,901.09
			69,744,150.47

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

	Ref.		
Decreased by Disbursements:			
2017 Appropriations		$ 15,531,892.98	
2016 Appropriation Reserves		447,795.75	
Petty Cash		7.73	
County Taxes		6,744,805.08	
Local School District Taxes		34,286,332.00	
Tax Overpayments Refunded		10,628.86	
Accounts Payable		20,268.38	
Reserve for Pending Tax Appeals		12,316.25	
Third Party Tax Title Lien Redemptions		411,114.65	
Due to State of New Jersey:			
Building Surcharge Fees		28,508.00	
Marriage License Fees		1,595.00	
Due Federal and State Grant Fund		54,763.17	
Due Other Trust Funds		342,556.87	
Due General Capital Fund		7,871.01	
Due to Open Space Trust Fund		522,648.65	
Due Water Utility Operating Fund		128,825.00	
Due Sewer Utility Operating Fund		87,865.00	
Due Sewer Utility Capital Fund		18,500.00	
Due Sewer Utility Assessment Trust		273,290.14	
Due Solid Waste Utility Operating Fund		86,530.00	
Due Public Health Utility		25,093.03	
Due Claims Fund		539.27	
Due to Public Library		557,303.66	
Refund of Prior Year Revenue		753.41	
Refund of Miscellaneous Revenue		962.09	
			$ 59,602,765.98
Balance December 31, 2017	A		$ 10,141,384.49

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2017

Increased by Receipts:	
Interest and Costs on Taxes	$ 71,666.03
Taxes Receivable	54,377,707.86
Tax Search Fees and Other Fees	1,160.00
2018 Prepaid Taxes	2,295,864.82
Tax Overpayments	24,609.76
Tax Sale Premiums	185,700.00
Third-Party Lien Redemptions	415,281.46
Miscellaneous	8,993.39
	57,380,983.32
Decreased by:	
Amount Turned Over to Treasurer	$ 57,380,983.32

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS

	Ref.		
Balance December 31, 2016	A		$ 51,347.55
Increased by Receipts:			
Grant Funds Received		$ 240,019.15	
Unappropriated Grant Reserves		81,639.00	
Refund		95.76	
			321,753.91
			373,101.46
Decreased by Disbursements:			
Appropriated Grant Reserve Expenditures		216,603.79	
Due to Current Fund		8,370.99	
Due to General Capital Fund		16,927.05	
			241,901.83
Balance December 31, 2017	A		$ 131,199.63

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

Year	Balance Dec. 31, 2016	Added Taxes	2017 Levy	Collections 2016	Collections 2017	Tax Overpayments Applied	Senior Citizen & Veteran Deductions	Taxes Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2017
2016	$ 1,498,589.67	$ 129,389.71			$ 337,320.39		$ (3,067.81)	$ 8,936.82	$ 1,293.66	$ 1,283,496.32
	1,498,589.67	129,389.71			337,320.39		(3,067.81)	8,936.82	1,293.66	1,283,496.32
2017			$ 54,654,340.49	$ 166,629.76	54,040,387.47	$ 12,471.04	130,850.69	44,309.82	1,925.61	257,766.10
Total	$ 1,498,589.67	$ 129,389.71	$ 54,654,340.49	$ 166,629.76	$ 54,377,707.86	$ 12,471.04	$ 127,782.88	$ 53,246.64	$ 3,219.27	$ 1,541,262.42
Ref.	A									A

Analysis of 2017 Property Tax Levy

Tax Yield:		
General Purpose Tax		$ 54,102,665.77
Added, Omitted and Rollback Taxes		551,674.72
		$ 54,654,340.49
Tax Levy:		
Local School District Taxes		$ 34,282,339.00
County Taxes	$ 6,503,520.82	
County Open Space Taxes	228,049.70	
County Added & Omitted Taxes	68,824.46	
		6,800,394.98
Local Taxes for Open Space - Due Other Trust Funds		147,648.65
		41,230,382.63
Local Tax for Municipal Purposes	12,049,054.24	
Minimum Library Tax	887,471.77	
Add: Additional Tax Levied	487,431.85	
		13,423,957.86
		$ 54,654,340.49

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	Ref.		
Balance December 31, 2016	A		$ -0-
Increased by:			
Transfer from Taxes Receivable		$ 3,219.27	
Interest and Costs on Tax Sale		1,008.71	
			4,227.98
			4,227.98
Balance December 31, 2017	A		$ 4,227.98

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2016	Accrued In 2017	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2017
Clerk:					
Licenses:					
Alcoholic Beverage		$ 23,550.00		$ 23,550.00	
Other		3,360.00		3,360.00	
Fees and Permits		2,478.05		2,478.05	
Board of Health:					
Other Licenses		33,728.20		33,728.20	
Fees and Permits		74,519.00		74,519.00	
Planning and Zoning:					
Fees and Permits		15,861.02		15,861.02	
Fair Housing:					
Fees and Permits		600.00		600.00	
Municipal Court:					
Fines and Costs	$ 19,928.47	247,308.14		251,220.18	$ 16,016.43
Interest and Costs on Taxes		71,666.03	$ 71,666.03		
Interest on Investments and Deposits		29,844.51		29,844.51	
Cable Television Franchise Fee		74,249.00		74,249.00	
Senior Citizen House (PILOT)		100,033.00		100,033.00	
Consolidated Municipal Property Tax Relief Aid		16,112.00		16,112.00	
Energy Receipts Tax		1,198,261.00		1,198,261.00	
Uniform Construction Code Official		343,154.29		343,154.29	
Contracts for Purchasing Agent (QPA):					
Borough of Kinnelon	1,000.00				1,000.00
Borough of Bloomingdale	2,000.00				2,000.00

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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2016	Accrued In 2017	Collected by Collector	Collected by Treasurer	Balance Dec. 31, 2017
Contracts for Dial-A-Ride:					
Borough of Butler		$ 65,436.00		$ 65,436.00	
Borough of Kinnelon	$ 21,801.75	88,949.00		110,750.75	
Borough of Lincoln Park	89,530.00	91,319.00		91,319.00	$ 89,530.00
Borough of Riverdale		30,891.00		30,891.00	
Health Service Contract:					
Borough of Kinnelon		123,941.28		123,941.28	
Borough of Bloomingdale		43,043.00		32,282.43	10,760.57
Borough of Riverdale		92,593.16		92,593.16	
Borough of Florham Park		141,453.68		141,453.68	
Field Maintenance Contract		57,999.00		57,999.00	
County Road Plowing and Salting -Morris County	2,900.00	21,120.00		14,450.00	9,570.00
Uniform Fire Code Fees		34,431.00		34,431.00	
Uniform Fire Safety Act		21,415.23		21,415.23	
Public Defender Fees		9,300.00		9,300.00	
Vehicle Maintenance- Board of Education		15,000.00			15,000.00
Hotel Occupancy Tax		81,193.93		81,193.93	
	$ 137,160.22	$ 3,152,809.52	$ 71,666.03	$ 3,074,426.71	$ 143,877.00
Ref.	A				

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

	Balance Dec. 31, 2016	Budget Revenue Realized	Received	Transfer from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2017
Municipal Alliance on Alcohol and Drug Abuse:						
State Share						
2014	$ 7,952.21				$ 7,952.21	
2015	800.27				800.27	
2016	5,355.76					$ 5,355.76
2017		$ 14,682.00	$ 14,655.17			26.83
Municipal Alcohol Education & Rehabilitation Program		1,027.00		$ 1,027.00		
Drunk Driving Enforcement Funds		5,997.00		5,997.00		
NJ Body Armor Replacement Fund		2,986.00		2,986.00		
Clean Communities		39,327.00		39,327.00		
Cable Franchise - Equipment Grant		2,450.00		2,450.00		
Recycling Tonnage Grant 2007	1.00					1.00
NJ Senior Citizen & Disabled Residents Transportation Assistance - 2016	48,825.56		48,825.56			
NJ Senior Citizen & Disabled Residents Transportation Assistance - 2017		122,658.00	48,832.44			73,825.56
Body Armor Replacement Funds	6,780.00					6,780.00
Green Communities Grant	2,000.00					2,000.00
NJ Department of Environmental Protection - Recreational Trails Grant	10,412.26		8,455.98			1,956.28
NJ Department of Environmental Protection - Forestry Management Grant	20,000.00		20,000.00			
NJ Highlands Grant - Initial Assessment	15,000.00					15,000.00
NJ Highlands Grant - Plan Conformance	5,295.56					5,295.56
Morris County Historic Preservation Trust - PP Rail Station	24,186.00	65,000.00	13,000.00			76,186.00
NJ Department of Transportation:						
Transportation Trust Fund (Sunset Road) 2014	41,250.00		41,250.00			
Transportation Trust Fund (Sunset Sidewalks) 2015	45,000.00		45,000.00			
Transportation Trust Fund (Mountain Ave I) 2016		189,750.00				189,750.00
Transportation Trust Fund (Mountain Ave II) 2017		175,000.00				175,000.00
NJ Division of Highway Traffic Safety - Drive Sober or Get Pulled Over	2,707.20					2,707.20
NACCHO - Grant		1,500.00		1,500.00		
AHS Mental Health First Responders		9,805.50		9,805.50		
	$ 235,565.82	$ 630,182.50	$ 240,019.15	$ 63,092.50	$ 8,752.48	$ 553,884.19
Ref.	A					A

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
General Government:				
Township Clerk:				
Salaries and Wages	$ 8,907.60	$ 8,907.60		$ 8,907.60
Other Expenses	8,299.63	8,299.63	$ 2,797.47	5,502.16
Mayor and Council:				
Other Expenses	3,958.24	3,958.24	521.67	3,436.57
Manager's Office:				
Salaries and Wages	4,679.76	4,679.76		4,679.76
Other Expenses	2,422.29	2,422.29		2,422.29
Legal Services and Costs:				
Other Expenses	11,154.89	11,154.89	6,176.75	4,978.14
Municipal Prosecutor :				
Salaries and Wages	734.08	734.08		734.08
Financial Administration (Treasury):				
Salaries and Wages	14,906.98	14,906.98		14,906.98
Other Expenses	3,906.32	3,906.32		3,906.32
Municipal Court:				
Salaries and Wages	8,009.68	8,009.68		8,009.68
Other Expenses	3,257.22	3,257.22	332.40	2,924.82
Audit Services:				
Other Expenses	17,250.00	17,250.00	17,250.00	
Data Processing	35,864.21	35,864.21	255.74	35,608.47
Revenue Administration (Tax Collection):				
Salaries and Wages	16,335.33	16,335.33		16,335.33
Other Expenses	3,204.76	3,204.76	10.99	3,193.77
Tax Assessment Administration:				
Salaries and Wages	540.75	540.75		540.75
Other Expenses	4,255.30	4,255.30	1,397.48	2,857.82
Teen Advisory Committee				
Other Expenses	1,000.00	1,000.00		1,000.00
Engineering Services:				
Salaries and Wages	16,319.10	16,319.10		16,319.10
Other Expenses	8,971.25	8,971.25	4,039.49	4,931.76
Environmental Committee:				
Other Expenses	640.00	640.00		640.00
Public Defender:				
Other Expenses	138.69	138.69		138.69

