

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
REPORT OF AUDIT
2023

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS

REPORT OF AUDIT

2023

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TOWNSHIP OF PEQUANNOCK

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS AND

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2023



Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ
 973.298.8500
 nisivoccia.com
 Independent Member
 BKR International

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Pequannock, in the County of Morris (the "Township") as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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, 2023 and 2022, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Honorable Mayor and Members
of the Township Council
Township of Pequannock
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Supplementary Information

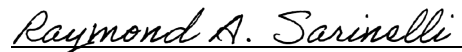
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group 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 and account group financial statements or to the various fund and account group 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 various fund and account group 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 4, 2024 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 solely 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 the effectiveness of the Township's 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 4, 2024
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond A. Sarinelli

Certified Public Accountant

Registered Municipal Accountant No. 563

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
CURRENT FUND

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 11,143,498.81	\$ 10,579,455.49
Change Funds		360.00	360.00
		<u>11,143,858.81</u>	<u>10,579,815.49</u>
Due From State of New Jersey			
Senior Citizen and Veterans Deductions		<u>57,194.96</u>	<u>123,077.15</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	275,657.62	244,922.62
Tax Title Liens Receivable	A-8	585.68	21,975.97
Property Acquired for Taxes - Assessed Valuation		1,203,650.00	941,050.00
Revenue Accounts Receivable	A-9	9,202.78	35,780.51
Due from Federal and State Grant Fund	A	524.72	
Due from Animal Control Fund	B	46.74	14.77
Due from Other Trust Funds	B	4,169.79	937.46
Due from General Capital Fund	C	18,583.73	3,890.62
Due from Payroll and Payroll Agency Accounts		2,168.45	465.59
Due from Pequannock Public Library		<u>72,051.32</u>	<u>120,562.74</u>
Total Receivables and Other Assets		<u>1,586,640.83</u>	<u>1,369,600.28</u>
Deferred Charges:			
Special Emergency Authorizations			80,000.00
Total Deferred Charges			<u>80,000.00</u>
Total Regular Fund		<u>12,787,694.60</u>	<u>12,152,492.92</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	94,897.66	534,809.10
Grants Receivable	A-10	1,019,907.52	1,264,785.08
Due from Current Fund	A		25,166.93
Due from Open Space Trust Fund	B		4,723.00
Total Federal and State Grant Fund		<u>1,114,805.18</u>	<u>1,829,484.11</u>
<u>TOTAL ASSETS</u>		\$ 13,902,499.78	\$ 13,981,977.03

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 2,048,333.93	\$ 1,887,782.53
Encumbered	A-3;A-11	314,147.34	484,395.23
Total Appropriation Reserves		2,362,481.27	2,372,177.76
Accounts Payable - Vendors		43,481.07	14,552.36
Tax Overpayments			12,092.56
School Taxes Payable	A-12	847.00	102,704.00
County Taxes Payable		6,421.70	21,888.69
Prepaid Taxes		305,050.63	233,992.17
Third Party Tax Title Lien Redemptions		7,490.75	
Due to State of New Jersey - Building Surcharge Fees		7,945.00	7,246.00
Due to State of New Jersey - Marriage Licenses		450.00	
Due to Federal and State Grant Fund	A		25,166.93
Due to Open Space Trust Fund	B		404.91
Due to Sewer Utility Operating Fund	E	11,726.06	12,417.87
Due to Sewer Utility Assessment Trust Fund	E	70,682.50	70,971.10
Reserve for County PILOT Taxes		65,030.02	43,415.00
Reserve for Pending Tax Appeals		257,855.86	482,846.35
Reserve for Revaluation		109,000.00	183,000.00
Reserve for Municipal Relief Aid		126,666.14	63,346.40
Reserve for Returned Library Funds		201,626.00	
		3,576,754.00	3,646,222.10
Reserve for Receivables and Other Assets	A	1,586,640.83	1,369,600.28
Fund Balance	A-1	7,624,299.77	7,136,670.54
Total Regular Fund		12,787,694.60	12,152,492.92
Federal and State Grant Fund:			
Due to Current Fund	A	524.72	
Encumbrances Payable	A-13	218,154.88	404,098.79
Appropriated Reserves	A-13	812,730.42	342,532.07
Unappropriated Reserves	A-14	83,395.16	1,082,853.25
Total Federal and State Grant Fund		1,114,805.18	1,829,484.11
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 13,902,499.78</u>	<u>\$ 13,981,977.03</u>

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

TOWNSHIP OF PEQUANNOCKCURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 3,093,340.00	\$ 1,945,000.00
Miscellaneous Revenue Anticipated		6,176,490.56	10,337,239.41
Receipts from Delinquent Taxes		247,746.54	229,061.31
Receipts from Current Taxes		61,508,845.84	60,203,325.35
Nonbudget Revenue		224,733.60	394,208.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,913,514.33	1,484,805.18
Interfunds Returned		125,871.18	61,686.02
Cancellation of Prior Year Accounts Payable		8,729.73	810.00
Cancellation of Appropriated Grant Reserves		82,368.50	97,944.66
Cancellation of Unappropriated Grant Reserves		2.04	0.02
Cancellation of Reserve for Flood Expenses			0.99
Cancellation of Reserve for Master Plan			150.00
Total Income		<u>73,381,642.32</u>	<u>74,754,231.68</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		22,065,426.70	25,051,553.99
County Taxes		8,148,064.45	7,760,001.31
Local District School Tax		39,258,273.00	38,487,783.00
Municipal Open Space Tax		202,003.47	142,603.40
Prior Year Veterans and Senior Citizens Disallowed		3,078.08	3,321.92
Cancellation of Grants Receivable		26,282.64	27,550.23
Interfunds Advanced		97,544.75	125,871.18
Total Expenditures		<u>69,800,673.09</u>	<u>71,598,685.03</u>
Statutory Excess to Fund Balance		3,580,969.23	3,155,546.65
<u>Fund Balance</u>			
Balance January 1		7,136,670.54	5,926,123.89
		<u>10,717,639.77</u>	<u>9,081,670.54</u>
Decreased by:			
Utilization as Anticipated Revenue		3,093,340.00	1,945,000.00
Balance December 31	A	<u>\$ 7,624,299.77</u>	<u>\$ 7,136,670.54</u>

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Anticipated		Excess or
	Budget	Added by N.J.S.A 40A:4-87	Deficit *
Fund Balance Anticipated	\$ 3,093,340.00		\$ 3,093,340.00
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverage	22,800.00		\$ 100.00
Other	32,500.00		6,911.00
Fees and Permits	100,000.00		4,251.59 *
Municipal Court Fines and Costs	115,000.00		25,450.17
Interest and Costs on Taxes	54,000.00		73,811.33
Interest on Investments and Deposits	103,000.00		487,898.06
Cable Franchise Fee	71,180.00		71,180.00
Senior Citizen House (PILOT)	130,000.00		121,551.30
Energy Receipts Tax (P.L.1999, Chapters 162 & 167)	1,222,767.00		1,222,767.18
Uniform Construction Code Official	375,000.00		369,541.00
Contracts for Dial-A-Ride:			
Borough of Butler	78,505.00		78,505.00
Borough of Kinnelon	101,168.00		101,168.00
Borough of Lincoln Park	103,345.00		128,881.50
Borough of Riverdale	42,235.00		31,626.75
Health Services:			
Township of Boonton		\$ 79,000.00	79,000.00
Borough of Kinnelon	146,867.00		136,885.25
Borough of Bloomingdale	119,781.00		111,639.75
Borough of Riverdale	61,314.00		67,755.25
Borough of Florham Park	176,265.00		164,284.50
Field Maintenance Contract	62,000.00		62,932.03
County Road Plowing and Salting - Morris County	20,000.00		7,240.00
Vehicle Maintenance - Board of Education	16,000.00		16,558.00
Shared Service Agreement - Lincoln Park Inspection Services	47,400.00		78,780.00
Shared Service Agreement - Lincoln Park Fire Inspection Services		8,000.00	8,000.00
Field Use Fees	18,000.00		21,843.99

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Anticipated		Realized	Excess or Deficit *
	Budget	Added by N.J.S.A 40A:4-87		
Miscellaneous Revenue:				
Atlantic Health System - Community Service Contribution	\$ 275,870.00		\$ 271,630.08	\$ 4,239.92 *
Uniform Fire Code Fees	25,000.00		48,922.00	23,922.00
Uniform Fire Safety Act	24,000.00		34,663.86	10,663.86
Hotel Occupancy Tax	55,000.00		67,740.75	12,740.75
Reserve for Insurance Refunds	45,000.00		45,000.00	
Reserve for FEMA Administrative Expenses	15,000.00		15,000.00	
Municipal Relief Fund Aid	63,346.00		63,346.40	0.40
General Capital Fund Balance	37,000.00		37,000.00	
Clean Communities Program	33,814.00		33,814.00	
Drunk Driving Enforcement Fund		\$ 7,685.00	7,685.00	
Municipal Alliance on Alcoholism and Drug Abuse		6,329.00	6,329.00	
Stormwater Assistance Grant		25,000.00	25,000.00	
New Jersey Senior Transportation Assistance Act	100,669.00		100,669.00	
Body Armor Replacement Fund	2,218.00		2,218.00	
National Institute of Justice Police Grant	2,877.00		2,877.00	
Morris County Historic Preservation Trust - Railroad Construction		205,201.00	205,201.00	
New Jersey Transportation Trust Fund Authority Act: Mountain Ave	249,770.00		249,770.00	
NJACCHO Grant	289,580.00	335,872.00	625,452.00	
Cablevision - Public Access Equipment Grant	2,450.00		2,450.00	
New Jersey Senior Citizen and Disabled Residents Transportation Assistance Act - Reserve	40,000.00		40,000.00	
American Rescue Plan Act	471,364.00		471,364.00	
Community Development Block Grant (CDBG) - Ryerson Road		80,000.00	80,000.00	
Total Miscellaneous Revenue	4,952,085.00	747,087.00	6,176,490.56	477,318.56
Receipts from Delinquent Taxes	223,000.00		247,746.54	24,746.54

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Anticipated			
	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 13,156,217.00		\$ 14,006,388.92	\$ 850,171.92
Minimum Library Tax	1,058,401.00		1,058,401.00	
	14,214,618.00		15,064,789.92	850,171.92
Budget Totals	22,483,043.00	\$ 747,087.00	24,582,367.02	1,352,237.02
Nonbudget Revenue			224,733.60	224,733.60
Totals	\$ 22,483,043.00	\$ 747,087.00	\$ 24,807,100.62	\$ 1,576,970.62

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Allocation of Current Tax Collections:

Revenue from Collections		\$ 61,508,845.84
Allocated to School, County and Municipal Open Space Taxes		47,608,340.92
Balance for Support of Municipal Budget Appropriations		<u>13,900,504.92</u>
 Add: Appropriation "Reserve for Uncollected Taxes"		 <u>1,164,285.00</u>
Realized for Support of Municipal Budget Appropriations		<u>\$ 15,064,789.92</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections		<u>\$ 247,746.54</u>
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Analysis of Licenses - Other

Township Clerk	\$ 2,800.00	
Board of Health	36,611.00	
	<u> </u>	<u>\$ 39,411.00</u>

Analysis of Fees and Permits - Other:

Township Clerk	\$ 3,054.80	
Board of Health	71,645.00	
Planning and Zoning	19,455.61	
Tax Assessor	530.00	
Shade Tree	655.00	
Tax Collector	408.00	
	<u> </u>	<u>\$ 95,748.41</u>

Interest on Investments & Deposits:

Collections	\$ 487,849.40	
Due Other Trust Funds	48.66	
	<u> </u>	<u>\$ 487,898.06</u>

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF REVENUE-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Analysis of Nonbudget Revenue:

Recyclable Materials	\$	1,711.80	
Sale of Municipal Assets - Auction		112,588.00	
State of New Jersey:			
2% Administration Fee for Senior and Veteran Deductions		4,401.08	
Miscellaneous		16,319.97	
Prior Year Expenditure Refund		64,394.60	
DMV Inspection Fees		850.00	
Police		17,070.00	
Clerk		50.00	
Returned Check fees		480.00	
			\$ 217,865.45
Tax Collector			6,868.15
			\$ 224,733.60

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

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Township Manager:					
Salaries and Wages	\$ 185,000.00	\$ 185,000.00	\$ 174,155.15	\$ 10,844.85	
Other Expenses	7,200.00	7,200.00	5,468.64	1,731.36	
Mayor and Council:					
Salaries and Wages	30,200.00	30,200.00	30,200.00		
Other Expenses	9,425.00	9,425.00	5,697.85	3,727.15	
Township Clerk:					
Salaries and Wages	146,600.00	149,600.00	147,620.54	1,979.46	
Other Expenses	99,000.00	96,000.00	69,320.88	26,679.12	
Financial Administration:					
Salaries and Wages	233,300.00	233,300.00	189,351.13	43,948.87	
Other Expenses	11,220.00	11,220.00	11,194.00	26.00	
Revenue Administration (Tax Collector):					
Salaries & Wages	100,400.00	100,400.00	83,965.54	16,434.46	
Other Expenses	11,000.00	11,000.00	8,755.34	2,244.66	
Audit Services:					
Other Expenses	64,650.00	64,650.00	63,684.30	965.70	
Data Processing	127,500.00	127,500.00	121,587.92	5,912.08	
Assessment of Taxes:					
Salaries and Wages	62,900.00	62,900.00	40,480.71	22,419.29	
Other Expenses	23,115.00	23,115.00	3,629.53	19,485.47	
Legal Services and Costs:					
Other Expenses	120,000.00	120,000.00	84,955.00	35,045.00	
Township Engineer:					
Salaries and Wages	81,200.00	81,200.00	67,123.91	14,076.09	
Other Expenses	33,700.00	33,700.00	33,306.17	393.83	
Economic Development Committee:					
Other Expense	4,000.00	4,000.00	3,733.64	266.36	
Historic District Commission:					
Other Expenses	850.00	850.00		850.00	

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	\$ 109,800.00	\$ 109,800.00	\$ 63,833.03	\$ 45,966.97	
Other Expenses	56,100.00	56,100.00	46,271.77	9,828.23	
Zoning Board of Adjustment:					
Other Expenses	11,900.00	11,900.00	5,125.87	6,774.13	
PUBLIC SAFETY:					
Municipal Prosecutor:					
Salaries and Wages	30,800.00	30,800.00	29,117.32	1,682.68	
Police Department:					
Salaries and Wages	4,269,036.00	4,269,036.00	3,931,393.11	337,642.89	
Salaries and Wages - ARP	471,364.00	471,364.00	471,364.00		
Other Expenses	265,239.00	265,239.00	260,539.90	4,699.10	
Municipal Flood Advocate:					
Salaries and Wages	91,400.00	94,400.00	91,443.77	2,956.23	
Other Expenses	49,550.00	49,550.00	48,257.79	1,292.21	
Office of Emergency Management:					
Salaries and Wages	29,100.00	29,100.00	27,598.52	1,501.48	
Other Expenses	5,000.00	5,000.00	3,424.86	1,575.14	
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	59,500.00	59,500.00	59,500.00		
Other Expenses - Clothing Allowance	50,000.00	50,000.00	41,000.00	9,000.00	
Office of Fire Safety:					
Salaries and Wages	53,242.00	53,242.00	38,799.87	14,442.13	
Other Expenses	27,330.00	27,330.00	27,273.52	56.48	