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
General Government:				
Historic Preservation:				
Other Expenses	$ 738.00	$ 738.00		$ 738.00
PV Mental Health Center Contribution	100.00	100.00		100.00
Planning Board:				
Salaries and Wages	15,736.13	15,736.13		15,736.13
Other Expenses	34,177.46	34,177.46	$ 13,401.03	20,776.43
Zoning Board of Adjustment:				
Salaries and Wages	780.00	780.00		780.00
Other Expenses	7,761.05	7,761.05	3,359.50	4,401.55
Senior Citizen Advisory Committee:				
Other Expenses	2,000.00	2,000.00		2,000.00
Police:				
Salaries & Wages	52,231.83	52,231.83		52,231.83
Other Expenses	14,419.10	14,419.10	12,122.74	2,296.36
Community Service Act:				
Other Expenses	22,000.00	22,000.00	11,968.13	10,031.87
Emergency Management:				
Salaries & Wages	2,860.60	2,860.60		2,860.60
Other Expenses	5,431.83	5,431.83	5,335.50	96.33
Aid to Volunteer Fire Companies				
Aid to Volunteer Rescue Squad	25,000.00	25,000.00	2,500.00	22,500.00
Fire Department:				
Clothing Allowance	14,517.52	14,517.52	4,530.00	9,987.52
Other Expenses	8,662.02	8,662.02	1,364.61	7,297.41
Office of Fire & Safety:				
Salaries & Wages	887.73	887.73		887.73
Other Expenses	18,097.20	18,097.20	17,591.00	506.20
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	17,444.46	17,444.46	10,975.00	6,469.46
Economic Development Committe:				
Other Expense	2,362.81	2,362.81	30.00	2,332.81

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
General Government:				
Public Building & Grounds:				
Salaries & Wages	$ 33,812.91	$ 33,812.91		$ 33,812.91
Other Expenses	16,597.42	16,597.42	$ 14,149.21	2,448.21
Road Repairs & Maintenance:				
Salaries and Wages	26,119.06	26,119.06		26,119.06
Other Expenses	59,476.84	59,476.84	30,116.05	29,360.79
Vehicle Maintenance:				
Salaries and Wages	2,289.26	2,289.26		2,289.26
Other Expenses	18,844.89	18,844.89	16,011.77	2,833.12
Flood Advisory Committee	1,993.06	1,993.06		1,993.06
Board of Health:				
Salaries & Wages	17,881.73	17,881.73		17,881.73
Other Expenses	7,936.69	7,936.69	1,655.11	6,281.58
Parks & Playgrounds:				
Salaries & Wages	66,113.94	66,113.94		66,113.94
Other Expenses	28,363.60	28,363.60	20,683.84	7,679.76
Recreation:				
Salaries & Wages	21,424.11	21,424.11		21,424.11
Other Expenses	13,107.77	13,107.77	6,410.25	6,697.52
Dial-a-Ride Program:				
Salaries & Wages	602.82	602.82		602.82
Other Expenses	21,920.17	21,920.17	21,589.68	330.49
Celebration of Public Events:				0.00
Other Expenses	3,428.41	3,428.41	778.55	2,649.86
Insurance:				
General Liability	37,510.37	37,510.37	37,000.00	510.37
Employee Group Health	115,519.26	115,519.26	100,000.00	15,519.26
State Uniform Construction Code:				
Salaries and Wages	37,140.90	37,140.90		37,140.90
Other Expenses	6,664.82	6,664.82	1,000.75	5,664.07

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017
(Continued)

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Utility Expenses:				
Electricity	$ 40,463.02	$ 40,463.02	$ 37,877.00	$ 2,586.02
Telephone	18,414.69	18,414.69	2,180.27	16,234.42
Water	601.92	601.92		601.92
Natural Gas	23,723.18	23,723.18	16,682.01	7,041.17
Street Lighting	51,841.22	51,841.22	9,699.62	42,141.60
Gasoline	84,188.06	84,188.06	15,561.14	68,626.92
Accumulated Leave	314.91	314.91		314.91
Public Employees' Retirement System	163.59	163.59		163.59
Social Security	25,805.28	25,805.28		25,805.28
Police Dispatch/911-Salaries & Wages	3,286.69	3,286.69		3,286.69
Fair Housing Committee:				
Salaries and Wages	2,304.96	2,304.96		2,304.96
Other Expenses	2,059.83	2,059.83	441.00	1,618.83
Shared QPA Services Agreement				
Salaries and Wages	2,000.00	2,000.00		2,000.00
	$ 1,212,879.20	$ 1,212,879.20	$ 447,795.75	$ 765,083.45

Balance December 31, 2016:

	Ref.	
Unencumbered	A	$ 1,080,171.91
Encumbered	A	132,707.29
		$ 1,212,879.20

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

	Ref.		
Balance December 31, 2016	A	$	226,092.00
Increased by:			
Levy - Calendar Year 2017			34,282,339.00
			34,508,431.00
Decreased by:			
Payments to Board of Education			34,286,332.00
Balance December 31, 2017	A	$	222,099.00

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

	Balance Dec. 31, 2016	Transfer from Current Fund Budget	Expended	Encumbered	Adjustments/ Cancelled	Balance Dec. 31, 2017
Municipal Alcohol Education & Rehabilitation Grant - 2012	$ 167.00		$ 167.00			
Municipal Alcohol Education & Rehabilitation Grant - 2016	1,297.00		671.00			$ 626.00
Municipal Alcohol Education & Rehab Grant - 2017		$ 1,027.00				1,027.00
Clean Communities Grant - 2011	450.00		450.00			
Clean Communities Grant - 2014	9,907.15		9,907.15			
Clean Communities Grant - 2015	28,211.00		26,478.45	$ 1,732.55		
Clean Communities Grant - 2016	34,362.00		14,848.35			19,513.65
Clean Communities Grant - 2017		39,327.00				39,327.00
Municipal Drug Alliance - 2010 - Match	1,057.89				$ 1,057.89	
Municipal Drug Alliance - 2011	510.78				510.78	
Municipal Drug Alliance - 2011 - Match	201.79				201.79	
Municipal Drug Alliance - 2012- Match	201.94				201.94	
Municipal Drug Alliance - 2015	4,761.76		1,098.22		3,663.54	
Municipal Drug Alliance - 2015 - Supplement	419.92		419.92			
Municipal Drug Alliance - 2015 - Match	2,356.86		2,356.86			
Municipal Drug Alliance - 2016	3,945.68		3,945.68			
Municipal Drug Alliance - 2016 - Match	986.92		986.92			
Municipal Drug Alliance - 2017		12,182.00	11,364.01			817.99
Municipal Drug Alliance - 2017 - Supplement		2,500.00	2,500.00			
Municipal Drug Alliance - 2017 - Match		4,296.00	3,477.68			818.32
NACCHO - Grant		1,500.00				1,500.00
NJ Senior Citizen and Disabled Residents Transportation Assistance Act - 2017		122,658.00	122,658.00			
NJ Senior Citizen and Disabled Residents Transportation Assistance Act - 2010	1,267.00					1,267.00
NJ Highlands Protection Grant - Initial Assessment	15,000.00					15,000.00
NJ Highlands Protection Grant - Plan Performance	2,435.84					2,435.84
NJ Body Armor Funds - 2009	18.00				18.00	
NJ Body Armor Funds - 2015	0.01				0.01	
NJ Body Armor Funds - 2016	3,111.00		2,765.85		(18.01)	363.16
NJ Body Armor Funds - 2017		2,986.00				2,986.00

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

	Balance Dec. 31, 2016	Transfer from Current Fund Budget	Expended	Encumbered	Adjustments/ Cancelled	Balance Dec. 31, 2017
NJ Department of Transportation:						
Transportation Trust Fund (Mountain Ave) 2016		$ 189,750.00				$ 189,750.00
Transportation Trust Fund (Mountain Ave) 2017		175,000.00				175,000.00
NJ Department of Environmental Protection:						
Desnagging - Administration	$ 3,000.00					3,000.00
River Desnagging Grant	28,289.55					28,289.55
Mayor's Wellness Campaign - 2014	1,000.00					1,000.00
Mayor's Wellness Campaign - 2016	2,000.00					2,000.00
Cablevision - Public Access Equipment Grant	4,900.00					4,900.00
Cablevision - Public Access Equipment Grant		2,450.00				2,450.00
AHS-Mental Health First Responders		9,805.50	$ 2,946.50			6,859.00
Morris County Historic Preservation-MB House		65,000.00				65,000.00
Recycling Tonnage Grant - 2011	9,678.87		6,800.00	$ 2,878.87		
Recreation Trail Program	2,860.39		1,759.10			1,101.29
Recreation Trail Program - 2016	11,246.50		7,685.51	2,500.00		1,060.99
Recreation Trail Program Local - 2016	3,582.00					3,582.00
NJ Forestry Management Grant	3,000.00					3,000.00
NJ Forestry Management Grant	6,545.00		6,545.00			
NJ Forestry Management Grant - Local	10,000.00		10,000.00			
NJ Forestry Management Grant - 2016	2,000.00		2,000.00			
Smart Growth Planning - Match	750.00					750.00
Tobacco Age of Sale Enforcement Program Enforcement - 2012	207.00					207.00
Tobacco Age of Sale Enforcement Program Enforcement - 2011	811.70					811.70
Tobacco Age of Sale Enforcement Program Enforcement - 2010	2,820.00					2,820.00
Tobacco Age of Sale Enforcement Program Enforcement - 2009	2,498.32					2,498.32

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

	Ref.	Balance Dec. 31, 2016	Transfer from Current Fund Budget	Expended	Encumbered	Adjustments/ Cancelled	Balance Dec. 31, 2017
Stormwater Management		$ 1,912.00					$ 1,912.00
Drunk Driving Enforcement - 2008		5,534.19		$ 5,534.19			
Drunk Driving Enforcement - 2014		16,671.73		16,671.73			
Drunk Driving Enforcement - 2015		14,452.00		7,234.08			7,217.92
Drunk Driving Enforcement - 2016		6,986.00					6,986.00
Drunk Driving Enforcement - 2017			$ 5,997.00				5,997.00
NJ Div of Highway Traffic Safety - Drive Sober or Get Pulled Over		5,000.00					5,000.00
DHTS - Over the Limit, Under Arrest		8,035.00					8,035.00
New Jersey League of Municipalities Education Foundation		98.47					98.47
New Jersey League of Municipalities Education Foundation		1,000.00					1,000.00
		$ 265,548.26	$ 634,478.50	$ 271,271.20	$ 7,111.42	$ 5,635.94	$ 616,008.20
	Ref.	A			A		A
Unencumbered	A	$ 216,458.26					
Encumbered	A	49,090.00					
		$ 265,548.26					
Federal and State Grant Funds			$ 630,182.50				
Local Matching Funds			4,296.00				
			$ 634,478.50				
Cash Disbursed				$ 216,603.79			
Due from Current Fund				54,763.17			
Refunded				(95.76)			
				$ 271,271.20			

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

	Balance Dec. 31, 2016	Cash Received	Transferred to Budget Revenue	Due to Solid Waste Utility Operating Fund	Balance Dec. 31, 2017
Municipal Alcohol Education & Rehabilitation Program	$ 1,027.88	$ 64.34	$ 1,027.00		$ 65.22
Drunk Driving Enforcement Funds	5,997.83	5,750.95	5,997.00		5,751.78
NJ Body Armor Replacement Fund	2,986.95	3,231.73	2,986.00		3,232.68
Clean Communities	39,327.46	33,410.82	39,327.00		33,411.28
NJ Highway Safety - Police	0.74				0.74
AHS- Mental Health- First Responders		9,805.50	9,805.50		
NACCHO		2,320.00	1,500.00		820.00
Recycling Tonnage		24,605.66		$ 24,605.66	
Cable Franchise - Equipment Grant	2,450.00	2,450.00	2,450.00		2,450.00
	$ 51,790.86	$ 81,639.00	$ 63,092.50	$ 24,605.66	$ 45,731.70
Ref.	A				A

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TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Fund		Other Trust Funds	
Balance December 31, 2016	B		$ 20,467.97		$2,345,315.52
Increased by Receipts:					
Animal Control Collector		$ 27,809.60			
Cat License Fees		6,909.00			
Late and Replacement Fees		1,670.00			
State Registration Fees		1,964.40			
Prepaid License Fees:					
Dog License Fees		8,715.20			
Cat License Fees		2,137.00			
State Registration Fees		547.80			
Donations/Other		10,707.61			
Interest Earned		22.72			
Developers Deposits - Escrow				$ 69,481.84	
Animal Shelter				33,667.00	
Developers Deposits - Affordable Housing				77.97	
Fire Safety				15.55	
Flexible Spending -Payroll Section 125 Trust				11,314.94	
Unemployment Compensation Insurance				27,192.07	
Due to Interlocal Towns -Health Utility				65,400.00	
Due to Current Fund				4,346.15	
Reserve for Youth Development				19.93	
Reserve for Refundable Permits				2,900.00	
Reserve for Group Health Insurance				2,892,013.38	
Reserve for Parking Offenses Adjudication Act				8.00	
Reserve for Premium on Tax Sale				185,700.00	
Reserve for Public Defender				18,389.50	
Reserve for Accrued Leave				308.78	
Reserve for Sewer Line				97.54	
Reserve for Storm Recovery				38,493.44	
Reserve for Insurance Refunds				54,025.61	
Reserve for Dial a Ride (D.A.R. Bequests)				22.94	
			60,483.33		3,403,474.64
			80,951.30		5,748,790.16

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Fund		Other Trust Funds	
Decreased by Disbursements:					
Animal Control Expenditures		$ 64,763.24			
Due State of New Jersey		2,603.20			
Due Current Fund		54.19		$ 8,096.25	
Developers Deposits - Escrow				58,684.99	
Flexible Spending -Payroll Section 125 Trust				12,721.27	
Unemployment Compensation Insurance				41,046.70	
Due to Interlocal Towns - Health Utility				74,475.00	
Reserve for Refundable Permits				3,655.00	
Reserve for Group Health Insurance				2,948,698.07	
Reserve for Premium on Tax Sale				423,600.00	
Reserve for Public Defender				10,650.00	
Reserve for Accrued Leave				7,487.26	
Reserve for Insurance Refunds				28,404.78	
			$ 67,420.63		$3,617,519.32
Balance December 31, 2017	B		$ 13,530.67		$2,131,270.84

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Open Space Trust Fund	
Balance December 31, 2016	B		$ 161,548.83
Increased by Receipts:			
Interest Earned		$ 85.90	
Due Current Fund		522,648.65	
			522,734.55
			684,283.38
Decreased by Disbursements:			
Due Current Fund		533,161.73	
Open Space Trust Reserve Expenditures		78,040.22	
			611,201.95
Balance December 31, 2017	B		$ 73,081.43

TOWNSHIP OF PEQUANNOCK
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

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

	Ref.		
Balance December 31, 2016	B		$ 7,513.50
Increased by:			
Dog License Fees Collected		$ 27,809.60	
Cat License Fees Collected		6,909.00	
Prior Year Prepaid Licenses:			
Dog License Fees Collected		10,067.20	
Cat License Fees Collected		2,247.00	
Late and Replacement Fees		1,670.00	
Donations/Other		10,707.61	
			59,410.41
			66,923.91
Decreased by:			
Expenditures Under R.S. 4:19-15.11			64,763.24
Balance December 31, 2017	B		$ 2,160.67

License Fees Collected

Year	Amount
2015	$ 27,976.00
2016	28,210.60
Maximum Allowable Reserve	$ 56,186.60

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
GENERAL CAPITAL FUND

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	Ref.		
Balance December 31, 2016	C		$ 717,749.02
Increased by Receipts:			
Current Fund Appropriations:			
Capital Improvement Fund		$ 675,000.00	
Deferred Charges to Future Taxation Unfunded		570,000.00	
Bond Anticipation Notes Issued		2,500,000.00	
Premium on Bond Anticipation Notes Issued		21,351.21	
Due to Current Fund		545,227.94	
Due to Federal and State Grant Fund		16,927.05	
Due to Water Utility Operating Fund		135,185.55	
Due to Water Utility Capital Fund		7,233,138.23	
Due to Sewer Utility Operating Fund		147,635.67	
Due to Sewer Utility Capital Fund		21,042,031.50	
Due to Recreation Utility Operating Fund		120,540.00	
Improvement Authorization Refunds		1,700.00	
Reserve for Fire Apparatus		270,000.00	
Reserve for Road Resurfacing		210,000.00	
Reserve for Data/Office Equipment		20,000.00	
Reserve for DPW Equipment		100,000.00	
Reserve for Vehicle Replacement		100,000.00	
			33,708,737.15
			34,426,486.17
Decreased by Disbursements:			
Bond Anticipation Notes Matured		1,030,000.00	
Improvement Authorization Expenditures		430,459.89	
Reserve for Encumbrances		290,886.30	
Due to Current Fund		537,439.33	
Due to Water Utility Operating Fund		135,185.55	
Due to Water Utility Capital Fund		7,233,377.43	
Due to Sewer Utility Operating Fund		147,635.67	
Due to Sewer Utility Capital Fund		21,042,031.50	
Due to Recreation Utility Operating Fund		120,540.00	
			30,967,555.67
Balance December 31, 2017	C		$ 3,458,930.50

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. Number	Improvement Description	Balance (Deficit) Dec. 31, 2016	Receipts: Budget Appropriation	Receipts: Bond Anticipation Notes	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Bond Anticipation Notes	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance (Deficit) Dec. 31, 2017
	Fund Balance	$ 122,361.30			$ 21,351.21				$ 86,500.00	$ 138,118.77	$ 195,331.28
	Capital Improvement Fund	34,000.00	$ 675,000.00						667,000.00	61,000.00	103,000.00
	Due Current Fund	82.40			545,227.94			$ 537,439.33			7,871.01
	Due Federal and State Grant Fund	(16,927.05)			16,927.05						
	Due Water Utility Operating Fund				135,185.55			135,185.55			
	Due Water Utility Capital Fund	239.20			7,233,138.23			7,233,377.43			
	Due Sewer Utility Operating Fund				147,635.67			147,635.67			
	Due Sewer Utility Capital Fund				21,042,031.50			21,042,031.50			
	Due Recreation Utility Operating Fund	(80,000.00)			120,540.00			120,540.00			(80,000.00)
	FEMA Grant Receivables	(3,914,005.21)							4,955,059.00	3,914,005.21	(4,955,059.00)
	Reserve for Encumbrances	290,886.30						290,886.30		1,010,684.01	1,010,684.01
	Reserve for DPW Equipment	56,000.00			100,000.00				60,500.00		95,500.00
	Reserve for Data Processing /Office Equipment	55,000.00			20,000.00				33,000.00		42,000.00
	Reserve for Road Resurfacing	5,000.00			210,000.00				210,000.00		5,000.00
	Reserve for Vehicle Replacement	56,824.00			100,000.00				30,000.00		126,824.00
	Reserve for Fire Apparatus	380,000.00			270,000.00				650,000.00		
	Reserve for Flood Control Improvements	168,000.00									168,000.00
	Reserve to Pay Debt Service									1,588,246.47	1,588,246.47
2003-16	Various Capital/Streetscape & Roads	77,815.67							77,815.67		
2004-16	Various Capital/Streetscape & Fire Engine	54,827.95							54,827.95		
2006-11	Various Capital/Streetscape & Sidewalks	(571,021.60)									(571,021.60)
2008-25	Greenview Park Plan	(345,000.00)									(345,000.00)
2008-26	Sidewalk Improvements	(34,524.85)	40,000.00						5,475.15		
2008-35	Sanitary Sewer Extension	(156,500.00)									(156,500.00)
2009-12	Various Improvements/Street Sweeper			$ 90,000.00			$ 90,000.00				
2009-28	Park Improvements	140.13									140.13
2010-18	Various Capital Projects	12,736.05				$ 3,631.02					9,105.03
2010-20	Various Improvements/West Franklin			350,000.00			350,000.00				
2011-26	FEMA SRL Grant Flood Acquisitions	1,532,574.83		590,000.00			590,000.00		1,532,574.83		
2012-12	Various Capital Projects	128,776.31							3,225.00		125,551.31
2012-18	FEMA HMGP Flood Acquisitions	2,341,223.09							2,514,617.85		(173,394.76)
2013-09	Various Capital Projects	61,150.96				563.50					60,587.46