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	\$ 379,700.00	\$ 379,700.00	\$ 295,002.79	\$ 84,697.21	
Other Expenses	127,000.00	127,000.00	123,666.41	3,333.59	
Community Service Act:					
Other Expenses	22,000.00	22,000.00		22,000.00	
Building and Grounds:					
Salaries and Wages	109,300.00	104,300.00	62,256.11	42,043.89	
Other Expenses	110,260.00	115,260.00	114,314.01	945.99	
Vehicle Maintenance:					
Salaries and Wages	103,400.00	103,400.00	91,788.86	11,611.14	
Other Expenses	62,000.00	62,000.00	61,596.57	403.43	
Shade Tree:					
Other Expenses	34,250.00	31,250.00	25,584.87	5,665.13	
Flood Advisory Committee:					
Other Expenses	2,500.00	2,500.00		2,500.00	
HEALTH AND WELFARE FUNCTIONS:					
Board of Health:					
Salaries and Wages	166,200.00	151,200.00	52,931.18	98,268.82	
Other Expenses	25,800.00	40,800.00	10,711.67	30,088.33	
Animal Control Services:					
Other Expenses	30,000.00	30,000.00	30,000.00		
Senior Citizens' Committee:					
Other Expenses	2,000.00	2,000.00	1,215.65	784.35	
Environmental Protection Commission:					
Other Expenses	1,500.00	1,500.00	1,494.17	5.83	
Dial-A-Ride:					
Salaries and Wages	132,313.00	132,313.00	132,307.25	5.75	
Other Expenses	2,512.00	2,512.00	2,512.00		

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
PARKS AND RECREATION FUNCTIONS:					
Parks and Playground Maintenance:					
Salaries and Wages	\$ 470,400.00	\$ 470,400.00	\$ 437,349.96	\$ 33,050.04	
Other Expenses	81,250.00	84,250.00	82,857.78	1,392.22	
Recreation & Playground Services:					
Salaries and Wages	182,900.00	182,900.00	151,392.09	31,507.91	
Other Expenses	34,600.00	34,600.00	33,394.45	1,205.55	
MUNICIPAL COURT AND PUBLIC DEFENDER:					
Municipal Court:					
Salaries and Wages	222,600.00	222,600.00	212,417.72	10,182.28	
Other Expenses	17,000.00	17,000.00	11,539.05	5,460.95	
UTILITIES AND BULK PURCHASES					
Electricity	121,500.00	121,500.00	41,745.41	79,754.59	
Street Lighting	153,000.00	153,000.00	110,201.23	42,798.77	
Telephone	70,000.00	70,000.00	30,128.77	39,871.23	
Water	9,000.00	9,000.00	4,485.60	4,514.40	
Natural Gas	45,000.00	45,000.00	9,421.07	35,578.93	
Gasoline	200,000.00	197,000.00	76,203.12	120,796.88	
INSURANCE:					
General Liability	233,400.00	233,400.00	198,385.00	35,015.00	
Workers Compensation	200,000.00	200,000.00	176,737.00	23,263.00	
Employee Group Health	1,925,720.00	1,922,720.00	1,607,045.71	315,674.29	
Health Benefits Waiver	72,000.00	75,000.00	72,109.71	2,890.29	
Unemployment Insurance	2,000.00	2,000.00	2,000.00		

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": STATE UNIFORM CONSTRUCTION CODE: Construction Official: Salaries and Wages Other Expenses UNCLASSIFIED: Accumulated Leave Compensation Celebration of Public Events: Other Expenses Total Operations Within "CAPS"	\$ 447,700.00 16,750.00 204,230.00 25,000.00 13,087,406.00	\$ 447,700.00 16,750.00 204,230.00 25,000.00 13,087,406.00	\$ 367,160.44 10,292.61 120,089.96 20,348.09 11,181,859.89	\$ 80,539.56 6,457.39 84,140.04 4,651.91 1,905,546.11	
Detail: Salaries and Wages Other Expenses	7,928,721.00 5,158,685.00	7,914,721.00 5,172,685.00	6,924,778.96 4,257,080.93	989,942.04 915,604.07	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS" Statutory Expenditures: Contributions to: Police & Firemens' Retirement System Public Employees' Retirement System Social Security System (O.A.S.I.) Defined Contribution Retirement Program Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,383,347.00 497,273.00 402,220.00 20,000.00 2,302,840.00	1,383,347.00 497,273.00 402,220.00 20,000.00 2,302,840.00	1,383,347.00 492,870.20 329,300.48 10,053.56 2,215,571.24	4,402.80 72,919.52 9,946.44 87,268.76	
Total General Appropriations for Municipal Purposes Within "CAPS"	15,390,246.00	15,390,246.00	13,397,431.13	1,992,814.87	

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library (PL 1988, Ch. 82):					
Other Expenses	\$ 1,058,401.00	\$ 1,058,401.00	\$ 1,058,401.00		
Fair Housing Committee:					
Other Expenses	20,500.00	20,500.00	18,500.00	\$ 2,000.00	
Police Dispatch / 911:					
Salaries & Wages	316,650.00	316,650.00	289,780.93	26,869.07	
Field Maintenance:					
Salaries & Wages	35,000.00	35,000.00	35,000.00		
Other Expenses	27,000.00	27,000.00	27,000.00		
Vehicle Maintenance - Board of Education	16,000.00	16,000.00	16,000.00		
Dial-A-Ride Program:					
Salaries & Wages	56,699.00	56,699.00	56,699.00		
Other Expenses	268,554.00	268,554.00	252,904.01	15,649.99	
Shared Health Services Agreement:					
Salaries & Wages	504,227.00	504,227.00	504,227.00		
Morris County Road Snow Plowing	20,000.00	20,000.00	9,000.00	11,000.00	
Shared Service Agreement:					
Lincoln Park Fire Inspection (N.J.S.A 40A:4-87, + \$8,000.00)					
Boonton Health Services (N.J.S.A 40A:4-87, + \$79,000.00)					
Operations Excluded from "CAPS":					
Public & Private Programs Offset by Revenue:					
Municipal Alliance on Alcoholism and Drug Abuse					
Grant (N.J.S.A 40A:4-87, + \$6,329.00)		6,329.00	6,329.00		
New Jersey Senior Transportation Assistance Act	100,669.00	100,669.00	100,669.00		
Clean Communities Program	33,814.00	33,814.00	33,814.00		
Drunk Driving Enforcement Fund (N.J.S.A 40A:4-87, + \$7,685.00)		7,685.00	7,685.00		
New Jersey Body Armor Replacement Funds	2,218.00	2,218.00	2,218.00		
National Institute of Justice Police Grant	2,877.00	2,877.00	2,877.00		
Cablevision - Public Access Equipment Grant	2,450.00	2,450.00	2,450.00		
Morris County - CDBG - Ryerson Road (N.J.S.A 40A:4-87, + \$80,000.00)		80,000.00	80,000.00		

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public & Private Programs Offset by Revenue:					
New Jersey Senior Citizen and Disabled Residents Transportation Grant	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00		
Morris County Historic Preservation Trust - Railroad Station Construction (N.J.S.A 40A:4-87, + \$205,201.00)		205,201.00	205,201.00		
New Jersey Department of Transportation Trust Fund Mountain Ave	249,770.00	249,770.00	249,770.00		
Stormwater Assistance Grant (N.J.S.A 40A:4-87, + \$25,000.00)		25,000.00	25,000.00		
NJACCHO Grant (N.J.S.A 40A:4-87, + \$335,872)	289,580.00	625,452.00	625,452.00		
Total Operations - Excluded from "CAPS"	3,044,409.00	3,791,496.00	3,735,976.94	\$ 55,519.06	
Detail:					
Salaries and Wages	912,576.00	912,576.00	885,706.93	26,869.07	
Other Expenses	2,131,833.00	2,878,920.00	2,850,270.01	28,649.99	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	2,300,000.00	2,300,000.00	2,300,000.00		
Reserve for Fire Appatatus	200,000.00	200,000.00	200,000.00		
Total Capital Improvements - Excluded from "CAPS"	2,500,000.00	2,500,000.00	2,500,000.00		

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Municipal Debt Service - Excluded from "CAPS": Interest on Notes	\$ 150,080.00	\$ 150,080.00	\$ 149,663.10		\$ 416.90
Total Municipal Debt Service - Excluded from "CAPS"	150,080.00	150,080.00	149,663.10		416.90
Deferred Charges - Excluded from "CAPS": Special Emergency Authorizations - 5 years	80,000.00	80,000.00	80,000.00		
Deferred Charges to Future Taxation - Unfunded: Ordinance #2008-35	154,023.00	154,023.00	154,021.60		1.40
Total Deferred Charges - Excluded from "CAPS"	234,023.00	234,023.00	234,021.60		1.40
Total General Appropriations - Excluded from "CAPS"	5,928,512.00	6,675,599.00	6,619,661.64	\$ 55,519.06	418.30
Subtotal General Appropriations	21,318,758.00	22,065,845.00	20,017,092.77	2,048,333.93	418.30
Reserve for Uncollected Taxes	1,164,285.00	1,164,285.00	1,164,285.00		
Total General Appropriations	\$ 22,483,043.00	\$ 23,230,130.00	\$ 21,181,377.77	\$ 2,048,333.93	\$ 418.30
Ref.				A	

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>
Adopted Budget		\$ 22,483,043.00	
Added by N.J.S.A. 40A:4-87		<u>747,087.00</u>	
		<u>\$ 23,230,130.00</u>	
Cash Disbursed			\$ 18,953,791.55
Encumbrances	A		314,147.34
Transfer to Federal and State Grant Fund:			
Federal and State Grants			1,381,465.00
Deferred Charges			80,000.00
Reserve for Uncollected Taxes			<u>1,164,285.00</u>
			21,893,688.89
Less: Appropriation Refunds			<u>712,311.12</u>
			<u>\$ 21,181,377.77</u>

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 20,032.93	\$ 29,837.35
		<u>20,032.93</u>	<u>29,837.35</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	2,127,663.09	2,747,123.02
Grants Receivable - FEMA Elevation		762,883.80	247,591.78
		<u>2,890,546.89</u>	<u>2,994,714.80</u>
Open Space Trust Fund:			
Cash and Cash Equivalents	B-4A	739,148.61	597,326.01
Due From Current Fund	A		404.91
		<u>739,148.61</u>	<u>597,730.92</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,649,728.43</u>	<u>\$ 3,622,283.07</u>

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:			
Prepaid Licenses - State Fees		\$ 535.20	\$ 606.60
Prepaid Licenses - Municipal Fees		9,373.80	11,264.40
Due to Current Fund	A	46.74	14.77
Due to State of New Jersey			711.40
Reserve for Animal Control Expenditures	B-6	10,077.19	17,240.18
		<u>20,032.93</u>	<u>29,837.35</u>

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)</u>			
Other Trust Funds:			
Due to Current Fund	A	\$ 4,169.79	\$ 937.46
Due to General Capital Fund	C	762,883.80	247,591.78
Due to Interlocal Towns		43,147.00	20,427.00
Reserve for:			
Developers Deposits - Affordable Housing		103,687.23	101,785.11
Fire Safety		12,591.89	12,360.91
Payroll Section 125 Trust		6,549.99	6,091.96
Unemployment Compensation Insurance		142,154.86	142,040.57
Developers Deposits - Escrow		349,735.46	1,029,261.24
Youth Development		26,191.87	27,776.49
Refundable Permits		41,516.00	34,033.53
Parking Offenses Adjudication Act		798.46	798.47
Premium on Tax Sale		149,217.22	289,617.22
Public Defender		57,507.21	56,649.77
Storm Recovery		221,111.95	229,845.08
Insurance Refunds		545,088.93	488,223.59
Dial-A-Ride (D.A.R.) Bequests		25,000.00	25,082.97
Recreation		399,195.23	282,151.65
FEMA Elevation Escrow			40.00
		<u>2,890,546.89</u>	<u>2,994,714.80</u>
Open Space Trust Fund:			
Due To Federal & State Grant Fund	A		4,723.00
Reserve for Open Space Expenditures		739,148.61	593,007.92
		<u>739,148.61</u>	<u>597,730.92</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,649,728.43</u>	<u>\$ 3,622,283.07</u>

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

TOWNSHIP OF PEQUANNOCK
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents		\$ 6,342,764.97	\$ 6,087,680.99
Investments		225,000.00	250,000.00
	C-2	6,567,764.97	6,337,680.99
FEMA Grants Receivable:			
Flood Mitigation		7,002,049.00	7,002,049.00
Due from:			
Other Trust Fund	B	762,883.80	247,591.78
Deferred Charges to Future Taxation - Unfunded	C-4	7,493,538.00	7,937,127.60
<u>TOTAL ASSETS</u>		\$ 21,826,235.77	\$ 21,524,449.37
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 3,200,000.00	\$ 3,752,000.00
Improvement Authorizations:			
Funded	C-5	3,783,061.97	1,812,810.59
Unfunded	C-5	6,877,244.10	7,101,404.00
Due to Current Fund	A	18,583.73	3,890.62
Capital Improvement Fund	C-6	581,011.17	512,710.30
Reserve for:			
Fire Apparatus			945,398.00
Flood Control Improvements		81,994.47	81,000.00
FEMA Flood Mitigation Grant Receivables		7,002,049.00	7,002,049.00
FEMA Administrative Cost		36,000.00	61,030.53
Fund Balance	C-1	246,291.33	252,156.33
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 21,826,235.77	\$ 21,524,449.37

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

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

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 252,156.33
Increased By:		
Improvement Authorizations Cancelled	\$ 19,935.00	
Premium on Bond Anticipation Notes Issued	<u>11,200.00</u>	
		<u>31,135.00</u>
		283,291.33
Decreased By:		
Anticipated as Current Fund Revenue		<u>37,000.00</u>
Balance December 31, 2023	C	<u><u>\$ 246,291.33</u></u>

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
WATER UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 2,773,594.92	\$ 1,946,336.18
Change Fund		60.00	60.00
		<u>2,773,654.92</u>	<u>1,946,396.18</u>
Due Water Utility Capital Fund	D	613.20	164.41
Due Sewer Utility Operating Fund	E	<u>132,428.18</u>	<u>181,800.20</u>
		<u>2,906,696.30</u>	<u>2,128,360.79</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>947,109.81</u>	<u>883,571.78</u>
Total Operating Fund		<u>3,853,806.11</u>	<u>3,011,932.57</u>
Assessment Trust Fund:			
Water Assessment Receivable	D-16	20,359.29	
Prospective Assessment Funded (Ordinance 2014-29)			<u>260,000.00</u>
Total Assessment Trust Fund		<u>20,359.29</u>	<u>260,000.00</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	210,218.89	257,352.40
Fixed Capital	D-7	18,796,340.01	18,583,652.01
Fixed Capital Authorized and Uncompleted	D-8	<u>5,054,385.39</u>	<u>5,290,921.06</u>
Total Capital Fund		<u>24,060,944.29</u>	<u>24,131,925.47</u>
<u>TOTAL ASSETS</u>		<u>\$ 27,935,109.69</u>	<u>\$ 27,403,858.04</u>

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 272,160.67	\$ 352,323.51
Encumbered	D-3;D-9	247,842.62	229,353.42
		<u>520,003.29</u>	<u>581,676.93</u>
Accounts Payable - Vendors		614,873.82	394,919.00
Accrued Interest on Bonds		69,136.20	72,857.56
		<u>1,204,013.31</u>	<u>1,049,453.49</u>
Reserve for Receivables	D	947,109.81	883,571.78
Fund Balance	D-1	<u>1,702,682.99</u>	<u>1,078,907.30</u>
Total Operating Fund		<u>3,853,806.11</u>	<u>3,011,932.57</u>
Assessment Trust Fund:			
Reserve for Assessments Receivable	D-17	20,359.29	
Reserve for Prospective Assessments Unfunded			260,000.00
Total Assessment Trust Fund		<u>20,359.29</u>	<u>260,000.00</u>
Capital Fund:			
Serial Bonds Payable	D-15	6,265,000.00	6,490,000.00
Improvement Authorizations:			
Funded	D-10	70,290.42	94,085.12
Unfunded	D-10	4,506,224.02	4,810,000.00
Due Water Utility Operating Fund	D	613.20	164.41
Capital Improvement Fund	D-11	298,050.04	153,050.04
Reserve for Amortization	D-12	12,277,809.88	12,008,157.55
Deferred Reserve for Amortization	D-13	304,385.39	259,385.39
Reserve to Pay Debt Service		240,798.33	231,950.66
Reserve for Assessment Debt Service		12,640.71	
Fund Balance	D-1A	<u>85,132.30</u>	<u>85,132.30</u>
Total Capital Fund		<u>24,060,944.29</u>	<u>24,131,925.47</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 27,935,109.69	\$ 27,403,858.04