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. Number	Improvement Description	Balance (Deficit) Dec. 31, 2016	Receipts: Budget Appropriation	Receipts: Bond Anticipation Notes	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Bond Anticipation Notes	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance (Deficit) Dec. 31, 2017
2013-12	Park and Ballfield Improvements	$ 10,893.62				$ 360.00					$ 10,533.62
2014-15	Various Capital Projects	61,963.58				963.58			$ 61,000.00		
2014-16	Equipment & Vehicles	62,930.86				(325.01)					63,255.87
2015-05	Various Capital Projects	71,952.47				10,531.21			5,265.00		56,156.26
2015-06	Equipment & Vehicles	29,580.79				(7,735.17)					37,315.96
2016-08	Various Capital Projects	121,934.54				18,622.43			7,965.00		95,347.11
2016-09	Various Capital Projects	98,833.68				39,786.52			4,063.10		54,984.06
2017-05	FEMA FMA Grant-Flood Elevations			$ 2,000,000.00		24.99			1,751,704.00	$ 4,955,059.00	5,203,330.01
2017-08	Various Capital Projects/CIF Parks				$ 50.00	237,642.08			42,407.90	667,000.00	387,000.02
2017-09	Equipment & Vehicles				1,650.00	126,394.74			2,106,172.01	2,525,059.00	294,142.25
		$ 717,749.02	$ 715,000.00	$ 3,030,000.00	$ 29,963,737.15	$ 430,459.89	$ 1,030,000.00	$ 29,507,095.78	$ 14,859,172.46	$ 14,859,172.46	$ 3,458,930.50

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

				Funded by					Analysis of Balance Dec. 31, 2017		
Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Budget Appropriation	FEMA Grants	Reserve to Pay Pay Debt	Cancelled	Balance Dec. 31, 2017	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2002-06	Drainage and Road Improvements										
2006-11	Various Capital/Streetscape & Sidewalks	$ 590,000.00						$ 590,000.00		$ 571,021.60	$ 18,978.40
2008-25	Greenview Park Plan	345,000.00						345,000.00		345,000.00	
2008-26	Sidewalk Improvements	40,000.00		$ 40,000.00							
2008-28	Replacement Fire Truck 1-2										
2008-35	Sanitary Sewer Extension	156,500.00						156,500.00		156,500.00	
2009-12	Various Improvements/Street Sweeper	90,000.00		90,000.00							
2010-20	Various Improvements/West Franklin	350,000.00		350,000.00							
2011-26	FEMA SRL Grant Flood Acquisitions	610,000.00		90,000.00		$ 133,187.47	$ 153,187.47	500,000.00	$ 500,000.00		
2012-18	FEMA HMGP Flood Acquisitions	1,352,556.00					1,179,161.24	173,394.76		173,394.76	
2017-05	FEMA HMGP Flood Acquisitions		$ 5,500,000.00		$ 4,955,059.00	1,455,059.00		2,000,000.00	2,000,000.00		
		$ 3,534,056.00	$ 5,500,000.00	$ 570,000.00	$ 4,955,059.00	$ 1,588,246.47	$ 1,332,348.71	$ 3,764,894.76	$ 2,500,000.00	$ 1,245,916.36	$ 18,978.40
	Ref.	C						C			

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded	$ 2,267,249.41
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance 2017-05 FEMA FMA Flood Elevations	(2,248,271.01)
	$ 18,978.40

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2016 Funded	Balance Dec. 31, 2016 Unfunded	2017 Authorizations Funded by Various Sources	2017 Authorizations Deferred Charges to Future Taxation-Unfunded	Paid or Charged	Cancelled	Balance Dec. 31, 2017 Funded	Balance Dec. 31, 2017 Unfunded
2003-16	Various Capital/Streetscape & Roads	04/22/03	$ 862,000.00	$ 77,815.67					$ 77,815.67		
2004-16	Various Capital/Streetscape & Fire Engine	05/25/04	885,000.00	54,827.95					54,827.95		
2006-11	Various Capital/Streetscape & Sidewalks	05/23/06	643,000.00		$ 18,978.40						$ 18,978.40
2008-26	Sidewalk Improvements	09/23/08	80,000.00		5,475.15				5,475.15		
2009-28	Park Improvements	12/22/09	72,419.00	140.13						$ 140.13	
2010-18	Various Capital Projects	08/24/10	620,000.00	12,736.05				$ 3,631.02		9,105.03	
2011-26	FEMA SRL Grant Flood Acquisitions	12/13/11	5,600,000.00	932,574.83	620,000.00				1,552,574.83		
2012-12	Various Capital Projects	06/12/12	589,000.00	128,776.31				3,225.00		125,551.31	
2012-18	FEMA HMGP Flood Acquisitions	06/26/12	5,200,000.00	2,341,223.09	1,352,556.00				3,693,779.09		
2013-09	Various Capital Projects	05/28/13	232,000.00	61,150.96				563.50		60,587.46	
2013-12	Park and Ballfield Improvements	06/11/13	261,000.00	10,893.62				360.00		10,533.62	
2014-15	Various Capital Projects	07/22/14	495,000.00	61,963.58				963.58	61,000.00		
2014-16	Equipment & Vehicles	07/22/14	1,137,000.00	62,930.86				(325.01)		63,255.87	
2015-05	Various Capital Projects	05/26/15	537,000.00	71,952.47				15,796.21		56,156.26	
2015-06	Equipment & Vehicles	05/26/15	801,000.00	29,580.79				(7,735.17)		37,315.96	
2016-08	Various Capital Projects	05/24/16	575,000.00	121,934.54				26,587.43		95,347.11	
2016-09	Various Capital Projects	05/24/16	613,000.00	98,833.68				43,849.62		54,984.06	
2017-05	FEMA FMA Grant-Flood Elevations	05/23/17	5,500,000.00				$ 5,500,000.00	296,669.99		2,955,059.00	2,248,271.01
2017-08	Various Capital Projects/CIF Parks	05/23/17	667,000.00			$ 667,000.00		279,999.98		387,000.02	
2017-09	Equipment & Vehicles	05/23/17	1,070,000.00			1,070,000.00		775,857.75		294,142.25	
				$ 4,067,334.53	$ 1,997,009.55	$ 1,737,000.00	$ 5,500,000.00	$ 1,439,443.90	$ 5,445,472.69	$ 4,149,178.08	$ 2,267,249.41
			Ref.	C	C					C	C

Capital Fund Balance	$ 86,500.00
Capital Improvement Fund	667,000.00
Reserve for Vehicle Replacement	30,000.00
Reserve for DPW Equipment	60,500.00
Reserve for Road Resurfacing	210,000.00
Reserve for Data/Office Equipment	33,000.00
Reserve for Fire Apparatus	650,000.00
	$ 1,737,000.00

Cash Disbursed	$ 430,459.89
Current Year Encumbrances	1,010,684.01
Less Refunds	(1,700.00)
	$ 1,439,443.90

Capital Improvement Fund	$ 61,000.00
FEMA Grants Cancelled	3,914,005.21
Deferred Charges to Future Taxation Unfunded	1,332,348.71
Capital Fund Balance	138,118.77
	$ 5,445,472.69

C-5

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2016	C		$ 34,000.00
Increased By:			
Current Fund Budget Appropriation		$ 675,000.00	
Improvement Authorizations Cancelled		61,000.00	
			736,000.00
			770,000.00
Decreased By:			
Appropriated to Finance Improvement Authorizations			667,000.00
Balance December 31, 2017	C		$ 103,000.00

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

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
2009-12	Various Improvements/Street Sweeper	07/31/09	07/21/16	07/20/17	1.00%	$ 90,000.00		$ 90,000.00	
			07/20/17	07/20/18	2.25%				
2010-20	Various Improvements/West Franklin	07/28/11	07/21/16	07/20/17	1.00%	350,000.00		350,000.00	
			07/20/17	07/20/18	2.25%				
2011-26	FEMA - SRL Acquisition Grant	07/25/13	07/21/16	07/20/17	1.00%	590,000.00		590,000.00	
			07/20/17	07/20/18	2.25%		$ 500,000.00		$ 500,000.00
2017-05	FEMA FMA Grant-Flood Elevations	07/20/17	07/20/17	07/20/18	2.25%		2,000,000.00		2,000,000.00
						$ 1,030,000.00	$ 2,500,000.00	$ 1,030,000.00	$ 2,500,000.00
					Ref.	C			C

	Issued	Matured
Renewals	$ 500,000.00	$ 500,000.00
Issued for Cash	2,000,000.00	
Paid by Budget Appropriation		530,000.00
	$ 2,500,000.00	$ 1,030,000.00

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Bond Anticipation Notes Redeemed	Bond Anticipation Notes Issued	Funded by Budget Appropriation	Funded by FEMA Grants	Transfer to Pay Pay Debt	Canceled	Balance Dec. 31, 2017
2006-11	Various Capital/Streetscape & Sidewalks	$ 590,000.00								$ 590,000.00
2008-26	Sidewalk Improvements	40,000.00				$ 40,000.00				
2008-35	Sanitary Sewer Extension	501,500.00								501,500.00
2009-12	Various Improvements/Street Sweeper			$ 90,000.00		90,000.00				
2010-20	Various Improvements/West Franklin			350,000.00		350,000.00				
2011-26	FEMA SRL Grant Flood Acquisitions	20,000.00		590,000.00	$ 500,000.00	90,000.00		133,187.47	$ 153,187.47	
2012-18	FEMA HMGP Flood Acquisitions	1,352,556.00							1,179,161.24	173,394.76
2017-05	FEMA FMA Grant-Flood Elevations		$ 5,500,000.00		2,000,000.00		$ 4,955,059.00	$ 1,455,059.00		
		$ 2,504,056.00	$ 5,500,000.00	$ 1,030,000.00	$ 2,500,000.00	$ 570,000.00	$ 4,955,059.00	$ 1,588,246.47	$ 1,332,348.71	$ 1,264,894.76

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
WATER UTILITY FUND

TOWNSHIP OF PEQUANNOCK
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Operating		Capital	
Balance December 31, 2016	D		$ 645,337.93		$ 208,029.89
Increased by Receipts:					
Consumer Accounts Receivable		$ 2,295,939.45			
Miscellaneous Revenue		21,331.86		$ 32,374.79	
Appropriation Refunds		704.39		650.00	
Due General Capital Fund				239.20	
Bond Anticipation Notes				6,090,000.00	
Due Solid Waste				100,000.00	
Due Water Utility Operating Fund:					
Interest Earned				354.97	
Capital Improvement Fund				50,000.00	
Deferred Charges to Future Revenue				60,000.00	
Paydown Bond Anticipation Notes				130,000.00	
Due Water Utility Capital Fund		301.22			
			2,318,276.92		6,463,618.96
			2,963,614.85		6,671,648.85
Decreased by Disbursements:					
2017 Appropriation Expenditures		2,425,597.62			
2016 Appropriation Reserves		58,500.42			
Accrued Interest on Notes		5,185.55			
Due Water Utility Capital Fund					
Interest		354.97			
Due Water Utility Operating Fund				301.22	
Due Sewer Utility Operating Fund		38,202.48		200,000.00	
Contracts Payable				190,446.15	
Improvement Authorization Expenditures				2,630,312.08	
Bond Anticipation Notes				520,000.00	
			2,527,841.04		3,541,059.45
Balance December 31, 2017	D		$ 435,773.81		$ 3,130,589.40

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

Ord. No.		Balance/ (Deficit) Dec. 31, 2016	Receipts: 2017 Budget Appropriation	Receipts: Bond Anticipation Notes	Receipts: Miscellaneous	Disbursements: Bond Anticipation Notes	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance/ (Deficit) Dec. 31, 2017
	Fund Balance	$ 11,197.35			$ 32,374.79						$ 43,572.14
	Capital Improvement Fund	259,000.00	$ 50,000.00						$ 170,000.00		139,000.00
	Contracts Payable	190,446.15						$ 190,446.15		$ 2,490,406.85	2,490,406.85
	Due from General Capital Fund	(239.20)			239.20						
	Due to Water Utility Operating Fund	30.38			354.97			301.22		13,027.10	13,111.23
	Due to Sewer Utility Operating Fund	200,000.00						200,000.00			
	Due to Solid Waste Utility Capital Fund				100,000.00						100,000.00
Ord. No.	General Improvements										
2000-14	Develop New Water Wells	154.82									154.82
2003-18	AMR Phase 3	(300,000.00)									(300,000.00)
2013-19	Water Mains	(140,000.00)		$ 140,000.00							
2007-13	Water Tank Construction	246,284.85	10,000.00	700,000.00	650.00		$ 956,934.85				
2007-14	Water Bleeding Facility	(195,030.13)	50,000.00								(145,030.13)
2009-15	Village Area Water Mains		130,000.00	390,000.00		$ 520,000.00					
2014-18	Elevated Water Tank	(206,350.00)					1,462,499.39		601,150.61		(2,270,000.00)
2014-29	West Sunset Water Main	(28,464.33)									(28,464.33)
2016-14	Water System Improvement / SCADA	171,000.00					99,768.23		30,147.10		41,084.67
2017-10	Purchase Dump Truck								168,965.20	170,000.00	1,034.80
2017-14	Water Tank & Mains			4,860,000.00			111,109.61		1,703,171.04		3,045,719.35
		$ 208,029.89	$ 240,000.00	$ 6,090,000.00	$ 133,618.96	520,000.00	$ 2,630,312.08	$ 390,747.37	$ 2,673,433.95	$ 2,673,433.95	$ 3,130,589.40

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

	Ref.		
Balance December 31, 2016	D	$	525,422.97
Increased by:			
Water Rents Levied			2,323,589.29
			2,849,012.26
Decreased by:			
Water Collections			2,295,939.45
Balance December 31, 2017	D	$	553,072.81

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2016	Additions By Budget Capital Outlay	Additions By Capital Ordinance	Balance Dec. 31, 2017
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	1,030,832.00	$ 27,752.58		1,058,584.58
Hydrants	125,033.44			125,033.44
General Equipment- Trucks	787,322.00			787,322.00
Office Furniture and Equipment	67,490.81	8,141.52		75,632.33
Structures and Improvements	295,208.00			295,208.00
Various Water Improvements	1,030,943.62			1,030,943.62
Wells and Pumping Station	3,364,698.84			3,364,698.84
Well # 2 Chlorinator	9,936.00			9,936.00
Blending Facility	2,170,000.00			2,170,000.00
West Sunset Water Main	28,464.33			28,464.33
New Water Tank Construction	1,925.00			1,925.00
	$ 11,566,823.04	$ 35,894.10	$ -0-	$ 11,602,717.14
	D			D

Appropriation Reserves	$ 9,953.26
Current Budget	25,940.84
	$ 35,894.10

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

Improvement Description	Ord. No.	Balance Dec. 31, 2016	2017 Authorizations	Balance Dec. 31, 2017
Develop New Water Wells	2000-14	$ 154.82		$ 154.82
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	2,170,000.00		2,170,000.00
West Sunset Water Main	2013-29	281,535.67		281,535.67
Water System Improvement / SCADA	2016-14	171,000.00		171,000.00
Purchase Dump Truck	2017-10		$ 170,000.00	170,000.00
Water Tank & Mains	2017-14		5,560,000.00	5,560,000.00
		$ 3,712,695.21	$ 5,730,000.00	$ 9,442,695.21
	Ref.	D		D

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 49,394.67	$ 49,394.67		$ 49,394.67
Other Expenses	53,625.04	53,625.04	$ 48,547.16	5,077.88
Capital Improvements:				
Capital Outlay	10,473.85	10,473.85	9,953.26	520.59
	$ 113,493.56	$ 113,493.56	$ 58,500.42	$ 54,993.14

Analysis of Balance December 31, 2016

	Ref.	
Encumbered	D	$ 97,341.96
Unencumbered	D	16,151.60
		$ 113,493.56

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance Dec. 31, 2016 Funded	Balance Dec. 31, 2016 Unfunded	2017 Authorizations Capital Improvement Fund	2017 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance Dec. 31, 2017 Funded	Balance Dec. 31, 2017 Unfunded
2000-14	Develop New Water Wells	$ 185,000.00	$ 154.82					$ 154.82	
2007-13	Water Tank Construction	1,105,000.00	246,284.85	$ 710,000.00			$ 956,284.85		
2007-14	Water Bleeding Facility	2,030,000.00		4,969.87					$ 4,969.87
2014-18	Elevated Water Tank	2,270,000.00		2,063,650.00			2,063,650.00		
2013-29	West Sunset Water Main	310,000.00		281,535.67					281,535.67
2016-14	Water System Improvement / SC	171,000.00	171,000.00				129,915.33	41,084.67	
2017-10	Purchase Dump Truck	170,000.00			$ 170,000.00		168,965.20	1,034.80	
2017-14	Water Tank & Mains	5,560,000.00				$ 5,560,000.00	1,814,280.65	177,419.05	3,568,300.30
			$ 417,439.67	$ 3,060,155.54	$ 170,000.00	$ 5,560,000.00	$ 5,133,096.03	$ 219,693.34	$ 3,854,805.84
		Ref.	D	D				D	D

Cash Disbursed	$ 2,630,312.08
Contracts Payable	2,490,406.85
Due Water Utility Operating Fund	13,027.10
Less Appropriation Refund	650.00
	$ 5,133,096.03

TOWNSHIP OF PEQUANNOCK
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2016	D	$ 259,000.00
Increased by:		
2017 Budget Appropriation		50,000.00
		309,000.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		170,000.00
Balance December 31, 2017	D	$ 139,000.00

TOWNSHIP OF PEQUANNOCK
WATER UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.		
Balance December 31, 2016	D		$ 8,433,363.43
Increased by:			
Bond Anticipation Note Paydown from Budget		$ 130,000.00	
Capital Outlay Expenditures		35,894.10	
			165,894.10
Balance December 31, 2017	D		$ 8,599,257.53

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Paid by Budget Appropriation	Balance Dec. 31, 2017
2000-14	Develop New Water Wells	$ 154.82			$ 154.82
2007-13	Water Tank Construction	395,000.00		$ 10,000.00	405,000.00
2007-14	Water Bleeding Facility	1,830,000.00		50,000.00	1,880,000.00
2016-14	Water System Improvements	171,000.00			171,000.00
2017-10	Purchase Dump Truck		$ 170,000.00		170,000.00
		$ 2,396,154.82	$ 170,000.00	$ 60,000.00	$ 2,626,154.82
		D			D

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

Ord No.	Improvement Description	Original Note Date of Issue	Original Note Amount	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
2009-15	Village Area Water Mains	7/29/10	$ 1,300,000.00	7/21/16	7/21/17	1.00%	$ 520,000.00		$ 520,000.00	
				7/21/17	7/20/18	2.25%		$ 390,000.00		$ 390,000.00
2007-13	Water Tank Construction	7/21/17	700,000.00	7/21/17	7/20/18	2.25%		700,000.00		700,000.00
2013-19	Water Mains	7/21/17	140,000.00	7/21/17	7/20/18	2.25%		140,000.00		140,000.00
2017-14	Water Tank & Transmission Mains	12/19/17	5,560,000.00	12/19/17	7/20/18	2.25%		4,860,000.00		4,860,000.00
							$ 520,000.00	$ 6,090,000.00	$ 520,000.00	$ 6,090,000.00
						Ref.	D			D
				New Issue				$ 5,700,000.00		
				Renewals				390,000.00	$ 390,000.00	
				Paid by Operating Budget					130,000.00	
								$ 6,090,000.00	$ 520,000.00	