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

	Year Ended December 31,	
	2023	2022
	Ref.	
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 150,000.00	\$ 285,000.00
Rents	3,604,130.26	3,351,974.99
Miscellaneous Revenue	76,341.39	32,187.18
Water Rents - Rate Increase	373,000.00	35,000.00
Other Credits to Income:		
Cancellation of Prior Year Accounts Payable		347.59
Unexpended Balance of Appropriation Reserves	292,491.46	132,552.49
Total Income	4,495,963.11	3,837,062.25
<u>Expenditures</u>		
Budget Expenditures:		
Operating	2,870,465.00	2,814,713.01
Capital Improvements	190,000.00	76,548.00
Debt Service	383,422.42	362,648.99
Deferred Charges and Statutory Expenditures	278,300.00	254,090.00
Total Expenditures	3,722,187.42	3,508,000.00
Excess in Revenue	773,775.69	329,062.25
<u>Fund Balance</u>		
Balance January 1	1,078,907.30	1,034,845.05
	1,852,682.99	1,363,907.30
Decreased by:		
Utilized as Anticipated Revenue	150,000.00	285,000.00
Balance December 31	D \$ 1,702,682.99	\$ 1,078,907.30

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

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

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 85,132.30
Balance December 31, 2023	D	<u>\$ 85,132.30</u>

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

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 150,000.00	\$ 150,000.00	
Water Rents	3,300,000.00	3,604,130.26	\$ 304,130.26
Miscellaneous Revenue	23,000.00	76,341.39	53,341.39
Water Rents - Rate Increase	373,000.00	373,000.00	
	<u>\$ 3,846,000.00</u>	<u>\$ 4,203,471.65</u>	<u>\$ 357,471.65</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Utility Collector:

Interest on Delinquent Water Rents	\$ 19,954.09
Water Connection and Other Fees	9,850.91
	<u>29,805.00</u>

Treasurer:

Interest on Investments	46,536.39
	<u>\$ 76,341.39</u>

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

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 906,515.00	\$ 906,515.00	\$ 717,617.48	\$ 188,897.52	
Other Expenses	1,963,950.00	1,963,950.00	1,880,686.85	83,263.15	
Capital Improvements:					
Capital Improvement Fund	190,000.00	190,000.00	190,000.00		
Debt Service:					
Payment on Bond Principal	225,000.00	225,000.00	225,000.00		
Interest on Bonds	163,435.00	163,435.00	158,422.42		\$ 5,012.58
Interest on Notes	118,800.00	118,800.00			118,800.00
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Revenue -					
Ordinance #2007-14	7,030.13	7,030.13	7,030.13		
Ordinance #2003-18	46,469.87	46,469.87	46,469.87		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	120,000.00	120,000.00	120,000.00		
Social Security System (O.A.S.I.)	69,700.00	69,700.00	69,700.00		
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00		
Paid Time Off (PTO) Buyback	33,100.00	33,100.00	33,100.00		
	<u>\$ 3,846,000.00</u>	<u>\$ 3,846,000.00</u>	<u>\$ 3,450,026.75</u>	<u>\$ 272,160.67</u>	<u>\$ 123,812.58</u>

Ref.

D

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 3,846,000.00	
		<u>\$ 3,846,000.00</u>	
Cash Disbursed			\$ 3,043,761.71
Accrued Interest on Bonds			158,422.42
Encumbrances Payable	D		<u>247,842.62</u>
			<u>\$ 3,450,026.75</u>

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
SEWER UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 1,133,269.52	\$ 1,115,787.26
Due Current Fund	A	11,726.06	12,417.87
Due Sewer Utility Capital Fund	E	8,644.73	1,982.95
Due Sewer Utility Assessment Fund	E	5,398.94	1,055.88
		<u>1,159,039.25</u>	<u>1,131,243.96</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-6	976,426.59	935,052.43
		<u>976,426.59</u>	<u>935,052.43</u>
Total Operating Fund		<u>2,135,465.84</u>	<u>2,066,296.39</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	E-4	1,855,299.60	1,662,697.12
Assessments Receivable	E-9	1,845,913.85	2,293,448.29
Assessments Liens Receivable	E-9A	110,143.85	110,143.85
Due Current Fund	A	70,682.50	70,971.10
Prospective Assessments Funded		4,600,000.00	4,600,000.00
Total Assessment Trust Fund		<u>8,482,039.80</u>	<u>8,737,260.36</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	2,926,894.16	3,113,631.20
Fixed Capital	E-10	31,102,950.66	31,049,668.65
Fixed Capital Authorized and Uncompleted	E-11	7,500,000.00	6,155,000.00
Total Capital Fund		<u>41,529,844.82</u>	<u>40,318,299.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 52,147,350.46</u>	<u>\$ 51,121,856.60</u>

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-12	\$ 56,201.35	\$ 41,555.38
Encumbered	E-3;E-12	18,548.12	8,963.01
Total Appropriation Reserves		74,749.47	50,518.39
Accounts Payable - Vendors		3,200.00	
Due Water Utility Operating Fund	D	132,428.18	181,800.20
Due Solid Waste Utility Operating Fund	F	331,373.72	388,834.92
Accrued Interest on Bonds		145,591.36	159,871.88
		687,342.73	781,025.39
Reserve for Receivables	E	976,426.59	935,052.43
Fund Balance	E-1	471,696.52	350,218.57
Total Operating Fund		2,135,465.84	2,066,296.39
Assessment Trust Fund:			
Due Sewer Utility Operating Fund	E	5,398.94	1,055.88
Reserve for Prospective Assessments Funded		4,600,000.00	4,600,000.00
Reserve for Assessments and Liens	E-13	1,956,057.70	2,403,592.14
Fund Balance	E-1A	1,920,583.16	1,732,612.34
Total Assessment Trust Fund		8,482,039.80	8,737,260.36

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

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Fund:			
Serial Bonds Payable	E-19	\$ 15,980,000.00	\$ 17,415,000.00
Improvement Authorizations:			
Funded	E-14	3,181,179.92	3,441,083.73
Unfunded	E-14	3,500,000.00	2,100,000.00
Due to Sewer Utility Operating Fund	E	8,644.73	1,982.95
Reserve for Amortization	E-16	18,857,974.84	17,196,905.83
Deferred Reserve for Amortization	E-17		55,000.00
Fund Balance	E-1B	<u>2,045.33</u>	<u>108,327.34</u>
Total Capital Fund		<u>41,529,844.82</u>	<u>40,318,299.85</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 52,147,350.46</u>	<u>\$ 51,121,856.60</u>

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

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

		Year Ended December 31	
	Ref.	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 25,000.00	\$ 151,000.00
Sewer Service Charges		4,024,335.01	4,163,638.83
Miscellaneous		212,236.57	141,685.60
Sewer Capital Fund Balance		108,000.00	
Sewer Rents - New Users			30,000.00
Sewer Assessment Surplus		250,000.00	250,000.00
American Rescue Plan Grant		550,000.00	220,000.00
Other Credits to Income:			
Cancellation of Reserve for Maintenance Bond			5,000.00
Unexpended Balance of Appropriation Reserves		39,906.37	17,820.45
Total Income		5,209,477.95	4,979,144.88
<u>Expenditures</u>			
Budget Appropriations:			
Operating		2,732,631.00	2,531,893.00
Debt Service		2,041,882.00	2,044,871.93
Deferred Charges and Statutory Expenditures		288,487.00	238,552.00
Total Expenditures		5,063,000.00	4,815,316.93
Excess Revenue/Statutory Excess to Fund Balance		146,477.95	163,827.95
<u>Fund Balance</u>			
Balance January 1		350,218.57	337,390.62
		496,696.52	501,218.57
Decreased by:			
Utilized by Sewer Utility Operating Budget		25,000.00	151,000.00
Balance December 31	E	\$ 471,696.52	\$ 350,218.57

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

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 1,732,612.34
Increased by:		
Collection of Unpledged Assessments		437,970.82
		<u>2,170,583.16</u>
Decreased by:		
Surplus Anticipated in Sewer Utility Operating Fund		250,000.00
		<u>250,000.00</u>
Balance December 31, 2023	E	<u>\$ 1,920,583.16</u>

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

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 108,327.34
Increased by:		
Cancellation of Capital Improvement Fund		1,717.99
		<u>110,045.33</u>
Decreased by:		
Surplus Anticipated in Sewer Utility Operating Fund		108,000.00
		<u>108,000.00</u>
Balance December 31, 2023	E	<u>\$ 2,045.33</u>

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

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 25,000.00	\$ 25,000.00	
Sewer Service Charges	4,000,000.00	4,024,335.01	\$ 24,335.01
Miscellaneous	130,000.00	212,236.57	82,236.57
Sewer Capital Fund Balance	108,000.00	108,000.00	
Sewer Assessment Surplus	250,000.00	250,000.00	
American Rescue Plan Grant	550,000.00	550,000.00	
	<u>\$ 5,063,000.00</u>	<u>\$ 5,169,571.58</u>	<u>\$ 106,571.58</u>

Miscellaneous

Treasurer:

Interest on Investments	\$ 108,814.69	
Interest on Assessments	<u>78,018.13</u>	
		\$ 186,832.82

Collector:

Interest on Sewer Rents	19,668.75	
Sewer Tap/Connection Fees	4,375.00	
Other Miscellaneous	<u>1,360.00</u>	
		<u>25,403.75</u>
		<u>\$ 212,236.57</u>

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

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriation		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 149,800.00	\$ 149,800.00	\$ 107,300.08	\$ 42,499.92	
Other Expenses	390,626.00	390,626.00	376,924.57	13,701.43	
Two Bridges Sewerage Authority	1,642,205.00	1,642,205.00	1,642,205.00		
Treatment of Sewerage - American Rescue Plan	300,000.00	300,000.00	300,000.00		
Salaries and Wages - American Rescue Plan	250,000.00	250,000.00	250,000.00		
Debt Service:					
Payment of Bond Principal	1,435,000.00	1,435,000.00	1,435,000.00		
Interest on Bonds	606,882.00	606,882.00	606,882.00		
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Revenue:					
Ordinance 2006-14	60,591.90	60,591.90	60,591.90		
Ordinance 2014-02	112,195.10	112,195.10	112,195.10		
Statutory Expenditures:					
Contribution to:					
Public Employee Retirement System	51,000.00	51,000.00	51,000.00		
Social Security System (O.A.S.I.)	30,600.00	30,600.00	30,600.00		
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00		
Paid Time Off (PTO) Buyback	33,100.00	33,100.00	33,100.00		
Total Sewer Utility Appropriations	<u>\$ 5,063,000.00</u>	<u>\$ 5,063,000.00</u>	<u>\$ 5,006,798.65</u>	<u>\$ 56,201.35</u>	<u>\$ -0-</u>

Ref.

E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		<u>\$ 5,063,000.00</u>	
Cash Disbursed			\$ 4,386,572.85
Encumbrances Payable	E		18,548.12
Accrued Interest on Bonds			606,882.00
			<u>5,012,002.97</u>
Less: Appropriation Refunds			<u>5,204.32</u>
			<u>\$ 5,006,798.65</u>

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
SOLID WASTE UTILITY FUND

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

		December 31,	
	Ref.	2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 289,661.21	\$ 263,342.03
Due Sewer Utility Operating Fund	E	331,373.72	388,834.92
		621,034.93	652,176.95
Receivables and Other Assets With Full Reserves:			
Consumer Accounts Receivable	F-5	182,282.70	211,662.96
Accounts Receivable - Interlocal Agreement		12,830.00	
Total Receivables and Other Assets			
With Full Reserves		195,112.70	211,662.96
Total Operating Fund		816,147.63	863,839.91
<u>TOTAL ASSETS</u>		<u>\$ 816,147.63</u>	<u>\$ 863,839.91</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-3;F-6	\$ 132,184.97	\$ 127,520.65
Unencumbered	F-3;F-6	119,982.07	151,059.75
		252,167.04	278,580.40
Reserve for Street Sweeper			118,000.00
Reserve for Receivables		195,112.70	211,662.96
Fund Balance	F-1	368,867.89	255,596.55
Total Operating Fund		816,147.63	863,839.91
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 816,147.63</u>	<u>\$ 863,839.91</u>

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

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

		Year Ended December 31	
	Ref.	2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 155,000.00	\$ 170,080.00
User Fees		2,063,386.58	1,965,775.78
Miscellaneous Revenue		19,176.07	12,432.57
Recycling Tonnage Grant		21,224.00	24,353.00
Interlocal Agreement Fees		37,800.00	49,317.00
Rate Increase		94,710.00	40,000.00
Other Credits to Incomes:			
Cancellation of Reserve for Street Sweeper		3,000.00	
Unexpended Balance of Appropriation Reserves		144,933.69	91,125.39
Total Income		2,539,230.34	2,353,083.74
<u>Expenditures</u>			
Budget Appropriations:			
Operating		2,180,159.00	2,128,230.00
Capital Improvements			59,000.00
Deferred Charges and Statutory Expenditures		90,800.00	87,120.00
Total Expenditures		2,270,959.00	2,274,350.00
Statutory Excess to Fund Balance		268,271.34	78,733.74
<u>Fund Balance</u>			
Balance January 1		255,596.55	346,942.81
		523,867.89	425,676.55
Decreased by:			
Utilized as Anticipated Revenue		155,000.00	170,080.00
Balance December 31	F	\$ 368,867.89	\$ 255,596.55

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, 2023

	<u>Anticipated</u>			<u>Excess or</u>
	<u>Budget</u>	<u>Added by</u>	<u>Realized</u>	<u>Deficit *</u>
		<u>N.J.S.A. 40A:4-87</u>		
Operating Fund Balance Anticipated	\$ 155,000.00		\$ 155,000.00	
User Fees	1,962,395.00		2,063,386.58	\$ 100,991.58
Miscellaneous Revenue	12,000.00		19,176.07	7,176.07
Recycling Tonnage Grant		\$ 21,224.00	21,224.00	
Rate Increase	94,710.00		94,710.00	
Board of Education - Interlocal Agreement	50,630.00		37,800.00	12,830.00 *
	<u>\$ 2,274,735.00</u>	<u>\$ 21,224.00</u>	<u>\$ 2,391,296.65</u>	<u>\$ 120,997.65</u>

Analysis of Realized Revenue

Solid Waste User Fees:

User Fees	\$ 2,063,386.58
Rate Increase	94,710.00
	<u>\$ 2,158,096.58</u>

Miscellaneous Revenue:

Interest on Deposits	\$ 6,281.42
Interest on Delinquent Accounts	\$ 12,174.10
Miscellaneous Solid Waste Fees	<u>720.55</u>
	<u>12,894.65</u>
	<u>\$ 19,176.07</u>

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

TOWNSHIP OF PEQUANNOCK
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriations		Expended by			Unexpended Balances Cancelled
	Budget	Budget After Modifi- cation	Paid or Charged	Reserved		
Operating:						
Salaries and Wages	\$ 268,100.00	\$ 268,100.00	\$ 181,627.36	\$ 61,472.64	\$ 25,000.00	
Other Expenses	1,915,835.00	1,915,835.00	1,857,325.57	58,509.43		
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System	35,500.00	35,500.00	35,500.00			
Social Security System (O.A.S.I.)	20,600.00	20,600.00	20,600.00			
Unemployment Compensation Insurance	1,600.00	1,600.00	1,600.00			
Paid Time Off (PTO) Buyback	33,100.00	33,100.00	33,100.00			
Public & Private Programs Offset by Revenue:						
Recycling Tonnage Grant (N.J.S.A. 40A:4-87, + \$21,244.00)		21,224.00	21,224.00			
	<u>\$ 2,274,735.00</u>	<u>\$ 2,295,959.00</u>	<u>\$ 2,150,976.93</u>	<u>\$ 119,982.07</u>	<u>\$ 25,000.00</u>	
Ref.				F		
Adopted Budget		\$ 2,274,735.00				
Added by N.J.S.A. 40A:4-87		<u>21,224.00</u>				
		<u>2,295,959.00</u>				
Cash Disbursed			\$ 2,018,791.96			
Reserve for Encumbrances			<u>132,184.97</u>			
			<u>\$ 2,150,976.93</u>			

F

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Land and Buildings	\$ 39,515,822.00	\$ 39,253,222.00
Machinery and Equipment	3,389,408.00	3,245,027.00
Furniture and Fixtures	2,236,762.00	2,052,498.00
Vehicles	<u>7,063,931.00</u>	<u>7,546,769.00</u>
<u>TOTAL ASSETS</u>	<u>\$ 52,205,923.00</u>	<u>\$ 52,097,516.00</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 52,205,923.00</u>	<u>\$ 52,097,516.00</u>

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

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023
(Continued)

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

B. Description of Funds (cont'd)

Water Utility Operating, Assessment and Capital Funds - Account for the operations, resources and expenditures for payment of assessment debt and acquisition of capital facilities of the municipally owned Water Utility.