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

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, 2016	2017 Improvement Authorizations	Funded by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2017
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	710,000.00		$ 10,000.00	700,000.00		
07-14	Water Bleeding Facility	200,000.00		50,000.00			150,000.00
09-15	Village Area Water Mains	2,270,000.00		130,000.00	390,000.00	$ 520,000.00	2,270,000.00
14-18	Elevated Water Tank	310,000.00					310,000.00
17-14	Water Tank & Mains		$ 5,560,000.00		4,860,000.00		700,000.00
		$ 3,930,000.00	$ 5,560,000.00	$ 190,000.00	$ 6,090,000.00	$ 520,000.00	$ 3,730,000.00

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
SEWER UTILITY FUND

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Operating		Assessment Trust		Capital	
Balance December 31, 2016	E		$ 886,593.38		$ 492,237.12		$ 544,526.94
Increased by Receipts:							
Sewer Utility Collector		$ 2,869,676.62					
Miscellaneous Sewer Fees		107,908.16					
Interest on Investments		1,403.71					
2017 Budget Appropriation:							
Capital Improvement Fund						$ 10,000.00	
Deferred Charges to Future Revenue						60,000.00	
Reserve to Pay Debt Service						520,249.99	
Serial Bonds Issued						20,080,000.00	
Sewer Assessment Collections				$ 267,611.93			
Due Current Fund				5,678.21			
Due General Capital Fund							
Due Water Utility Operating Fund		2,316,548.77					
Due Water Utility Capital Fund		200,000.00					
Due Sewer Utility Operating Fund:							
Interfund Returned						441,781.51	
Interest on Investments				26.38		1,468.73	
Due Sewer Utility Assessment Trust Fund:							
Prior Interfund Returned		35.86					
Fund Balance Anticipated		400,000.00					
Due Sewer Utility Capital Fund:							
Interest on Investments		796.38					
Due Solid Waste Utility Operating Fund		1,657,027.10					
			7,553,396.60		273,316.52		21,113,500.23
			8,439,989.98		765,553.64		21,658,027.17

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TOWNSHIP OF PEQUANNOCK
SEWER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Operating		Assessment Trust		Capital	
Decreased by Disbursements:							
2017 Budget Appropriations		$ 3,000,587.59					
2016 Appropriation Reserves		17,515.28					
Accrued Interest on Bonds		150,600.00					
Accrued Interest on Notes		147,635.67					
Accounts Payable		24,000.00					
Improvement Authorizations						$ 1,312,862.77	
Bond Anticipation Notes						16,080,000.00	
Due Current Fund		20,000.00					
Due Water Utility Operating Fund		2,278,346.29					
Refund of Prior Year Revenue		81.44					
Due Sewer Utility Capital Fund		358,683.16					
Due Sewer Utility Operating Fund:							
Interest on Investments				$ 35.86		796.38	
Capital Fund Balance				400,000.00			
Due Solid Waste Utility Operating Fund		1,644,039.64					
			$ 7,641,489.07		$ 400,035.86		$ 17,393,659.15
Balance December 31, 2017	E		$ 798,500.91		$ 365,517.78		$ 4,264,368.02

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TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

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

	Balance/ (Deficit) Dec. 31, 2016	Receipts		Disbursements	Transfers		Balance/ (Deficit) Dec. 31, 2017
		Assessments Receivable	Miscellaneous	Miscellaneous	From	To	
Fund Balance	$ 497,879.47	$ 267,611.93		$ 400,000.00		$ 14,374.29	$ 379,865.69
Due from Sewer Utility Operating Fund	35.86		$ 26.38	35.86			26.38
Due From Current Fund	(5,678.21)		5,678.21		$ 14,374.29		(14,374.29)
	$ 492,237.12	$ 267,611.93	$ 5,704.59	$ 400,035.86	$ 14,374.29	$ 14,374.29	$ 365,517.78

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

	Balance/ (Deficit) Dec. 31, 2016	Receipts: Budget Appropriation	Receipts: Serial Bonds	Receipts: Miscellaneous	Disbursements: Bond Anticipation Notes	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance/ (Deficit) Dec. 31, 2017
Fund Balance	$ 114,477.42									$ 114,477.42
Capital Improvement Fund	43,685.20	$ 10,000.00								53,685.20
Due General Capital Fund										
Due Sewer Utility Operating Fund	33.51			$ 443,250.24			$ 796.38		$ 26,166.29	468,653.66
Reserve for Encumbrances									8,000.00	8,000.00
Reserve to Pay Debt Service				520,249.99						520,249.99
Ord. No. Improvement Description										
2005-13 Sanitary Sewer			$ 225,000.00		$ 225,000.00					
2006-14 Purchase TBSA Capacity	(795,508.90)	60,000.00				$ 3,000.00				(738,508.90)
2008-27 Sanitary Sewer Design, Village	311.72		350,000.00		350,000.00					311.72
2008-38 Sewer Extension	286,015.05		105,000.00		105,000.00					286,015.05
2010-22 Village Area Sewers			11,360,000.00		11,360,000.00					
2013-13 Purchase Sewer Equipment	17,182.95									17,182.95
2014-02 Village Area Sewers, Amended	438,329.99					938,329.99				(500,000.00)
2016-13 Village Area Sewers	440,000.00		4,040,000.00		4,040,000.00	262,274.00		$ 8,000.00		169,726.00
2017-01 Route 23 Sewer Extension			4,000,000.00			109,258.78		26,166.29		3,864,574.93
	$ 544,526.94	$ 70,000.00	$ 20,080,000.00	$ 963,500.23	$ 16,080,000.00	$ 1,312,862.77	$ 796.38	$ 34,166.29	$ 34,166.29	$ 4,264,368.02

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

	Balance Dec. 31, 2016	Sewer Billings Levied	Collections	Balance Dec. 31, 2017
Rents	$ 532,444.31	$ 2,932,132.86	$ 2,869,676.62	$ 594,900.55
Miscellaneous		107,908.16	107,908.16	
	$ 532,444.31	$ 3,040,041.02	$ 2,977,584.78	$ 594,900.55
Ref.	E			E

Miscellaneous Revenue Anticipated:	
Interest on Sewer Rents	$ 8,904.35
Sewer Tap/Connection Fees	98,218.41
Other Sewer Fees	785.40
	$ 107,908.16

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY UTILITY REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF UTILITY SHARE OF SEWER ASSESSMENT BONDS ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

E-8A

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF AMOUNT TO BE RAISED BY FUTURE REVENUE FOR CANCELLED ASSESSMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

Ord. No.	Improvement Description	Date of Confirmation	Due Dates	Balance Dec. 31, 2016	Collected	Balance Dec. 31, 2017	Balance Pledged to Reserve
2004-35	Munson/Farm Roads	8/27/12	Quarterly	$ 146,235.35	$ 57,474.77	$ 88,760.58	$ 88,760.58
2005-13	Pequannock Avenue	9/24/12	Quarterly	972,273.28	224,511.45	747,761.83	747,761.83
				$ 1,118,508.63	$ 281,986.22	$ 836,522.41	$ 836,522.41
				E		E	
				Cash Collected	$ 267,611.93		
				Due from Current Fund	14,374.29		
					$ 281,986.22		

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

	Ref.		
Balance December 31, 2016	E	$	9,643.00
Balance December 31, 2017	E	$	9,643.00

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2016	Transfer from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2017
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	131,149.37		131,149.37
Sewer Improvements	8,722,694.45	$ 16,362,274.00	25,084,968.45
	$ 12,560,914.82	$ 16,362,274.00	$ 28,923,188.82
Ref.	E		E

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	2017 Improvement Authorizations	Transfer to Fixed Capital	Balance Dec. 31, 2017
2002-07	Purchase Sewer Jet	$ 130,000.00			$ 130,000.00
2006-14	Purchase TBSA Capacity	915,000.00			915,000.00
2008-27	Sewer Design	400,000.00			400,000.00
2008-38	Sewer Extension	710,000.00			710,000.00
2010-22	Village Area Sewers	12,000,000.00		$12,000,000.00	
2013-13	Purchase Sewer Equipment	67,000.00			67,000.00
2014-02	Village Area Sewers, Amended	4,100,000.00		4,100,000.00	
2014-17	Sled Mounted Sewer Vacuum	170,000.00			170,000.00
2015-11	Village Area Sewers, Amended	440,000.00		262,274.00	177,726.00
2017-01	Route 23 Sewer Project		$ 6,100,000.00		6,100,000.00
		$18,932,000.00	$ 6,100,000.00	$16,362,274.00	$ 8,669,726.00
	Ref.	E			E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 18,252.39	$ 18,252.39		$ 18,252.39
Other Expenses	44,093.52	44,093.52	$ 17,515.28	26,578.24
	$ 62,345.91	$ 62,345.91	$ 17,515.28	$ 44,830.63

	Ref.	
Balance December 31, 2016		
Unencumbered	E	$ 60,738.49
Encumbered	E	1,607.42
		$ 62,345.91

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Collections to Fund Balance	Balance Dec. 31, 2017
	Assessments Receivable:			
2004-35	Munson/Farm Roads	$ 146,235.35	$ 57,474.77	$ 88,760.58
2005-13	Pequannock Avenue	972,273.28	224,511.45	747,761.83
	Assessments Liens:			
2005-13	Pequannock Avenue	9,643.00		9,643.00
		$ 1,128,151.63	$ 281,986.22	$ 846,165.41
	Ref.	E		E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2016 Funded	Balance December 31, 2016 Unfunded	2017 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded
	General Improvements:								
2006-14	Purchase TBSA Capacity	05/23/06	$ 915,000.00		$ 14,491.10		$ 3,000.00		$ 11,491.10
2008-27	Sewer Design	09/23/08	400,000.00		311.72			$ 311.72	
2008-38	Sewer Extension	12/23/08	710,000.00		286,015.05			286,015.05	
2013-13	Purchase Sewer Equipment	06/11/13	67,000.00	$ 17,182.95				17,182.95	
2014-02	Village Area Sewers, Amended	02/25/14	4,100,000.00		938,329.99		938,329.99		
2015-11	Village Area Sewers, Amended	08/11/15	440,000.00		440,000.00		270,274.00		169,726.00
2017-01	Route 23 Sewer Extension	02/14/17	6,100,000.00			$ 6,100,000.00	135,425.07	3,864,574.93	2,100,000.00
				$ 17,182.95	$ 1,679,147.86	$ 6,100,000.00	$ 1,347,029.06	$4,168,084.65	$ 2,281,217.10
			Ref.	E	E			E	E

Cash Disbursements	$ 1,312,862.77
Encumbrances	8,000.00
Due Sewer Utility Operating Fund	26,166.29
	$ 1,347,029.06

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

	Ref.		
Balance December 31, 2016	E	$	43,685.20
Increased by:			
2017 Budget Appropriation			10,000.00
Balance December 31, 2017	E	$	53,685.20

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

	Ref.	
Balance December 31, 2016	E	$ 9,475,914.82
Increased by:		
Serial Bonds Paid by Operating Budget		625,000.00
Balance December 31, 2017	E	$ 10,100,914.82

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	Paid By Budget Appropriation	Balance Dec. 31, 2017
2013-13	Purchase Sewer Equipment	$ 67,000.00	$ 60,000.00	$ 127,000.00
2014-17	Sled Mounted Sewer Vacuum	170,000.00		170,000.00
		$ 237,000.00	$ 60,000.00	$ 297,000.00
		E		E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Date of:					
Ord. No.	Improvement Authorization	Issue of Original Note	Issue	Maturity	Interest Rate	Balance Dec. 31, 2016	Matured
2005-13	Sanitary Sewer	07/31/09	07/22/16	07/21/17	1.06%	$ 225,000.00	$ 225,000.00
2008-27	Sanitary Sewer Design - Village Area	07/31/09	07/22/16	07/21/17	1.06%	350,000.00	350,000.00
2008-38	Sanitary Sewer Extension	10/23/09	07/22/16	07/21/17	1.06%	105,000.00	105,000.00
2010-22	Village Area Sewers	07/28/11	07/22/16	07/21/17	1.06%	473,000.00	473,000.00
2010-22	Village Area Sewers	07/25/13	07/22/16	07/21/17	1.06%	2,962,000.00	2,962,000.00
2010-22	Village Area Sewers	10/22/14	10/21/16	10/20/17	2.00%	7,925,000.00	7,925,000.00
2016-13	Village Area Sewers	12/08/16	04/29/16	04/28/17	2.00%	4,040,000.00	4,040,000.00
						$ 16,080,000.00	$ 16,080,000.00
						E	
						Bond Sale	$ 16,080,000.00
							$ 16,080,000.00

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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, 2017 Date	Maturities of Bonds Outstanding Dec. 31, 2017 Amount	Interest Rate	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
Sewer Bonds	10/15/07	$ 8,983,000.00				$ 625,000.00		$ 625,000.00	
Sewer Bonds	8/11/16	3,795,000.00	10/15/18	645,000.00	3.00%				
			10/15/19	640,000.00	3.00%				
			10/15/20	630,000.00	4.00%				
			10/15/21	635,000.00	4.00%				
			10/15/22	630,000.00	3.00%				
			10/15/23	585,000.00	3.00%	3,765,000.00			$ 3,765,000.00
Sewer Bonds	2/14/17	$ 2,080,000.00	04/01/18	550,000.00	0.85%				
			04/01/19	600,000.00	1.05%				
			04/01/20	650,000.00	1.25%				
			04/01/21	700,000.00	1.45%				
			04/01/22	750,000.00	1.70%				
			04/01/23	850,000.00	1.90%				
			04/01/24	1,100,000.00	2.10%				
			04/01/25	1,100,000.00	2.30%				
			04/01/26	1,100,000.00	2.40%				
			04/01/27	1,100,000.00	2.50%				
			04/01/28	1,100,000.00	2.70%				
			04/01/29	1,100,000.00	2.80%				
			04/01/30	1,100,000.00	2.90%				
			04/01/31	1,100,000.00	3.00%				
			04/01/32	1,100,000.00	3.10%				
			04/01/33	650,000.00	3.16%				
			04/01/34	700,000.00	3.22%				
			04/01/35	725,000.00	3.27%				
			04/01/36	750,000.00	3.32%				
			04/01/37	775,000.00	3.37%				
			04/01/38	800,000.00	3.42%				
			04/01/39	825,000.00	3.47%				
			04/01/40	855,000.00	3.50%		$ 20,080,000.00		20,080,000.00
						$ 4,390,000.00	$ 20,080,000.00	$ 625,000.00	$ 23,845,000.00

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

Ord. No.	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Serial Bonds Issued	Funded by Budget Appropriation	Balance Dec. 31, 2017
2006-14	Purchase of TBSA Capacity	$ 810,000.00			$ 60,000.00	$ 750,000.00
2014-02	Village area sewers-Amended	500,000.00				500,000.00
2017-01	Route 23 Sewer Extension		$ 6,100,000.00	$ 4,000,000.00		2,100,000.00
		$ 1,310,000.00	$ 6,100,000.00	$ 4,000,000.00	$ 60,000.00	$ 3,350,000.00

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TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
SOLID WASTE UTILITY FUND

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

	Ref.	Operating	
Balance December 31, 2016	F		$ 707,551.86
Increased by Receipts:			
Solid Waste Utility Charges Receivable		$ 1,647,515.63	
Interest on Deposits		1,707.56	
Recycling Tonnage Grant		28,864.18	
			1,678,087.37
			2,385,639.23
Decreased by Disbursements:			
2017 Appropriation Expenditures		1,606,080.08	
2016 Appropriation Reserves		185,450.03	
Accounts Payable		30,204.99	
Due Water Utility Capital Fund		100,000.00	
Due Sewer Utility Operating Fund		3,475.99	
			1,925,211.09
Balance December 31, 2017	F		$ 460,428.14

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

	Ref.		
Balance December 31, 2016	F	$	139,697.88
Increased by:			
2017 Charges			1,643,978.23
			1,783,676.11
Decreased by:			
Cash Received			1,647,515.63
Balance December 31, 2017	F	$	136,160.48

TOWNSHIP OF PEQUANNOCK
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 14,419.53	$ 14,419.53		$ 14,419.53
Other Expenses	179,204.86	179,204.86	$ 140,450.03	38,754.83
Capital Improvements:				
Capital Outlay	45,000.00	45,000.00	45,000.00	
	$ 238,624.39	$ 238,624.39	$ 185,450.03	$ 53,174.36

Analysis of Balance December 31, 2016

	Ref.	
Encumbered	F	$ 113,884.08
Unencumbered	F	124,470.31
		$ 238,354.39

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
RECREATION UTILITY FUND

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Operating		Capital	
Balance December 31, 2016	G		$ 116,855.38		$ 8,553.66
Increased by Receipts:					
Recreation User Fees		$ 169,480.20			
Recreation Activity Fees		311,930.93			
Premium on Note Sale				$ 540.00	
Miscellaneous		714.00			
Appropriation Refunds		710.98			
Change Fund		500.00			
Petty Cash		200.00			
Due Current Fund		56,300.00			
Due Recreation Utility Operating Fund:					
2017 Budget Appropriation:					
Deferred Charge to Future Revenue				5,000.00	
Interest Earned		121.17		16.49	
Due Recreation Utility Capital Fund		14.90			
			539,972.18		125,556.49
			656,827.56		134,110.15
Decreased by Disbursements:					
2017 Appropriation Expenditures		474,101.08		7,670.00	
2016 Appropriation Reserves		2,469.28			
Refund of Prior Year Recreation Revenue		480.00			
Change Fund		500.00			
Petty Cash		100.00			
Due Current Fund		62,311.25			
Due Recreation Utility Operating Fund				14.90	
			539,961.61		7,684.90
Balance December 31, 2017	G		$ 116,865.95		$ 126,425.25

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TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

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

		Balance/ (Deficit)	Receipts			Disbursements		Transfers		Balance (Deficit)
		Dec. 31, 2016	Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2017
Fund Balance					$ 540.00					$ 540.00
Capital Improvement Fund		$ 6,500.00								6,500.00
Due to General Capital Fund		80,000.00								80,000.00
Due to Recreation Utility Operating Fund		0.74			16.49		$ 14.90			2.33
Contracts Payable									$ 91,200.00	91,200.00
Improvement Authorizations:										
Ord. No.	General Improvements									
2003-19	PV Park Pavilion	(77,947.08)	$ 5,000.00							(72,947.08)
2017-11	PV Park Dock and Swim Lanes			$ 120,000.00		$ 7,670.00		$ 91,200.00		21,130.00
		$ 8,553.66	$ 5,000.00	$ 120,000.00	$ 556.49	$ 7,670.00	$ 14.90	$ 91,200.00	$ 91,200.00	$ 126,425.25

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2016	Balance Dec. 31, 2017
Park Improvements	$ 134,947.08	$ 134,947.08
	$ 134,947.08	$ 134,947.08
Ref.	G	G

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

Improvement Description	Ord. No.	Balance Dec. 31, 2016	2017 Authorizations	Balance Dec. 31, 2017
PV Park Pavilion	2003-19	$ 2,052.92		$ 2,052.92
PV Park Dock and Swim Lanes	2017-11		$ 120,000.00	120,000.00
		$ 2,052.92	$ 120,000.00	$ 122,052.92
	Ref.	G		G

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 1,849.36	$ 1,849.36		$ 1,849.36
Other Expenses	12,350.91	12,350.91	$ 2,469.28	9,881.63
	$ 14,200.27	$ 14,200.27	$ 2,469.28	$ 11,730.99

Analysis of Balance December 31, 2016

	Ref.	
Encumbered	G	$ 1,929.28
Unencumbered	G	12,270.99
		$ 14,200.27

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2016 Unfunded	2017 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance Dec. 31, 2017 Unfunded
2003-19	PV Park Pavilion	04/22/03	$ 137,000.00	$ 2,052.92			$ 2,052.92
2017-11	PV Park Dock and Swim Lanes	12/19/17	120,000.00		$ 120,000.00	$ 98,870.00	21,130.00
				$ 2,052.92	$ 120,000.00	$ 98,870.00	$ 23,182.92
			Ref.	G			G
					Cash Disbursed	$ 7,670.00	
					Contracts Payable	91,200.00	
						$ 98,870.00	

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

	Ref.		
Balance December 31, 2016	G	$	6,500.00
Balance December 31, 2017	G	$	6,500.00

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

	Ref.		
Balance December 31, 2016	G	$	57,000.00
Increased by:			
Budget Appropriation			5,000.00
Balance December 31, 2017	G	$	62,000.00