Sewer Utility Operating, Assessment and Capital Funds - 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 Fund – is used to account for garbage collection and recycling operations of the Township.

General Fixed Assets Account Group- 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, 2023
(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 and Sewer Capital Funds would be depreciated, investments would generally be stated at fair value and the Township's net pension liability and net OPEB liability and related deferred inflows and outflows would be recorded.

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

- D. Deferred Charges to Future Taxation - The General Capital Fund balance sheet 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 financed purchases 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, 2023
(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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

(Continued)

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.

Summary of Municipal Debt

	December 31,		
	2023	2022	2021
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 3,200,000.00	\$ 3,752,000.00	\$ 5,200,000.00
Water Utility:			
Bonds and Notes	6,265,000.00	6,490,000.00	6,440,000.00
Sewer Utility:			
Bonds and Notes	15,980,000.00	17,415,000.00	18,795,000.00
Recreation Utility:			
Bonds and Notes			74,500.00
Total Issued	<u>25,445,000.00</u>	<u>27,657,000.00</u>	<u>30,509,500.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	4,293,538.00	4,185,127.60	9,536,081.60
Water Utility:			
Bonds and Notes	5,003,530.13	5,117,030.13	657,030.13
Sewer Utility:			
Bonds and Notes	3,764,975.82	2,537,762.82	2,668,794.82
Recreation Utility:			
Bonds and Notes			53,947.00
Total Authorized but not Issued	<u>13,062,043.95</u>	<u>11,839,920.55</u>	<u>12,915,853.55</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes			
FEMA Grant Receivable	7,002,049.00	7,002,049.00	7,685,133.00
Reserve to Pay Debt Service:			
General			5,200,820.00
Water Utility	253,439.04	231,950.66	231,950.66
	<u>7,255,488.04</u>	<u>7,233,999.66</u>	<u>13,117,903.66</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 31,251,555.91</u>	<u>\$ 32,262,920.89</u>	<u>\$ 30,307,449.89</u>

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023
Serial Bonds:				
Water Utility Capital Fund	\$ 6,490,000.00		\$ 225,000.00	\$ 6,265,000.00
Sewer Utility Capital Fund	17,415,000.00		1,435,000.00	15,980,000.00
Bond Anticipation Notes:				
General Capital Fund	3,752,000.00	\$ 3,200,000.00	3,752,000.00	3,200,000.00
Total	<u>\$ 27,657,000.00</u>	<u>\$ 3,200,000.00</u>	<u>\$ 5,412,000.00</u>	<u>\$ 25,445,000.00</u>

Summary of Municipal Debt Issued and Outstanding - Prior Year

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Serial Bonds:				
Water Utility Capital Fund	\$ 6,440,000.00	\$ 250,000.00	\$ 200,000.00	\$ 6,490,000.00
Sewer Utility Capital Fund	18,795,000.00		1,380,000.00	17,415,000.00
Bond Anticipation Notes:				
General Capital Fund	5,200,000.00	3,752,000.00	5,200,000.00	3,752,000.00
Recreation Utility Capital Fund	74,500.00		74,500.00	
Total	<u>\$ 30,509,500.00</u>	<u>\$ 4,002,000.00</u>	<u>\$ 6,854,500.00</u>	<u>\$ 27,657,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.0155%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 7,035,000.00	\$ 7,035,000.00	
General Debt	7,493,538.00	7,002,049.00	\$ 491,489.00
Water Utility Debt	11,268,530.13	11,268,530.13	
Sewer Utility Debt	19,744,975.82	19,744,975.82	
	<u>\$ 45,542,043.95</u>	<u>\$ 45,050,554.95</u>	<u>\$ 491,489.00</u>

Net Debt \$491,489 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,177,213,480.33 = 0.0155%.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

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

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

4% Average Equalized Valuation of Real Property	\$ 127,088,539.21
Net Debt	<u>491,489.00</u>
Remaining Borrowing Power	<u><u>\$ 126,597,050.21</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,203,471.65
Deductions:	
Operating and Maintenance Costs	\$ 3,148,765.00
Debt Service per Water Account	<u>383,422.42</u>
	<u>3,532,187.42</u>
Excess in Revenue	<u><u>\$ 671,284.23</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 5,169,571.58
Deductions:	
Operating and Maintenance Costs	\$ 3,021,118.00
Debt Service per Sewer Account	<u>2,041,882.00</u>
	<u>5,063,000.00</u>
Excess in Revenue	<u><u>\$ 106,571.58</u></u>

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

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

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

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

Analysis of Debt Issued and Outstanding at December 31, 2023

Sewer Capital Serial Bonds Payable

Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2023
Sewer Extension	04/01/40	2.10%-3.50%	\$ 15,980,000.00
			<u>\$ 15,980,000.00</u>

Water Capital Serial Bonds Payable

Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2023
Water Tanks and Mains	07/15/45	2.00%-4.00%	\$ 6,040,000.00
Water Tanks and Mains	11/15/32	1.75%	225,000.00
			<u>\$ 6,265,000.00</u>

General Capital Bond Anticipation Notes

Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2023
2018 FEMA Home Elevations	04/04/24	4.50%	\$ 3,200,000.00
Total Debt Issued and Outstanding			<u>\$ 25,445,000.00</u>

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

(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:

Year	Water Utility Capital Fund		Sewer Utility Capital Fund		Total
	Principal	Interest	Principal	Interest	
2024	\$ 225,000.00	\$ 153,706.26	\$ 1,100,000.00	\$ 554,862.50	\$ 2,033,568.76
2025	225,000.00	145,268.76	1,100,000.00	499,862.50	1,970,131.26
2026	225,000.00	136,831.26	1,100,000.00	444,862.50	1,906,693.76
2027	225,000.00	128,393.76	1,100,000.00	389,862.50	1,843,256.26
2028	235,000.00	119,956.26	1,100,000.00	345,862.50	1,800,818.76
2029-2033	1,260,000.00	506,518.80	5,050,000.00	1,241,062.50	8,057,581.30
2034-2038	1,405,000.00	376,481.30	3,750,000.00	599,859.41	6,131,340.71
2039-2043	1,690,000.00	212,950.00	1,680,000.00	58,809.38	3,641,759.38
2044-2045	775,000.00	27,787.52			802,787.52
	<u>\$ 6,265,000.00</u>	<u>\$ 1,807,893.92</u>	<u>\$15,980,000.00</u>	<u>\$ 4,135,043.79</u>	<u>\$28,187,937.71</u>

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2023, which are appropriated and included in the Current, Water Utility Operating, Sewer Utility Operating, and Solid Waste Utility Operating Fund adopted budgets for the year ending December 31, 2024, are as follows:

Current Fund	\$ 2,265,000.00
Water Utility Operating Fund	277,540.00
Sewer Utility Operating Fund	95,420.00
Solid Waste Utility Operating Fund	115,107.00

Note 4: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

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.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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 1/60th 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. 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 \$699,370.20 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$19,757 to the PERS for normal pension benefits on behalf of the Township.

The employee contribution rate was 7.50% effective July 1, 2018.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 the legislation directly to the plan (except for employer specific financed amounts), there is no pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2023, the Township's liability was \$9,390,129 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the Township's proportion was 0.0622%, which was an increase of 0.0002% from its proportion measured as of June 30, 2022. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2023.

For the year ended December 31, 2023, the Township recognized actual pension expense in the amount of \$699,370.20.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 are summarized in the table on the following page.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: 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
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2022 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, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's proportionate share of the Net Pension Liability	\$ 12,063,565	\$ 9,390,129	\$ 7,114,927

Pension Plan Fiduciary Net Position

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

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

Plan Description

The 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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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:

<u>Tier</u>	<u>Definition</u>
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 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.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

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 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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

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.

Township contributions to PFRS amounted to \$1,383,347 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$269,756 to the PFRS for normal pension benefits on behalf of the Township, which is more than the contractually required contribution of \$249,991.

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

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability for its proportionate share of the net pension liability was \$12,175,026. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the Township's proportion was 0.1064%, which was a decrease of 0.0029% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,166,798 as of June 30, 2022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the State's proportion was 0.1064%, which was a decrease of 0.0029% from its proportion measured as of June 30, 2021 which is the same proportion as the Township's.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	\$ 12,175,026
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,166,798</u>
Total Net Pension Liability	<u>\$ 14,341,824</u>

For the year ended December 31, 2023, the Township recognized total pension expense of \$1,383,347.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Thereafter	Not Applicable

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: Pension Plans (Cont'd)

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

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, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 4: 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

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, 2022 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 19,678,532	\$ 14,341,824	\$ 9,898,989

Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$10,053.56 for the year ended December 31, 2023. Employee contributions to DCRP amounted to \$15,373.19 for the year ended December 31, 2023.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: Local School District Taxes

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

The Township of Pequannock has elected not to defer school taxes.

Note 6: 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 \$2,715,458 at December 31, 2023. This amount is not reported either as an expenditure or a liability as of December 31, 2023.

Note 7: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ 1.838	\$ 2.545	\$ 2.497
<u>Apportionment of Tax Rate</u>			
Municipal	.428	.594	.584
County	.243	.327	.316
Local School	1.167	1.624	1.597
<u>Assessed Valuations</u>			
2023	<u>\$ 3,364,133,275.00</u>		
2022		<u>\$ 2,369,974,800.00</u>	
2021			<u>\$ 2,362,977,300.00</u>

Comparison of Tax Levies and Collection Currently

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

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently (Cont'd)

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 61,881,448.27	\$ 61,508,845.84	99.40%
2022	60,486,331.01	60,203,325.35	99.53%
2021	59,089,093.19	58,866,276.41	99.62%

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 8: 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.

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 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%.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Cash and Cash Equivalents and Investments: (Cont'd)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, 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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Cash and Cash Equivalents and Investments: (Cont'd)

As of December 31, 2023, cash and cash equivalents and investments of the Township of Pequannock consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Investments</u>	<u>Totals</u>
Current	\$ 360.00	\$ 11,143,498.81		\$ 11,143,858.81
Federal and State Grant		94,897.66		94,897.66
Animal Control		20,032.93		20,032.93
Other Trust		2,127,663.09		2,127,663.09
Open Space Trust		739,148.61		739,148.61
General Capital		6,342,764.97	\$ 225,000.00	6,567,764.97
Water Utility Operating	60.00	2,773,594.92		2,773,654.92
Water Utility Capital		210,218.89		210,218.89
Sewer Utility Operating		1,133,269.52		1,133,269.52
Sewer Utility Assessment		1,855,299.60		1,855,299.60
Sewer Utility Capital		2,926,894.16		2,926,894.16
Solid Waste Utility Operating		289,661.21		289,661.21
	<u>\$ 420.00</u>	<u>\$ 29,656,944.37</u>	<u>\$ 225,000.00</u>	<u>\$ 29,882,364.37</u>

The carrying amount of the Township of Pequannock's cash and cash equivalents and investments at December 31, 2023, was \$29,882,364.37 and the bank balance was \$31,670,713.40. There was an investment of \$225,000 from the General Capital Fund issued by the Township's Water Utility Capital Fund in a Serial Bond at 1.75% interest. The Serial Bonds began maturing on November 15, 2023 through 2032.

Note 9: 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, 2023
(Continued)

Note 9: 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.

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 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, 2023 audit report for this Fund was not filed as of the date of this report. Selected financial information for the Fund as of December 31, 2022 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	\$ 35,928,978
Net Position	\$ 10,500,044
Total Revenue	\$ 21,851,847
Total Expenses	\$ 27,577,728
Change in Net Position	\$ (5,725,881)
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

Health Benefits

The Township is also a member of the North Jersey Municipal Employee Benefits Fund, (the "NJMEBF"). The NJMEBF is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by the NJMEBF to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Risk Management (Cont'd)

Health Benefits (Cont'd)

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

The NJMEBF 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.

Selected financial information for the NJMEBF as of December 31, 2023 is as follows:

	<u>North Jersey Municipal Employee Benefits Fund</u>
Total Assets	\$ 19,625,452
Net Position	\$ 13,273,319
Total Revenue	\$ 41,366,114
Total Expenses	\$ 40,392,483
Change in Net Position	\$ (3,531,919)
Member Dividends	\$ 4,505,550

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

North Jersey Municipal Employee Benefits Fund
PERMA Risk Management Services
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.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Risk Management (Cont'd)

The table 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.

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 33,945.06	\$ 2,661.03	\$ 36,491.80	\$ 142,154.86
2022	41,371.56	491.05	32,433.29	142,040.57
2021	49,920.34	285.18	33,460.69	132,611.25

Note 10: 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, 2023.

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 \$257,855.86 which it believes is sufficient to provide for this contingency as of December 31, 2023.

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 23,324.98	\$ 82,408.56
Federal and State Grant Fund		524.72
Animal Control Fund		46.74
Other Trust Funds		767,053.59
General Capital Fund	762,883.80	18,583.73
Water Utility Operating Fund	133,041.38	
Water Utility Capital Fund		613.20
Sewer Utility Operating Fund	25,769.73	463,801.90
Sewer Utility Assessment Fund	70,682.50	5,398.94
Sewer Utility Capital Fund		8,644.73
Solid Waste Utility Operating Fund	331,373.72	
	<u>\$ 1,347,076.11</u>	<u>\$ 1,347,076.11</u>

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 11: Interfund Receivables and Payables (Cont'd)

The interfund receivable in the Current Fund is comprised of interest earned in the General Capital, Other Trust, Animal Control and Federal and State Grant Funds. 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 due from Sewer Utility Operating Fund. The interfund receivable in the Sewer Utility Operating Fund represents interest earned in the Sewer Utility Capital and Assessment Funds and prior year interfund balance not turned over. The interfund receivable in the Solid Waste Utility Operating Fund represents the prior year interfund balances not turned over as of December 31, 2023. The interfund Receivable in the General Capital Fund is due to the FEMA monies being collected in the Escrow Trust account. The interfund receivable in the Sewer Utility Assessment Fund represents collections in the Current Fund not turned over by December 31, 2023.

Note 12: 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 13: 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 14: Open Space Trust Reserve

The 2023 Open Space tax levy is \$202,003.47 and the 2023 Open Space tax rate is \$0.006. The balance in the Reserve for Open Space at December 31, 2023 is \$739,148.61. The Funds collected are used to acquire and maintain open space, historical preservation and farm land property in the Township.

Note 15: Post-Retirement Benefits

A. General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

The provisions of Chapter 88, P.L. 1974, along with any Township approved ordinances and resolutions, provide the authority for the Township to offer post-employment health care benefits as detailed below.

The Township provides medical, prescription drugs, and dental to retirees and their covered dependents that meet the appropriate requirements. The Township provides Medicare Part B and D reimbursements to Policemen's Benevolent Association and Superior Officer Association retirees and their covered dependents after 25 years of service. All active employees who retire from the Township and meet the eligibility criteria receive these benefits. As of January 1, 2019, new hires are no longer eligible for lifetime post-employment health care benefits.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

Employees are eligible to receive postretirement health benefits through the Township health plan after 25 years or more of service in the State Pension Plan.

Contributions

The Township subsidizes 100% of the cost of coverage for current retirees meeting the requirements outlined above and for future retirees who have at least 25 years of service as of May 21, 2010, the Township will reimburse 100% of eligible Police Benevolent Association and Superior Officer Association retiree's Medicare Part B premiums.

NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowances from the Public Employees Retirement System. For purposes of this valuation and for conservatism, it was assumed that future retiree contribution percentage rates will not increase. Thus, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the medical trend rate.

2023 employer contributions for retiree benefits paid by the Township were \$550,912.50 for 35 retirees.

Employees Covered by Benefit Terms

As of December 31, 2023, there were 35 retirees and spouses currently receiving retiree benefits and 84 active participants, of which 4 are eligible to retire as of the valuation date.

Total OPEB Liability

The Township's OPEB liability of \$26,148,990 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26% at December 31, 2023 3.72% at December 31, 2022
Salary Increases	2.50% per year
Inflation Assumptions	2.50% per year

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The selected discount rate was based on the Bond Buyer 20 Index at December 31, 2023.

<u>Health Care Trend Rates</u>	<u>Year</u>	<u>Medical</u>	<u>Drug</u>
Year 1 Trend	2023	5.10%	6.00%
Ultimate Trend	2026	4.50%	4.50%

The medical trend rate reduces .2% per annum, leveling at 4.5% per annum in 2026.

The drug trend rate reduces .5% per annum, leveling at 4.5% per annum in 2026.

Mortality rates were based on the PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2022.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2023	\$ 24,591,426
Changes for Year:	
Service Cost	798,015
Interest on Total OPEB liability - over measurement period	934,869
Changes in Assumptions	341,777
Benefit Payments	<u>(517,097)</u>
Net Changes	<u>1,557,564</u>
Balance at December 31, 2023	<u><u>\$ 26,148,990</u></u>

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

A. General Information about the Township's OPEB Plan (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (2.26 percent) or 1 percentage higher (4.26 percent) than the current discount rate:

	December 31, 2023		
	1%		1%
	Decrease (2.26%)	Discount Rate (3.26%)	Increase (4.26%)
Total OPEB Liability	\$ 28,608,283	\$ 26,148,990	\$ 24,180,094

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

	December 31, 2023		
	1%	Valuation Healthcare	1%
	Decrease	Trend Rates	Increase
Total OPEB Liability	\$ 24,848,808	\$ 26,148,990	\$ 27,903,396

OPEB Expense

For the year ended December 31, 2023, the Township's OPEB expense was \$1,801,940 as determined by the actuarial valuation.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

B. State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

B. State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources 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 OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

B. State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense

The Township has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2022 OPEB information in the notes to the Financial Statements as the June 30, 2023 OPEB information has not been released as of the date of this audit.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2022 was \$8,003,554. At June 30, 2022, the State's proportion related to the Township was .237226%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

During the year ended June 30, 2022, the State of New Jersey's OPEB benefit related to the Township was \$1,312,751.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 15: Post-Retirement Benefits (Cont'd)

B. State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for the periods July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 16: Fixed Assets

The following is a summarization of the activity of the Township of Pequannock' fixed assets for the year ended December 31, 2023.

	Balance Dec. 31, 2022	Additions	Deletions	Balance Dec. 31, 2023
Land & Buildings	\$ 39,253,222	\$ 262,600		\$ 39,515,822
Machinery and Equipment	3,245,027	274,381	\$ 130,000	3,389,408
Furniture and Fixtures	2,052,498	184,264		2,236,762
Vehicles	7,546,769	756,063	1,238,901	7,063,931
	<u>\$ 52,097,516</u>	<u>\$ 1,477,308</u>	<u>\$ 1,368,901</u>	<u>\$ 52,205,923</u>

TOWNSHIP OF PEQUANNOCK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 17: Tax Abatements

GASB 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. As of December 31, 2023, 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.S.A. 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 \$121,551.30 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 2023 without the abatement would have been \$173,332.59 of which \$40,362.54 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, 2023

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
David Kohle	Mayor		
Ryan Herd	Deputy Mayor		
Kyle Russell	Council Member		
Melissa Florance-Lynch	Council Member		
John Driesse	Council Member		
Adam Brewer	Township Manger/QPA	**	MCM/MEL JIF
Julie Kupilik	Chief Financial Officer	**	MCM/MEL JIF
Carol Marsh	Township Clerk	**	MCM/MEL JIF
Evelyn Roosma	Tax Collector	**	MCM/MEL JIF
Julie Kupilik	Treasurer	**	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
Daniel Comune	Police Chief	**	MCM/MEL JIF
Thomas Cantisano	Health Officer	**	MCM/MEL JIF

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

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

All bonds were examined and were properly executed.

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
CURRENT FUND

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 10,579,455.49
Increased by Receipts:		
Tax Collector	\$ 61,945,123.29	
Miscellaneous Revenue Not Anticipated	217,865.45	
Revenue Accounts Receivable	4,657,411.17	
Due From State of New Jersey -		
Senior Citizens' and Veterans' Deductions	218,554.11	
Appropriation Refunds	712,311.12	
Appropriation Reserve Refunds	6,450.50	
Due Federal and State Grant Fund:		
State and Federal Grants	56,087.90	
Due Other Trust Funds	74.52	
Due Sewer Utility Assessment Trust	70,682.50	
Due Payroll and Payroll Agency Accounts	53.71	
Due Pequannock Public Library	781,091.38	
Reserve for County PILOT Taxes Payable	21,615.02	
Reserve for Returned Library Funds	201,626.00	
Reserve for Municipal Relief Aid	126,666.14	
Due to State of New Jersey:		
Building Surcharge Fees	37,538.00	
Marriage License Fees	650.00	
		69,053,800.81
		79,633,256.30

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

	<u>Ref.</u>	
Decreased by Disbursements:		
2023 Appropriations	\$ 18,953,791.55	
2022 Appropriation Reserves	424,632.86	
County Taxes	8,163,531.44	
Local School District Taxes	39,360,130.00	
Tax Overpayments Refunded	17,773.24	
Accounts Payable	2,822.63	
Reserve for Pending Tax Appeals	224,990.49	
Reserve for Revaluation	74,000.00	
Third Party Tax Title Lien Redemptions	178,963.54	
Due to State of New Jersey:		
Building Surcharge Fees	36,839.00	
Marriage License Fees	200.00	
Due Federal and State Grant Fund	25,691.65	
Due Animal Control Fund	31.97	
Due Other Trust Funds	3,258.19	
Due General Capital Fund	14,693.11	
Due to Open Space Trust Fund	202,408.38	
Due Sewer Utility Operating Fund	691.81	
Due Sewer Utility Assessment Trust	70,971.10	
Due Pequannock Public Library	732,579.96	
Due Payroll and Payroll Agency Accounts	<u>1,756.57</u>	
		<u>\$ 68,489,757.49</u>
Balance December 31, 2023	A	<u><u>\$ 11,143,498.81</u></u>

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

Taxes Receivable	\$ 61,354,757.65
Interest and Costs on Taxes	73,811.33
Tax Search Fees and Other Fees	408.00
2024 Prepaid Taxes	305,050.63
Tax Overpayments	17,773.24
Third-Party Lien Redemptions	186,454.29
Other Miscellaneous	6,868.15
	61,945,123.29

Decreased by:

Amount Turned Over to Treasurer	<u><u>\$ 61,945,123.29</u></u>
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TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 534,809.10
Increased by Receipts:		
Grant Funds Received	\$ 1,616,911.17	
Unappropriated Grant Reserves	57,939.95	
Appropriated Grant Reserve Refunds	1,410.00	
Due Open Space Trust Fund:		
Prior Year Interfund Returned	4,723.00	
Due Current Fund:		
Prior Year Interfund Returned	25,455.21	
Interest Earned	5,606.44	
		<u>1,712,045.77</u>
		2,246,854.87
Decreased by Disbursements:		
Appropriated Grant Reserve Expenditures	1,069,135.31	
Due Current Fund:		
American Rescue Plan Grant Anticipated	471,364.00	
Cancellation of Grant Balances	56,087.90	
Interest Earned	5,370.00	
Due Sewer Utility Operating Fund - American Rescue Plan	550,000.00	
		<u>2,151,957.21</u>
Balance December 31, 2023	A	<u>\$ 94,897.66</u>

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

Year	Balance Dec. 31, 2022	2023 Levy	2022	Collections	2023	Tax Overpayments Applied	Senior Citizens' and Veterans' Deductions	Taxes Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
2022	\$ 244,922.62			\$	247,746.54		\$ (3,078.08)	\$ 254.16		
2023		\$ 61,881,448.27	\$ 233,992.17		61,107,011.11	\$ 12,092.56	155,750.00	96,759.17	\$ 185.64	\$ 275,657.62
Total	\$ 244,922.62	\$ 61,881,448.27	\$ 233,992.17	\$	61,354,757.65	\$ 12,092.56	\$ 152,671.92	\$ 97,013.33	\$ 185.64	\$ 275,657.62

Ref. A

Analysis of 2023 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 61,832,769.56
Added, Omitted and Rollback Taxes	48,678.71
	<u>\$ 61,881,448.27</u>

Tax Levy:

Local School District Taxes	\$ 39,258,273.00
County Taxes	\$ 7,941,289.39
County Open Space Taxes	200,353.36
County Added and Omitted Taxes	6,421.70
	<u>8,148,064.45</u>
Local Taxes for Open Space - Due Other Trust Funds	202,003.47
	<u>47,608,340.92</u>
Local Tax for Municipal Purposes	13,156,217.00
Minimum Library Tax	1,058,401.00
Add: Additional Tax Levied	58,489.35
	<u>14,273,107.35</u>
	<u>\$ 61,881,448.27</u>

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 21,975.97
Increased by:		
Transfer from Taxes Receivable		<u>185.64</u>
		22,161.61
Decreased by:		
Transfer to Property Acquired for Taxes		<u>21,575.93</u>
Balance December 31, 2023	A	<u>\$ 585.68</u>

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2022	Accrued In 2023	Collected by		Balance Dec. 31, 2023
			Collector	Treasurer	
Clerk:					
Licenses:					
Alcoholic Beverage	\$	22,900.00	\$	22,900.00	
Other		2,800.00		2,800.00	
Fees and Permits		3,054.80		3,054.80	
Board of Health:					
Other Licenses		36,611.00		36,611.00	
Fees and Permits		71,645.00		71,645.00	
Planning and Zoning:					
Fees and Permits		19,455.61		19,455.61	
Shade Tree:					
Fees and Permits		655.00		655.00	
Tax Assessor:					
Fees and Permits		530.00		530.00	
Tax Collector:					
Fees and Permits		408.00	\$	408.00	
Municipal Court:					
Fines and Costs	\$	10,244.01		140,450.17	\$
Interest and Cost on Taxes		139,408.94			9,202.78
Interest on Investments and Deposits		73,811.33	73,811.33		
Cable Television Franchise Fee		487,849.40		487,849.40	
Senior Citizen House (PILOT)		71,180.00		71,180.00	
Energy Receipts Tax		121,551.30		121,551.30	
Uniform Construction Code Official		1,222,767.18		1,222,767.18	
Field Maintenance Contract		369,541.00		369,541.00	
County Road Plowing and Salting - Morris County		62,932.03		62,932.03	
Vehicle Maintenance - Board of Education		7,240.00		7,240.00	
		16,558.00		16,558.00	

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2022	Accrued In 2023	Collected by		Balance Dec. 31, 2023
			Collector	Treasurer	
Health Service Contract:					
Township of Boonton		\$ 79,000.00	\$	79,000.00	
Borough of Kinnelon		136,885.25		136,885.25	
Borough of Bloomingdale		111,639.75		111,639.75	
Borough of Riverdale		67,755.25		67,755.25	
Borough of Florham Park		164,284.50		164,284.50	
Contracts for Dial-A-Ride:					
Borough of Butler		78,505.00		78,505.00	
Borough of Kinnelon		101,168.00		101,168.00	
Borough of Lincoln Park	\$ 25,536.50	103,345.00		128,881.50	
Borough of Riverdale		31,626.75		31,626.75	
Uniform Fire Code Fees		48,922.00		48,922.00	
Uniform Fire Safety Act		34,663.86		34,663.86	
AHS - Community Service Contribution		271,630.08		271,630.08	
Hotel Occupancy Tax		67,740.75		67,740.75	
Field Use Fees		21,843.99		21,843.99	
Shared Service Agreement - Lincoln Park Fire Inspection		8,000.00		8,000.00	
Shared Service Agreement - Lincoln Park Inspection		78,780.00		78,780.00	
Reserve for Insurance Refunds		45,000.00		45,000.00	
American Rescue Plan Grant		471,364.00		471,364.00	
General Capital Fund Balance Anticipated		37,000.00		37,000.00	
Reserve for FEMA Administrative Expenses		15,000.00		15,000.00	
	<u>\$ 35,780.51</u>	<u>\$ 4,705,052.77</u>	<u>\$ 74,219.33</u>	<u>\$ 4,657,411.17</u>	<u>\$ 9,202.78</u>

Ref.

A

A

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

	Balance Dec. 31, 2022	Budget Revenue Realized	Received	Transfer from Unappropriated Reserves	Canceled to Operations	Balance Dec. 31, 2023
Municipal Alliance on Alcoholism and Drug Abuse:						
2023	\$ 6,329.00	\$	\$ 1,052.80		\$ 5,276.20	\$
2024		6,329.00				6,329.00
2024 Matching		1,582.25	1,582.25			
NJ Body Armor Replacement Fund		2,218.00		\$ 2,218.00		
Clean Communities Program:						
2023		33,814.00		33,814.00		
Cablevision - Public Access Equipment Grant		2,450.00	2,450.00			
NACCHO Grant:						
Year 1 - 2023		289,580.00	275,923.83			13,656.17
Year 2 - 2023		290,372.00				290,372.00
Additional Funds - 2023		45,500.00				45,500.00
NJ Senior Citizen & Disabled Residents Transportation Assistance:						
2022	25,167.25		25,167.25			25,167.25
2023		100,669.00	75,501.75			
NJ Senior Citizen & Disabled Transit Asst - (NJ Transit)						
2022	40,000.00		40,000.00			40,000.00
2023		40,000.00				
Drunk Driving Enforcement:						
2024	500.00	7,685.00	500.00			7,685.00
ANJEC Open Space						
Community Development Block Grant						
Ryerson Road - 2023		80,000.00				80,000.00
NJ Department of Transportation Trust Fund:						
South Sunset to Van Dyk - 2022	104,874.75		90,240.59		14,634.16	
Hillview Road Guidetrails Additional Aid - 2022	150,000.00		150,000.00			
Hillview Guide Rails - 2020	250,000.00		250,000.00			
Mountain Ave - 2023		249,770.00	187,327.50			62,442.50
National Institute of Justice - Bullet Proof Vest						
2021	181.28				181.28	
2022	2,400.00		2,400.00			
2023		2,877.00	114.40			2,762.60
NJ Department of Law & Public Safety						
Police Body Cameras - 2021			52,172.80			
Morris County Historic Preservation Trust -						
Martin Berry House (Construction)	344,832.00		344,225.00		607.00	240,792.00
Martin Berry House - Phase III Construction	240,792.00					
Railroad - Preservation Plan	23,920.00		23,059.00		861.00	
Railroad - Preservation Plan #2	23,616.00		18,893.00		4,723.00	
Railroad Station Construction		205,201.00	51,301.00			205,201.00
Railroad Station Construction (Matching)		51,301.00				
Stormwater Assistance Grant		25,000.00	25,000.00			
	\$ 1,264,785.08	\$ 1,434,348.25	\$ 1,616,911.17	\$ 36,032.00	\$ 26,282.64	\$ 1,019,907.52
Ref.	A					A