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Authorization	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Issued	Balance Dec. 31, 2017
2017-11	PV Park Dock and Swim Lanes	12/19/17	12/19/17	07/20/18	2.25%		$ 120,000.00	$ 120,000.00
						$ -0-	$ 120,000.00	$ 120,000.00

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TOWNSHIP OF PEQUANNOCK
RECREATION UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

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, 2016	2017 Authorizations	Funded by Budget Appropriation	Bond Anticipation Notes Issued	Balance Dec. 31, 2017
2003-19	PV Park Pavilion	$ 80,000.00		$ 5,000.00		$ 75,000.00
2017-11	PV Park Dock and Swim Lanes		$ 120,000.00		$ 120,000.00	
		$ 80,000.00	$ 120,000.00	$ 5,000.00	$ 120,000.00	$ 75,000.00

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TOWNSHIP OF PEQUANNOCK

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

Name of Federal Agency or Department/Cluster Title	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period From	Grant Period To	Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
U.S. Department of Transportation:										
(Passed through New Jersey Department of Transportation)										
Highway Planning and Construction Cluster:	Sunset Road	20.205	480-078-6320	1/1/14	12/31/16	$ 165,000.00	$ 41,250.00		$ 165,000.00	
	Sunset Road - Sidewalks	20.205	480-078-6320	1/1/15	12/31/16	180,000.00	45,000.00		180,000.00	
Total Highway Planning and Construction Cluster							86,250.00		345,000.00	
(Passed through New Jersey Department of Environmental Protection)	Recreation Trails Grant	20.219	4875-100-205	01/01/06	12/31/17	3,326.74		$ 1,759.10	2,225.45	
				01/01/16	12/31/17	11,800.00	8,455.98	7,685.51	8,239.01	
Total New Jersey Department of Environmental Protection							8,455.98	9,444.61	10,464.46	
Total U.S. Department of Transportation							94,705.98	9,444.61	355,464.46	
U.S. Department of Homeland Security:										
(Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA	97.036	N/A	01/01/17	12/31/17	$ 4,955,059.00		296,699.99	296,699.99	
Total Department of Homeland Security								296,699.99	296,699.99	
Total U.S. Department of Health and Human Services (Passed through New Jersey Department of Health and Senior Services)	(NACCHO) National Association of County and City Health Officials	93.749	N/A	01/01/17	12/31/17	2,320.00	2,320.00			
Total Department of Health and Human Services							2,320.00			
TOTAL FEDERAL AWARDS							$ 97,025.98	$ 306,144.60	$ 652,164.45	$ -0-

N/A - Not Available

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

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period From	Grant Period To	Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of the Treasury	Municipal Alliance Grant		7/1/15	6/30/17	$ 12,182.00		$ 1,518.14	$ 8,938.38
(Passed Through the County of Morris -	Municipal Alliance Grant		7/1/16	6/30/17	12,182.00		3,945.68	12,182.00
Governor's Council on Alcoholism and Drug Abuse)	Municipal Alliance Grant - Supplemental		7/1/17	6/30/17	14,682.00	$ 14,655.17	13,864.01	13,864.01
Total - Department of the Treasury						14,655.17	19,327.83	84,435.64
Department of Law and Public Safety								
	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/08	12/31/17	5,696.02		5,534.19	5,696.02
			1/1/14	12/31/17	16,671.73		16,671.73	16,671.73
			1/1/15	12/31/17	7,234.08		7,234.08	7,234.08
			1/1/16	12/31/17	5,997.83			
			1/1/17	12/31/18	5,750.95	5,750.95		
Department of Law and Public Safety						5,750.95	29,440.00	29,601.83
	Alcohol Education	9735-760-098-Y900-						
	and Rehabilitation Fund		1/1/14	12/31/17	1,004.00		167.00	1,004.00
			1/1/15	12/31/17	1,297.00		671.00	671.00
			1/1/16	12/31/17	1,027.33			
			1/1/17	12/31/18	64.34	64.34		
		001-X100-6020				64.34	838.00	1,675.00
	Body Armor Grant	1020-718-066-1020	1/1/16	12/31/17	2,986.16		2,765.85	2,747.84
		-100-YCJS-6120	1/1/17	12/31/18	3,231.73	3,231.73		
							2,765.85	2,747.84
Total - Department of Law and Public Safety						5,815.29	33,043.85	34,024.67
New Jersey Transit Corporation								
(Passed Through the County of Morris - MAPS)	Senior Citizen and Disabled Residents Transportation Assistance Act	N/A	1/1/16	12/31/16	98,925.56	48,825.56		97,658.00
(Passed Through the County of Morris - MAPS)	Senior Citizen and Disabled Residents Transportation Assistance Act	N/A	1/1/17	12/31/17	122,658.00	48,832.44	122,658.00	122,658.00
(Passed Through the County of Morris - MAPS)	Senior Citizen and Disabled Residents Transportation Assistance Act	N/A						
Total - New Jersey Transit Corporation						97,658.00	122,658.00	220,316.00

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period From	Grant Period To	Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of Environmental Protection	Clean Communities Act	4900-765-	1/1/11	12/31/17	$ 23,139.00		$ 450.00	$ 23,139.00
		178900-60	1/1/14	12/31/17	27,684.00		9,907.15	17,776.85
			1/1/15	12/31/16	28,211.00		26,478.45	26,478.45
			1/1/16	12/31/17	39,327.08		14,848.35	14848.35
			1/1/17	12/31/18	34,410.82	$ 33,410.82		
						33,410.82	51,683.95	82,242.65
	Recycling Grant	4900-752-042-4900	1/1/11	12/31/17	25,686.00		6,800.00	22,807.13
		-001-V42Y-6020	1/1/17	12/31/18	24,605.66	24,605.66		
						24,605.66	6,800.00	22,807.13
	Forestry Management Grant	N/A	1/1/14	12/31/17	20,000.00	20,000.00	8,545.00	20,000.00
						20,000.00	8,545.00	20,000.00
Total - Department of Environmental Protection						78,016.48	67,028.95	125,049.78
TOTAL STATE AWARDS						$ 196,144.94	$ 242,058.63	$ 470,749.07

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, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include 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, 2017. 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.

Note 2. 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 not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. 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.

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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 years ended December 31, 2017 and 2016 and the related notes to the financial statements and have issued our report thereon dated June 25, 2018. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2017-01 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 response 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.

June 25, 2018
Mount Arlington, New Jersey

NISIVOCCIA LLP

Valerie A Dolan

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

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

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, 2017 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 deficiency required to be reported under Generally Accepted Government Auditing Standards:

  Finding 2017-01 (Repeat Finding 2016-01): Segregation of Duties

  Criteria:

  Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

  Condition:

  The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. 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. 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.

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

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

Finding 2017-01 (Repeat Finding 2016-01): Segregation of Duties (Cont'd)

Effect or Potential Effect:

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.

Cause:

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

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.

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, 2017

Status of Prior Year Findings:

The Township had one finding during the prior year. Finding 2016-01 was not resolved during 2017 and is reported in the schedule of findings and responses as finding 2017-01.

TOWNSHIP OF PEQUANNOCK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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 July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are $17,500 for a contracting unit without a qualified purchasing agent and $40,000 for a contracting unit 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.

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 3, 2017, 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, 2016, 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 25, 2017, 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:

Year	Number of Liens
2017	1
2016	0
2015	4

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:

Type	Number Mailed
Payments of 2017 Taxes	20
Payments of 2018 Taxes	20
Delinquent Taxes	15
Payments of Water Utility Charges	20
Delinquent Water Utility Charges	15
Payments of Sewer Utility Charges	15
Delinquent Sewer Utility Charges	15
Payments of Solid Waste Utility Charges	10
Delinquent Solid Waste Utility Charges	10

TOWNSHIP OF PEQUANNOCK
COMMENTS AND RECOMMENDATIONS
(Continued)

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 bank reconciliations be prepared on a monthly basis for the Escrow Trust accounts.

Management's Response:

Administration will ensure that escrow bank accounts are 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.

Fixed Assets

During our review of Fixed Assets, it was determined that the Township does not have a current appraisal report.

It is recommended that consideration be given to engaging an independent appraisal company to complete an update to the fixed assets records.

Management's Response:

Administration will consider engaging an independent appraisal company to complete an update to the inventory the fixed assets.

TOWNSHIP OF PEQUANNOCK
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The transactions for the year 2017 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Receipts	Disbursements	Balance Dec. 31, 2017
Municipal Treasurer:				
Fines and Fees	$ 19,928.47	$ 247,308.14	$ 251,220.18	$ 16,016.43
Restitution	15.00	2,353.00	2,313.00	55.00
POAA FTA	2.00	6.00	8.00	
Public Defender	1,146.50	18,591.00	18,389.50	1,348.00
County:				
Fines	8,179.18	102,609.86	103,868.54	6,920.50
State:				
Fines and Costs	17,297.85	282,476.70	278,886.98	20,887.57
Conditional Discharge	249.00	2,655.28	2,685.00	219.28
Weights and Measures	2,550.00	42,650.00	40,600.00	4,600.00
	$ 49,368.00	$ 698,649.98	$ 697,971.20	$ 50,046.78

Management Suggestions:

Capital Ordinances

Several ordinances in the various capital funds have deficit cash balances at December 31, 2017. This situation arises when expenditures are made from an ordinance without the respective debt being issued. Management should continue to monitor this situation.

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.

Purchase Orders

During our review of the purchasing process, we noted that certain purchase orders are not always being approved prior to the order being processed. The Township should ensure that the availability of funds are secured prior to the order being processed.

Local Public Contract Law

During our review it was noted that a few professional service files did not include all of the required supporting documentation for contracts awarded. The Township should review the policies for required documentation prior to the awarding of contracts.

TOWNSHIP OF PEQUANNOCK
COMMENTS AND RECOMMENDATIONS
(Continued)

Status of Prior Year Recommendations

The Township's recommendations regarding all payments made for recreation programs be collected by the Recreation Department within their central office, and liquidation of interfunds has been resolved in the 2017 audit. The recommendations regarding Segregation of duties fixed assets, bank reconciliations, and bank reconciling items have not been resolved and are included in the 2017 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. Bank reconciliations be prepared on a monthly basis for the Escrow Trust account.

3. Township bank reconciliations be reviewed and the Township ensure that all reconciling items are cleared.

4. Consideration be given to engaging an independent appraisal company to complete an update to the fixed assets records.

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