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Township Manager:				
Salaries and Wages	\$ 10,891.11	\$ 10,891.11		\$ 10,891.11
Other Expenses	642.66	642.66	\$ 62.25	580.41
Mayor and Council:				
Other Expenses	423.00	423.00	337.75	85.25
Township Clerk:				
Salaries and Wages	1,587.21	1,587.21		1,587.21
Other Expenses	44,373.95	44,373.95	13,224.42	31,149.53
Legal Services and Costs:				
Other Expenses	45,702.24	45,702.24	11,080.00	34,622.24
Animal Control Services:				
Other Expenses	15,000.00	15,000.00		15,000.00
Financial Administration (Treasury):				
Salaries and Wages	34,235.68	34,235.68		34,235.68
Other Expenses	6,411.06	6,411.06	424.63	5,986.43
Audit Services:				
Other Expenses	106,955.55	106,955.55	81,125.00	25,830.55
Data Processing	15,907.96	15,907.96	6,322.63	9,585.33
Revenue Administration (Tax Collection):				
Salaries and Wages	15,672.02	15,672.02		15,672.02
Other Expenses	3,470.04	3,470.04	1,713.60	1,756.44
Tax Assessment Administration:				
Salaries and Wages	13,283.84	13,283.84		13,283.84
Other Expenses	20,396.29	20,396.29	1,600.00	18,796.29
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	55,262.71	55,262.71		55,262.71
Other Expenses	13,933.16	13,933.16	4,931.80	9,001.36
Zoning Board of Adjustment:				
Other Expenses	5,910.52	5,910.52	550.00	5,360.52
PUBLIC SAFETY:				
Municipal Flood Advocate:				
Salaries and Wages	57.56	57.56		57.56
Other Expenses	13,028.00	13,028.00	13,028.00	
Office of Fire & Safety:				
Salaries & Wages	28,339.12	28,339.12		28,339.12
Other Expenses	5,777.02	5,777.02	2,725.90	3,051.12
Municipal Prosecutor :				
Salaries and Wages	1,685.85	1,685.85		1,685.85
Municipal Court:				
Salaries and Wages	14,120.63	14,120.63		14,120.63
Other Expenses	20,787.74	20,787.74	7,013.71	13,774.03
Engineering Services:				
Salaries and Wages	11,750.00	11,750.00		11,750.00
Other Expenses	17,910.23	17,910.23	13,792.48	4,117.75

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY: (Con't)				
Police:				
Salaries & Wages	\$ 470,200.01	\$ 470,200.01		\$ 470,200.01
Other Expenses	158,326.77	158,326.77	\$ 133,413.04	24,913.73
Emergency Management:				
Salaries & Wages	1,572.74	1,572.74		1,572.74
Other Expenses	263.73	263.73		263.73
Fire Department:				
Clothing Allowance	7,400.00	7,400.00		7,400.00
Other Expenses	24,134.58	24,134.58	13,859.95	10,274.63
OTHER COMMON OPERATING FUNCTIONS:				
Historic Preservation:				
Other Expenses	850.00	850.00		850.00
Environmental Committee:				
Other Expenses	316.50	316.50	125.00	191.50
Economic Development Committee:				
Other Expenses	3,698.31	3,698.31		3,698.31
Flood Advisory Committee	2,500.00	2,500.00		2,500.00
HEALTH AND WELFARE FUNCTIONS:				
Senior Citizen Advisory Committee:				
Other Expenses	1,230.01	1,230.01		1,230.01
Board of Health:				
Salaries & Wages	6,393.57	6,393.57		6,393.57
Other Expenses	5,920.86	5,920.86	4,928.42	992.44
PUBLIC WORKS:				
Community Service Act:				
Other Expenses	22,000.00	22,000.00	11,730.08	10,269.92
Shade Tree Commission:				
Other Expenses	11,316.51	11,316.51	10,705.41	611.10
Public Building & Grounds:				
Salaries & Wages	27,942.69	27,942.69		27,942.69
Other Expenses	27,166.09	27,166.09	13,644.16	13,521.93
Road Repairs & Maintenance:				
Salaries and Wages	50,524.31	50,524.31		50,524.31
Other Expenses	31,783.86	31,783.86	15,272.14	16,511.72
Vehicle Maintenance:				
Salaries and Wages	6,409.05	6,409.05		6,409.05
Other Expenses	14,956.52	14,956.52	4,775.10	10,181.42
PARKS AND RECREATION FUNCTIONS:				
Parks & Playgrounds:				
Salaries & Wages	10,506.63	10,506.63		10,506.63
Other Expenses	28,270.80	28,270.80	12,533.07	15,737.73
Recreation:				
Salaries & Wages	26,361.87	26,361.87		26,361.87
Other Expenses	19,567.96	19,567.96	5,343.61	14,224.35

TOWNSHIP OF PEQUANNOCK
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
General Government:				
Dial-A-Ride Program:				
Other Expenses	\$ 9,012.54	\$ 9,012.54	\$ 680.32	\$ 8,332.22
Celebration of Public Events:				
Other Expenses	1,515.75	1,515.75	1,278.28	237.47
INSURANCE:				
General Liability	58,063.00	58,063.00	15,018.85	43,044.15
Workers Compensation Insurance	200.00	200.00		200.00
Employee Group Health	261,655.24	261,655.24	981.97	260,673.27
Health Benefit Waiver	1,358.88	1,358.88		1,358.88
STATE UNIFORM CONSTRUCTION CODE:				
Salaries and Wages	92,038.94	92,038.94		92,038.94
Other Expenses	7,796.78	7,796.78	2,815.68	4,981.10
UNCLASSIFIED:				
Utility Expenses:				
Electricity	84,467.77	84,467.77	14,597.32	69,870.45
Telephone	17,500.72	17,500.72	1,032.82	16,467.90
Water	5,781.62	5,781.62	1,273.28	4,508.34
Natural Gas	12,783.90	12,783.90	8,341.32	4,442.58
Street Lighting	44,577.17	44,577.17	10,352.05	34,225.12
Gasoline	104,934.07	104,934.07	16,529.39	88,404.68
Accumulated Leave	45,347.36	45,347.36		45,347.36
Salary Adjustments	14,307.63	14,307.63		14,307.63
STATUTORY EXPENDITURES:				
Public Employees' Retirement System	5,942.67	5,942.67		5,942.67
Police & Firemens' Retirement System	0.13	0.13		0.13
Social Security	51,778.48	51,778.48		51,778.48
Defined Contribution Retirement Program	10,416.47	10,416.47		10,416.47
Police Dispatch/911-Salaries & Wages	55,888.94	55,888.94		55,888.94
Fair Housing Committee:				
Other Expenses	3,681.18	3,681.18	1,500.00	2,181.18
	<u>\$ 2,372,177.76</u>	<u>\$ 2,372,177.76</u>	<u>\$ 458,663.43</u>	<u>\$ 1,913,514.33</u>

Balance December 31, 2023:

	<u>Ref.</u>	
Unencumbered	A	\$ 1,887,782.53
Encumbered	A	<u>484,395.23</u>
		<u>\$ 2,372,177.76</u>

Cash Disbursed	\$ 424,632.86
Accounts Payable	<u>40,481.07</u>
	465,113.93
Less Refunds	<u>(6,450.50)</u>
	<u>\$ 458,663.43</u>

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

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 102,704.00
Increased by:		
Levy - Calendar Year 2023		39,258,273.00
		<u>39,360,977.00</u>
Decreased by:		
Payments to Board of Education		39,360,130.00
		<u>39,360,130.00</u>
Balance December 31, 2023	A	<u><u>\$ 847.00</u></u>

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

	Balance Dec. 31, 2022	Transfer from Current Fund Budget	Prior Year Encumbrances Returned	Paid or Charged	Encumbered	Cancelled	Balance Dec. 31, 2023
Municipal Alcohol Education and Rehabilitation Grant:							
2020	\$ 1,760.83			\$ 949.00			\$ 811.83
2022	789.00						789.00
Clean Communities Program:							
2020	23,155.73		\$ 648.66	23,804.39			11,036.39
2022	24,581.73			13,545.34			33,814.00
2023		\$ 33,814.00					
Municipal Alliance on Alcoholism and Drug Abuse:							
2022			2,000.00			\$ 2,000.00	
2023	6,329.00					6,329.00	
2023 - Local Match	1,582.25			1,316.00			
2024		6,329.00		3,440.02			
2024 - Local Match		1,582.25		1,582.25			
NACCHO Grant:							
Year 1 - 2023		289,580.00		287,660.00	\$ 1,920.00		
Year 2 - 2023		290,372.00		32,810.55	147,991.53		109,569.92
Additional Funds - 2023		45,500.00					45,500.00
NJ Body Armor Replacement Fund:							
2022	1,662.00			1,662.00			
2023		2,218.00		2,218.00			
National Institute of Justice Body Armor:							
2022	2,400.00			2,400.00			
2023	1,349.35	2,877.00		1,721.60			1,155.40
ANJEC Open Space				1,340.56			8.79
Cablevision - Public Access Equipment Grant:							
2022	2,450.00						2,450.00
2023		2,450.00					2,450.00

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

	Balance Dec. 31, 2022	Transfer from Current Fund Budget	Prior Year Encumbrances Returned	Paid or Charged	Encumbered	Cancelled	Balance Dec. 31, 2023
NJ Department of Transportation Trust Fund:							
West Parkway North - 2021			\$ 21,600.90			\$ 21,600.90	
South Sunset to Van Dyk - 2022	\$ 18,546.73		35,977.32	\$ 3,912.57		14,634.16	\$ 35,977.32
Mountain Ave - 2023		\$ 249,770.00		249,770.00			
NJ Department of Environmental Protection:							
River Desnagging Grant	14,157.36						14,157.36
Stormwater Assistance Grant - 2023		25,000.00		15,000.00			10,000.00
Recreation Trail Program:							
2019	571.00		11,000.00		\$ 11,000.00	571.00	
Drunk Driving Enforcement:							
2023	6,978.08			6,978.08			7,685.00
2024		7,685.00					
NJ Department of Law & Public Safety							
Police Body Cameras - 2021	3,757.00					3,757.00	
Community Development Block Grant							
Ryerson Road - 2023		80,000.00		80,000.00			

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

	Balance Dec. 31, 2022	Transfer from Current Fund Budget	Prior Year Encumbrances Returned	Paid or Charged	Encumbered	Cancelled	Balance Dec. 31, 2023
NJ Senior Citizen Transit Assistance Act- (County MAPS)							
2021	\$ 46,302.35			\$ 8,821.61			\$ 37,480.74
2022	37,951.66			16,762.86			21,188.80
2023		\$ 100,669.00		16,404.11			84,264.89
NJ Senior Citizen Transit Assistance Act (NJ Transit)							
2020	25,000.00						25,000.00
2021	30,000.00						30,000.00
2022	40,000.00						40,000.00
2023		40,000.00					40,000.00
Morris County Historic Preservation Trust:							
Martin Berry House Construction Phase I & II	24,869.00		\$ 39,525.07	36,767.88		\$ 27,626.19	
Martin Berry House Construction Phase III			240,792.00	183,548.65	\$ 57,243.35		
Martin Berry House Construction Phase III - Matching			51,478.35	51,478.35		1,076.49	
Railroad Preservation Plan			1,076.49			4,507.51	
Railroad Preservation Plan #2	23,616.00			19,108.49			205,201.00
Railroad Preservation Plan #2- Matching	4,723.00			4,723.00			51,301.00
Railroad Station Construction		205,201.00					
Railroad Station Construction - Matching		51,301.00					
	\$ 342,532.07	\$ 1,434,348.25	\$ 404,098.79	\$ 1,067,725.31	\$ 218,154.88	\$ 82,368.50	\$ 812,730.42
<u>Ref.</u>	<u>A</u>		<u>A</u>		<u>A</u>		<u>A</u>
Federal, State and Local Grant Funds		\$ 1,381,465.00					
Local Matching Funds		52,883.25					
		\$ 1,434,348.25					
		Cash Disbursed		\$ 1,069,135.31			
		Less: Refunded		(1,410.00)			
				\$ 1,067,725.31			

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

	Balance Dec. 31, 2022	Cash Received	Transferred to 2023 Budget Revenue	Cancelled	Transferred to Sewer Utility Operating Fund	Balance Dec. 31, 2023
Municipal Alcohol Education and Rehabilitation Program		\$ 1,168.15				\$ 1,168.15
NJ Body Armor Replacement Fund	\$ 2,218.95	2,547.62	\$ 2,218.00	\$ 0.95		2,547.62
Clean Communities Program	33,814.17	37,926.72	33,814.00	0.17		37,926.72
American Rescue Plan (ARP) Grant	1,021,364.92		471,364.00	0.92	\$ 550,000.00	
National Opioid Settlement Grant	25,455.21	16,297.46				41,752.67
	<u>\$ 1,082,853.25</u>	<u>\$ 57,939.95</u>	<u>\$ 507,396.00</u>	<u>\$ 2.04</u>	<u>\$ 550,000.00</u>	<u>\$ 83,395.16</u>
<u>Ref.</u>	A					A

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2022	B	\$ 29,837.35	\$ 2,747,123.02
Increased by Receipts:			
Animal Control Collector		\$ 26,228.80	
Cat License Fees		5,071.00	
Late and Replacement Fees		2,163.00	
State Registration Fees		1,864.20	
Prepaid License Fees:			
Dog License Fees		8,028.80	
Cat License Fees		1,345.00	
State Registration Fees		535.20	
Donations/Other		13,087.00	
Budget Appropriation		30,000.00	
Developers Deposits - Escrow			\$ 103,095.83
Developers Deposits - Affordable Housing			1,902.12
Fire Safety			230.98
Payroll Section 125 Trust			12,501.40
Unemployment Compensation Insurance			36,606.09
Due to Interlocal Towns			101,905.91
Due to Current Fund		31.97	4,169.79
Due to General Capital Fund			515,332.02
Reserve for Youth Development			511.73
Reserve for Refundable Permits			9,881.78
Reserve for Parking Offenses Adjudication Act			14.91
Reserve for Premium on Tax Sale			61,567.40
Reserve for Public Defender			12,310.80
Reserve for Storm Recovery			4,072.81
Reserve for Insurance Refunds			179,421.26
Reserve for Dial a Ride (D.A.R. Bequests)			480.45
Reserve for Recreation			541,604.65
		<u>88,354.97</u>	<u>1,585,609.93</u>
		118,192.32	4,332,732.95

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Animal Control Expenditures		\$ 94,977.19	
Due State of New Jersey		3,182.20	
Due to Current Fund			\$ 937.46
Due to General Capital Fund			40.00
Developers Deposits - Escrow			782,621.61
Payroll Section 125 Trust			12,043.37
Unemployment Compensation Insurance			36,491.80
Due to Interlocal Towns			79,185.91
Reserve for Youth Development			2,096.35
Reserve for Refundable Permits			2,399.31
Reserve for Parking Offenses Adjudication Act			14.92
Reserve for Premium on Tax Sale			201,967.40
Reserve for Public Defender			11,453.36
Reserve for Storm Recovery			12,805.94
Reserve for Dial a Ride (D.A.R. Bequests)			563.42
Reserve for Insurance Refunds			122,555.92
Reserve for Recreation			424,561.07
Reserve for FEMA Elevation Escrow			515,332.02
		<u>\$ 98,159.39</u>	<u>\$ 2,205,069.86</u>
Balance December 31, 2023	B	<u>\$ 20,032.93</u>	<u>\$ 2,127,663.09</u>

TOWNSHIP OF PEQUANNOCK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Open Space Trust Fund</u>
Balance December 31, 2022	B	\$ 597,326.01
Increased by Receipts:		
Interest Earned		\$ 8,821.76
Open Space Levy		202,003.47
Due Current Fund		404.91
Due Federal and State Grant Fund		23,831.49
		<u>235,061.63</u>
		832,387.64
Decreased by Disbursements:		
Due Federal and State Grant Fund		4,723.00
Open Space Trust Reserve Expenditures		88,516.03
		<u>93,239.03</u>
Balance December 31, 2023	B	<u><u>\$ 739,148.61</u></u>

TOWNSHIP OF PEQUANNOCK
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 17,240.18
Increased by:		
Dog License Fees Collected		\$ 26,228.80
Cat License Fees Collected		5,071.00
Prior Year Prepaid Licenses:		
Dog License Fees Collected		9,526.40
Cat License Fees Collected		1,738.00
Late and Replacement Fees		2,163.00
Donations/Other		13,087.00
Budget Appropriation		30,000.00
		<u>87,814.20</u>
		105,054.38
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>94,977.19</u>
Balance December 31, 2023	B	<u><u>\$ 10,077.19</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	\$ 33,438.20
2022	<u>32,624.00</u>
Maximum Allowable Reserve	<u><u>\$ 66,062.20</u></u>

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF CASH AND INVESTMENTS

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 6,337,680.99
Increased by Receipts:		
Current Fund Appropriations:		
Capital Improvement Fund	\$ 2,300,000.00	
Deferred Charges to Future Taxation - Unfunded:		
Budget Appropriation	154,021.60	
Reserve for:		
Fire Apparatus	200,000.00	
Bond Anticipation Note Proceeds	3,200,000.00	
Fund Balance:		
Premium on Bond Anticipation Notes Issued	11,200.00	
Due to Current Fund:		
Interest on Investments and Deposits	112,526.86	
Due Other Trust Funds	40.00	
Improvement Authorization Refunds	302,683.31	
		<u>6,280,471.77</u>
		12,618,152.76
Decreased by Disbursements:		
Bond Anticipation Notes Matured	3,752,000.00	
Improvement Authorization Expenditures	1,623,191.49	
Due to Current Fund:		
Interest on Investments and Deposits	93,943.13	
Prior Year Interfund Returned	3,890.62	
Capital Fund Balance Anticipated as a Revenue	37,000.00	
Due Other Trust Funds	515,332.02	
Reserve for FEMA Administrative Cost	25,030.53	
		<u>6,050,387.79</u>
Balance December 31, 2023	C	<u>\$ 6,567,764.97</u>

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. Number	Improvement Description	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2023	
		Balance/ (Deficit) Dec. 31, 2022	Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From		To
Fund Balance		\$ 252,156.33			\$ 11,200.00			\$ 37,000.00		\$ 19,935.00	\$ 246,291.33
Capital Improvement Fund		512,710.30	\$ 2,300,000.00						\$ 2,250,602.00	18,902.87	581,011.17
Due Current Fund		3,890.62			112,526.86			97,833.75			18,583.73
Due Other Trust Funds		(247,591.78)			40.00			515,332.02			(762,883.80)
FEMA Receivable -Flood Mitigation		(7,002,049.00)									(7,002,049.00)
Reserve for:											
Fire Apparatus		945,398.00	200,000.00						1,145,398.00		
Flood Control Improvements		81,000.00								994.47	81,994.47
FEMA Grant Receivables		7,002,049.00									7,002,049.00
FEMA Administrative Cost		61,030.53						25,030.53			36,000.00
2008-35	Sanitary Sewer Extension	(154,021.60)	154,021.60								
2017-05	FEMA FMA Grant-Flood Elevations				450.00	\$ 16,857.04			800.00		18,073.33
2018-10	Various Capital Improvements	35,280.37									3,350.00
2018-22	Town Hall Building Improvements	3,350.00									
2018-24	Rehabilitation of the Martin Berry House	(261,793.00)			281,728.00				19,935.00		35,815.66
2019-07	Various Capital Improvements	130,940.14				79,583.48			15,541.00		52,030.97
2020-06	Various Capital Improvements	94,465.99				40,781.02			1,654.00		13,786.56
2020-10	Various Capital Improvements	15,153.54				1,366.98					
2021-07	FEMA Home Elevations 2018	3,332,091.00		\$ 3,200,000.00		141,063.54	\$ 3,752,000.00		907.87		2,639,027.46
2021-08	Various Capital Improvements	404,815.80				147,328.41			994.47		256,579.52
2022-03	Capital Vehicle & Flood Control	994.47									
2022-07	General Capital Improvements	824,954.40			15,000.00	362,340.39					477,614.01
2022-09	ARP Funded Capital Improvements	260,855.88				219,737.74					41,118.14
2022-10	FEMA 2019 Home Elevations					55,321.36					(55,321.36)
2022-17	Drainage Control Improvements					42,000.00					
2023-08	Various Capital Improvements	42,000.00			5,505.31	516,811.53				3,396,000.00	2,884,693.78
		\$ 6,337,680.99	\$ 2,654,021.60	\$ 3,200,000.00	\$ 426,450.17	\$ 1,623,191.49	\$ 3,752,000.00	\$ 675,196.30	\$ 3,435,832.34	\$ 3,435,832.34	\$ 6,567,764.97

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

Ordinance Number	Improvement Description	Analysis of Balance Dec. 31, 2023					
		Funded by Budget Appropriation	Improvement Authorization Cancelled	Balance Dec. 31, 2023	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2008-35	Sanitary Sewer Extension	\$ 154,021.60					
2018-24	Rehabilitation of the Martin Berry House	289,568.00	\$ 289,568.00				
2021-07	FEMA Home Elevations 2018	3,752,000.00		\$ 3,752,000.00	\$ 3,200,000.00		\$ 552,000.00
2022-10	FEMA 2019 Home Elevations	3,741,538.00		3,741,538.00		\$ 55,321.36	3,686,216.64
		<u>\$ 7,937,127.60</u>	<u>\$ 289,568.00</u>	<u>\$ 7,493,538.00</u>	<u>\$ 3,200,000.00</u>	<u>\$ 55,321.36</u>	<u>\$ 4,238,216.64</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance 2021-07 FEMA Home Elevations 2018

\$ 6,877,244.10

2,639,027.46\$ 4,238,216.64

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2022		Authorizations		Balance Dec. 31, 2023	
				Funded	Unfunded	Paid or Charged	Canceled	Funded	Unfunded
2018-10	Various Capital Improvements	06/26/18	1,042,000.00	\$ 35,280.37		\$ 16,407.04	\$ 800.00	\$ 18,073.33	
2018-22	Town Hall Building Improvements	09/25/18	351,000.00	3,350.00				3,350.00	
2018-24	Rehabilitation of the Martin Berry House	11/27/18	360,000.00		\$ 27,775.00	(281,728.00)	309,503.00		
2019-07	Various Capital Improvements	05/28/19	1,203,000.00	130,940.14		79,583.48	15,541.00	35,815.66	
2020-06	Various Capital Improvements	06/09/20	559,800.00	94,465.99		40,781.02	1,654.00	52,030.97	
2020-10	Various Capital Improvements	10/13/20	398,200.00	15,153.54		1,366.98		13,786.56	
2021-07	FEMA Home Elevations 2018	04/27/21	3,752,000.00		3,332,091.00	141,063.54			\$ 3,191,027.46
2021-08	Various Capital Improvements	05/11/21	1,605,207.00	404,815.80		147,328.41	907.87	256,579.52	
2022-03	Capital Vehicle & Flood Control	02/08/22	27,000.00	994.47			994.47		
2022-07	General Capital Improvements	05/10/22	995,602.00	824,954.40		347,340.39		477,614.01	
2022-09	ARP Funded Capital Improvements	05/10/22	325,000.00	260,855.88		219,737.74		41,118.14	
2022-10	FEMA 2019 Home Elevations	05/24/22	3,741,538.00		3,741,538.00	55,321.36			3,686,216.64
2022-17	Drainage Control Improvements	10/25/22	42,000.00	42,000.00		42,000.00			
2023-08	Various Capital Improvements	05/09/23	3,396,000.00			511,306.22		2,884,693.78	
				\$ 1,812,810.59	\$ 7,101,404.00	\$ 1,320,508.18	\$ 329,400.34	\$ 3,783,061.97	\$ 6,877,244.10
			Ref.	C	C			C	C
				Capital Improvement Fund		Capital Improvement Fund			
				Reserve for Fire Apparatus		Reserve for Fire Apparatus			
		</							

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 512,710.30
Increased By:		
Current Fund Budget Appropriation	\$ 2,300,000.00	
Improvement Authorizations Cancelled	<u>18,902.87</u>	
		<u>2,318,902.87</u>
		2,831,613.17
Decreased By:		
Appropriated to Finance Improvement Authorizations		<u>2,250,602.00</u>
Balance December 31, 2023	C	<u><u>\$ 581,011.17</u></u>

TOWNSHIP OF PEQUANNOCK
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	Funded by Budget Appropriation	Bond		Improvement Authorization Cancelled	Balance Dec. 31, 2023
				Anticipation Notes Redeemed	Anticipation Notes Issued		
2008-35	Sanitary Sewer Extension	\$ 154,021.60	\$ 154,021.60				
2018-24	Rehabilitation of the Martin Berry House	289,568.00				\$ 289,568.00	\$ 552,000.00
2021-07	FEMA Home Elevations 2018			\$ 3,752,000.00	\$ 3,200,000.00		3,741,538.00
2022-10	FEMA 2019 Home Elevations	3,741,538.00					
		<u>\$ 4,185,127.60</u>	<u>\$ 154,021.60</u>	<u>\$ 3,752,000.00</u>	<u>\$ 3,200,000.00</u>	<u>\$ 289,568.00</u>	<u>\$ 4,293,538.00</u>

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
WATER UTILITY FUND

TOWNSHIP OF PEQUANNOCK
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2022	D	\$ 1,946,336.18	\$ 257,352.40
Increased by Receipts:			
Consumer Accounts Receivable	\$	3,977,130.26	
Miscellaneous Revenue		29,805.00	
Interest on Investments		46,536.39	
Due Water Utility Operating Fund:			
Interest Earned			\$ 448.79
Capital Improvement Fund			190,000.00
Deferred Charges to Future Revenue			53,500.00
Reserve for Assessment Debt Service			12,640.71
Due Sewer Utility Operating Fund		49,372.02	
		<u>4,102,843.67</u>	<u>256,589.50</u>
		6,049,179.85	513,941.90
Decreased by Disbursements:			
2023 Appropriation Expenditures		3,043,761.71	
2022 Appropriation Reserves		67,185.47	
Accounts Payable		2,045.18	
Accrued Interest on Notes		162,143.78	
Due Water Utility Capital Fund		448.79	
Improvement Authorization Expenditures			303,723.01
		<u>3,275,584.93</u>	<u>303,723.01</u>
Balance December 31, 2023	D	<u>\$ 2,773,594.92</u>	<u>\$ 210,218.89</u>

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

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2023
		2023 Budget Appropriation	Miscellaneous	Improvement Authorizations		From	To	
Fund Balance	\$ 85,132.30							\$ 85,132.30
Capital Improvement Fund	153,050.04	\$ 190,000.00				\$ 45,000.00		298,050.04
Due to/(from) Water Utility Operating Fund	164.41		\$ 448.79					613.20
Reserve for the Payment of Debt Service	231,950.66						\$ 8,847.67	240,798.33
Reserve for Assessment Debt Service			12,640.71					12,640.71
Ord. No.	General Improvements							
2003-18	AMR Phase 3	46,469.87						(253,530.13)
2007-14	Water Blending Facility	7,030.13						
2014-29	West Sunset Water Main			\$ 688.00		8,847.67		42,169.81
2021-09	Various Capital Improvements			8,790.24				6,264.75
2022-08	Water System Improvements			27,324.65				(243,775.98)
2022-13	Well #1 & Well #2 PFOS Treatment			243,775.98				
2023-13	Water System Maintenance			23,144.14			45,000.00	21,855.86
		\$ 243,500.00	\$ 13,089.50	\$ 303,723.01		\$ 53,847.67	\$ 53,847.67	\$ 210,218.89

TOWNSHIP OF PEQUANNOCK
WATER UTILITY ASSESSMENT TRUST FUND
ANALYSIS OF WATER ASSESSMENT TRUST CASH
YEAR ENDED DECEMBER 31, 2023

		<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>	
		<u>Assessments</u>		<u>From</u>	<u>To</u>
		<u>Receivable</u>	<u>Miscellaneous</u>		
Due to/(From) Water Utility Operating Fund			\$ 12,640.71		\$ 12,640.71
Assessments Loans:					
Ord.					
<u>No.</u>	<u>Improvement Description</u>				
2014-29	West Sunset Water Main	\$ 12,640.71		\$ 12,640.71	
		<u>\$ 12,640.71</u>	<u>\$ 12,640.71</u>	<u>\$ 12,640.71</u>	<u>\$ 12,640.71</u>

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

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 883,571.78
Increased by:		
Water Rents Levied		4,040,668.29
		<u>4,924,240.07</u>
Decreased by:		
Water Collections		3,977,130.26
		<u>3,977,130.26</u>
Balance December 31, 2023	D	<u>\$ 947,109.81</u>

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2022	Additions by Capital Ordinance	Balance Dec. 31, 2023
Reserve for Amortization	\$ 57,442.00		\$ 57,442.00
Distribution Mains and Accessories	5,116,704.95		5,116,704.95
House Service	286,997.00		286,997.00
Meters	1,159,907.02		1,159,907.02
Hydrants	150,187.13		150,187.13
General Equipment- Trucks	1,009,755.90		1,009,755.90
Office Furniture and Equipment	87,282.33		87,282.33
Structures and Improvements	348,069.66		348,069.66
Various Water Improvements	1,529,842.18		1,529,842.18
Wells and Pumping Station	3,370,103.66		3,370,103.66
Well # 2 Chlorinator	9,936.00		9,936.00
Water Blending Facility	2,172,000.00		2,172,000.00
West Sunset Water Main	28,464.33	\$ 212,688.00	241,152.33
Elevated Water Tank	2,170,000.00		2,170,000.00
New Water Tank Construction	1,086,959.85		1,086,959.85
	<u>\$ 18,583,652.01</u>	<u>\$ 212,688.00</u>	<u>\$ 18,796,340.01</u>
	D		D

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

Improvement Description	Ord. No.	Balance Dec. 31, 2022	2023 Authorizations	Transferred to Fixed Capital	Authorizations Cancelled	Balance Dec. 31, 2023
West Sunset Water Main	2014-29	\$ 281,535.67		\$ 212,688.00	\$ 68,847.67	\$ 214,385.39
Various Capital Improvements	2021-09	214,385.39				45,000.00
Water System Improvements	2022-08	45,000.00				4,750,000.00
Well #1 & Well #2 PFOS Treatment	2022-13	4,750,000.00	\$ 45,000.00			45,000.00
Water System Maintenance	2023-13					
		\$ 5,290,921.06	\$ 45,000.00	\$ 212,688.00	\$ 68,847.67	\$ 5,054,385.39

Ref.

D

D

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 195,575.20	\$ 195,575.20		\$ 195,575.20
Other Expenses	376,426.73	376,426.73	\$ 289,185.47	87,241.26
Salary Adjustments	9,675.00	9,675.00		9,675.00
	<u>\$ 581,676.93</u>	<u>\$ 581,676.93</u>	<u>\$ 289,185.47</u>	<u>\$ 292,491.46</u>

Analysis of Balance December 31, 2022

	<u>Ref.</u>	
Encumbered	D	\$ 229,353.42
Unencumbered	D	<u>352,323.51</u>
		<u>\$ 581,676.93</u>

Cash Disbursed	\$ 67,185.47
Accounts Payable	<u>222,000.00</u>
	<u>\$ 289,185.47</u>

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance Dec. 31, 2022		2023 Authorizations Capital Improvement Fund	Paid or Charged	Improvement Authorization Cancelled	Balance Dec. 31, 2023	
			Funded	Unfunded				Funded	Unfunded
2014-29	West Sunset Water Main	\$ 310,000.00	\$ 9,535.67	\$ 60,000.00		\$ 688.00	\$ 68,847.67		
2021-09	Various Capital Improvements	215,000.00	50,960.05			8,790.24		\$ 42,169.81	
2022-08	Water System Improvements	45,000.00	33,589.40			27,324.65		6,264.75	
2022-13	Well #1 & Well #2 PFOS Treatment	4,750,000.00		4,750,000.00		243,775.98			\$ 4,506,224.02
2023-13	Water System Maintenance	45,000.00			\$ 45,000.00	23,144.14		21,855.86	
			\$ 94,085.12	\$ 4,810,000.00	\$ 45,000.00	\$ 303,723.01	\$ 68,847.67	\$ 70,290.42	\$ 4,506,224.02
		<u>Ref.</u>	D	D				D	D
Reserve to Pay Debt Service									
							\$ 8,847.67		
Deferred Charges to Future Revenue							60,000.00		
							\$ 68,847.67		

TOWNSHIP OF PEQUANNOCK
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 153,050.04
Increased by:		
2023 Budget Appropriation		190,000.00
		<u>343,050.04</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		45,000.00
		<u>45,000.00</u>
Balance December 31, 2023	D	<u>\$ 298,050.04</u>

TOWNSHIP OF PEQUANNOCK
WATER UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 12,008,157.55
Increased by:		
Serial Bond Principal	\$ 225,000.00	
Budget Appropriation - Ordinance 2007-14	7,030.13	
Budget Appropriation - Ordinance 2003-18	46,469.87	
		<u>278,500.00</u>
Decreased by:		
Authorization Cancelled		<u>8,847.67</u>
Balance December 31, 2023	D	<u><u>\$ 12,277,809.88</u></u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Balance Dec. 31, 2023
2021-09	Various Capital Improvements	\$ 214,385.39		\$ 214,385.39
2022-08	Water System Improvements	45,000.00		45,000.00
2023-13	Water System Maintenance		\$ 45,000.00	45,000.00
		<u>\$ 259,385.39</u>	<u>\$ 45,000.00</u>	<u>\$ 304,385.39</u>
	<u>Ref.</u>	D		D

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2022	Matured	Balance Dec. 31, 2023
			Date	Outstanding Dec. 31, 2023				
Water Bonds	06/25/20	\$ 6,640,000.00	07/15/24	\$ 200,000.00	4.000%			
			07/15/25	200,000.00	4.000%			
			07/15/26	200,000.00	4.000%			
			07/15/27	200,000.00	4.000%			
			07/15/28	210,000.00	4.000%			
			07/15/29	215,000.00	2.000%			
			07/15/30	225,000.00	2.000%			
			07/15/31	230,000.00	2.000%			
			07/15/32	240,000.00	2.000%			
			07/15/33	250,000.00	2.000%			
			07/15/34	260,000.00	2.000%			
			07/15/35	270,000.00	2.000%			
			07/15/36	280,000.00	2.000%			
			07/15/37	290,000.00	2.125%			
			07/15/38	305,000.00	2.125%			
			07/15/39	315,000.00	2.250%			
			07/15/40	325,000.00	2.250%			
			07/15/41	335,000.00	2.250%			
			07/15/42	350,000.00	2.375%			
			07/15/43	365,000.00	2.375%			
			07/15/44	380,000.00	2.375%			
			07/15/45	395,000.00	2.375%	\$ 6,240,000.00	\$ 200,000.00	\$ 6,040,000.00
Water Bonds	11/15/22	250,000.00	11/15/24	25,000.00	1.750%			
			11/15/25	25,000.00	1.750%			
			11/15/26	25,000.00	1.750%			
			11/15/27	25,000.00	1.750%			
			11/15/28	25,000.00	1.750%			
			11/15/29	25,000.00	1.750%			
			11/15/30	25,000.00	1.750%			
			11/15/31	25,000.00	1.750%			
			11/15/32	25,000.00	1.750%			
						250,000.00	25,000.00	225,000.00
						\$ 6,490,000.00	\$ 225,000.00	\$ 6,265,000.00

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

Ord. No.	Improvement Description	Date of Confirmation	Due Dates	2023		Collected	Balance Dec. 31, 2023	Balance Pledged to Reserve
				Assessments Confirmed				
2014-29	West Sunset Avenue Water Main	5/23/23	Quarterly	\$ 33,000.00	\$	12,640.71	\$ 20,359.29	\$ 20,359.29
				\$ 33,000.00	\$	12,640.71	\$ 20,359.29	\$ 20,359.29

E

TOWNSHIP OF PEQUANNOCK
WATER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS

<u>Ordinance Number/Cert</u>	<u>Improvement Description</u>	<u>Confirmed in 2023</u>	<u>Collected</u>	<u>Balance Dec. 31, 2023</u>
	<u>Assessments Receivable:</u>			
2014-29	West Sunset Avenue Water Main	<u>\$ 33,000.00</u>	<u>\$ 12,640.71</u>	<u>\$ 20,359.29</u>
		<u><u>\$ 33,000.00</u></u>	<u><u>\$ 12,640.71</u></u>	<u><u>\$ 20,359.29</u></u>
	<u>Ref.</u>			E

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	Funded by Budget Appropriation	Improvement Authorization Cancelled	Balance Dec. 31, 2023
2003-18	AMR Phase 3	\$ 300,000.00	\$ 46,469.87		\$ 253,530.13
2007-14	Water Blending Facility	7,030.13	7,030.13		
2014-29	West Sunset Water Main	60,000.00		\$ 60,000.00	
2022-13	Well #1 & Well #2 PFOS Treatment	4,750,000.00			4,750,000.00
		<u>\$ 5,117,030.13</u>	<u>\$ 53,500.00</u>	<u>\$ 60,000.00</u>	<u>\$ 5,003,530.13</u>

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
SEWER UTILITY FUND

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

Ref.	Operating	Assessment Trust	Capital
E	\$ 1,115,787.26	\$ 1,662,697.12	\$ 3,113,631.20
Balance December 31, 2022			
Increased by Receipts:			
Sewer Utility Collector	\$ 4,024,335.01		
Miscellaneous Sewer Fees	25,403.75		
Interest on Investments	108,814.69		
Interest on Sewer Assessments	78,018.13		
2023 Budget Appropriation:			
Deferred Charges to Future Revenue		\$ 172,787.00	
2023 Appropriation Refunds	5,204.32		
Sewer Assessment Collections		\$ 367,288.32	
Due Current Fund	691.81	70,971.10	
Due Federal and State Grant Fund -			
American Rescue Plan Grant	550,000.00		
Due Sewer Utility Operating Fund:			
Interest on Investments		32,684.21	12,513.64
Due Sewer Utility Assessment Trust Fund:			
Fund Balance Anticipated	250,000.00		
Due Sewer Utility Capital Fund:			
Fund Balance Anticipated	108,000.00		
	<u>5,150,467.71</u>	<u>470,943.63</u>	<u>185,300.64</u>
	6,266,254.97	2,133,640.75	3,298,931.84

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY FUNDS
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Decreased by Disbursements:			
2023 Budget Appropriations	\$ 4,386,572.85		
2022 Appropriation Reserves	7,412.02		
Accrued Interest on Bonds	621,162.52		
Improvement Authorizations		\$ 258,185.82	
Due Water Utility Operating Fund	49,372.02		
Due from Sewer Utility Capital Fund	6,661.78		
Due Sewer Utility Operating Fund:			
Fund Balance Anticipated		\$ 250,000.00	108,000.00
Interest on Investments		28,341.15	5,851.86
Due from Sewer Utility Assessment Trust Fund	4,343.06		
Due Solid Waste Utility Operating Fund	57,461.20		
	<u>\$ 5,132,985.45</u>	<u>\$ 278,341.15</u>	<u>\$ 372,037.68</u>
Balance December 31, 2023	<u>\$ 1,133,269.52</u>	<u>\$ 1,855,299.60</u>	<u>\$ 2,926,894.16</u>

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

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements	Transfers		Balance/ (Deficit) Dec. 31, 2023
		Assessments Receivable	Assessment Interest		From	To	
Fund Balance	\$ 1,732,612.34	\$ 367,288.32		\$ 250,000.00		\$ 70,682.50	\$ 1,920,583.16
Due to/(From) Sewer Utility Operating Fund	1,055.88		\$ 32,684.21	28,341.15			5,398.94
Due to/(From) Current Fund	(70,971.10)	70,971.10			\$ 70,682.50		(70,682.50)
	<u>\$ 1,662,697.12</u>	<u>\$ 438,259.42</u>	<u>\$ 32,684.21</u>	<u>\$ 278,341.15</u>	<u>\$ 70,682.50</u>	<u>\$ 70,682.50</u>	<u>\$ 1,855,299.60</u>

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

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2023
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 108,327.34				\$ 108,000.00			\$ 2,045.33
Due Sewer Utility Operating Fund	1,982.95		\$ 12,513.64		5,851.86		\$ 1,717.99	8,644.73
Ord. No.	Improvement Description							
2006-14	Purchase TBSA Capacity	\$ 60,591.90						
2014-02	Village Area Sewers, Amended	112,195.10						(264,975.82)
2017-01	Route 23 Sewer Extension	3,439,365.74		\$ 258,185.82				3,181,179.92
2020-07	Capital Improvements	1,717.99				\$ 1,717.99		
		\$ 172,787.00	\$ 12,513.64	\$ 258,185.82	\$ 113,851.86	\$ 1,717.99	\$ 1,717.99	\$ 2,926,894.16

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

	Balance Dec. 31, 2022	Sewer Billings Levied	Collections	Balance Dec. 31, 2023
Rents	\$ 935,052.43	\$ 4,065,709.17	\$ 4,024,335.01	\$ 976,426.59
Miscellaneous		25,403.75	25,403.75	
	<u>\$ 935,052.43</u>	<u>\$ 4,091,112.92</u>	<u>\$ 4,049,738.76</u>	<u>\$ 976,426.59</u>

Ref. E

E

Miscellaneous Revenue Anticipated:

Interest on Sewer Rents	\$ 19,668.75
Sewer Tap/Connection Fees	4,375.00
Other Sewer Fees	1,360.00
	<u>\$ 25,403.75</u>

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY UTILITY REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

NOT APPLICABLE

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, 2023

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, 2022	Collected	Assessments Cancelled	Adjustments	Balance Dec. 31, 2023	Balance Pledged to Reserve
2004-35	Munson/Farm Roads	8/27/12	Quarterly	\$ 13,489.38	\$ 13,489.38				
2005-13	Pequannock Avenue	9/24/12	Quarterly	11,024.42	1,460.80	\$ 9,643.00	\$ 79.38	\$ 1,845,913.85	\$ 1,845,913.85
2018-179	Village Area	10/8/18	Quarterly	2,268,934.49	423,020.64				
				<u>\$ 2,293,448.29</u>	<u>\$ 437,970.82</u>	<u>\$ 9,643.00</u>	<u>\$ 79.38</u>	<u>\$ 1,845,913.85</u>	<u>\$ 1,845,913.85</u>

E

E

Cash Collected	\$ 367,288.32
Due from Current Fund	<u>70,682.50</u>
	<u>\$ 437,970.82</u>

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

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 110,143.85
Balance December 31, 2023	E	<u><u>\$ 110,143.85</u></u>

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2022	Transfer from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2023
Capacity	\$ 4,067,008.90		\$ 4,067,008.90
Treatment Plant	298,300.00		298,300.00
Trunk Lines	241,971.00		241,971.00
Transportation Equipment	3,300.00		3,300.00
Sewer Jet	129,443.52		129,443.52
Equipment	335,334.86		335,334.86
Sewer Improvements	25,974,310.37	\$ 53,282.01	26,027,592.38
	<u>\$ 31,049,668.65</u>	<u>\$ 53,282.01</u>	<u>\$ 31,102,950.66</u>

Ref. E

E

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Improvement Authorizations	Transfer to Fixed Capital	Improvement Authorizations Canceled	Balance Dec. 31, 2023
2017-01	Route 23 Sewer Project	\$ 6,100,000.00				\$ 6,100,000.00
2020-07	Capital Improvements	55,000.00		\$ 53,282.01	\$ 1,717.99	
2023-12	Route 23 Sewer Project		\$ 1,400,000.00			1,400,000.00
		<u>\$ 6,155,000.00</u>	<u>\$ 1,400,000.00</u>	<u>\$ 53,282.01</u>	<u>\$ 1,717.99</u>	<u>\$ 7,500,000.00</u>
		Ref.	E			E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 25,275.40	\$ 25,275.40		\$ 25,275.40
Other Expenses	24,242.99	24,242.99	\$ 10,612.02	13,630.97
Two Bridges Sewerage Authority	1,000.00	1,000.00		1,000.00
	<u>\$ 50,518.39</u>	<u>\$ 50,518.39</u>	<u>\$ 10,612.02</u>	<u>\$ 39,906.37</u>

Ref.

Balance December 31, 2022

Unencumbered	E	\$ 41,555.38
Encumbered	E	<u>8,963.01</u>
		<u>\$ 50,518.39</u>

Cash Disbursed	\$ 7,412.02
Accounts Payable	<u>3,200.00</u>
	<u>\$ 10,612.02</u>

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

<u>Ordinance Number/Cert</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Collections to Fund Balance</u>	<u>Assessments Cancelled</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2023</u>
<u>Assessments Receivable:</u>						
2004-35	Munson/Farm Roads	\$ 13,489.38	\$ 13,489.38			
2005-13	Pequannock Avenue	11,024.42	1,460.80	\$ 9,643.00	\$ 79.38	
2018-179	Village Area	2,268,934.49	423,020.64			\$ 1,845,913.85
<u>Assessments Liens:</u>						
2005-13	Pequannock Avenue	10,902.78				10,902.78
2019-12	ARC Group Properties LLC	99,241.07				99,241.07
		<u>\$ 2,403,592.14</u>	<u>\$ 437,970.82</u>	<u>\$ 9,643.00</u>	<u>\$ 79.38</u>	<u>\$ 1,956,057.70</u>
<u>Ref.</u>		E				E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2022		2023 Authorizations Deferred Charges to Future Revenue		Paid or Charged	Cancelled	Balance December 31, 2023	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
General Improvements:											
2017-01	Route 23 Sewer Extension	02/14/17	\$ 6,100,000.00	\$ 3,439,365.74	\$ 2,100,000.00			\$ 258,185.82		\$ 3,181,179.92	\$ 2,100,000.00
2020-07	Capital Improvements	06/09/20	55,000.00	1,717.99					\$ 1,717.99		
2023-12	Route 23 Sewer Project	07/11/23	1,400,000.00			\$ 1,400,000.00					1,400,000.00
				<u>\$ 3,441,083.73</u>	<u>\$ 2,100,000.00</u>	<u>\$ 1,400,000.00</u>		<u>\$ 258,185.82</u>	<u>\$ 1,717.99</u>	<u>\$ 3,181,179.92</u>	<u>\$ 3,500,000.00</u>
		<u>Ref.</u>		E	E					E	E
Capital Improvement Fund										<u>\$ 1,717.99</u>	

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

	<u>Ref.</u>		
Balance December 31, 2022	E	\$	-0-
Increased by:			
Cancellation of Improvement Authorization			1,717.99
			<u>1,717.99</u>
Decreased by:			
Cancelled to Fund Balance			1,717.99
			<u>1,717.99</u>
Balance December 31, 2023	E	\$	<u><u>-0-</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 17,196,905.83
Increased by:		
Serial Bonds Paid by Operating Budget	\$	1,435,000.00
Deferred Charges to Future Revenue Funded by Budget Appropriation		172,787.00
Transferred from Deferred Reserve for Amortization		53,282.01
		<u>1,661,069.01</u>
		<u>18,857,974.84</u>
Balance December 31, 2023	E	<u>\$ 18,857,974.84</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Transferred to Reserve for Amortization</u>	<u>Improvement Authorizations Canceled</u>	<u>Balance Dec. 31, 2023</u>
2020-07	Capital Improvements	<u>\$ 55,000.00</u>	<u>\$ 53,282.01</u>	<u>\$ 1,717.99</u>	<u>\$ -0-</u>
		<u><u>\$ 55,000.00</u></u>	<u><u>\$ 53,282.01</u></u>	<u><u>\$ 1,717.99</u></u>	<u><u>\$ -0-</u></u>
		E			E

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2022	Matured	Balance Dec. 31, 2023
			Date	Outstanding Dec. 31, 2023 Amount				
Sewer Bonds	8/11/16	\$ 3,795,000.00			3.00%	\$ 585,000.00	\$ 585,000.00	
Sewer Bonds	2/14/17	2,080,000.00	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%			
						16,830,000.00	850,000.00	\$ 15,980,000.00
						\$ 17,415,000.00	\$ 1,435,000.00	\$ 15,980,000.00

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

Ord. No.	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2023
2006-14	Purchase of TBSA Capacity	\$ 60,591.90		\$ 60,591.90	
2014-02	Village Area Sewers-Amended	377,170.92		112,195.10	\$ 264,975.82
2017-01	Route 23 Sewer Extension	2,100,000.00			2,100,000.00
2023-12	Route 23 Sewer Project		\$ 1,400,000.00		1,400,000.00
		<u>\$ 2,537,762.82</u>	<u>\$ 1,400,000.00</u>	<u>\$ 172,787.00</u>	<u>\$ 3,764,975.82</u>

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2023
SOLID WASTE UTILITY FUND

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

	<u>Ref.</u>	<u>Operating</u>	
Balance December 31, 2022	F	\$	263,342.03
Increased by Receipts:			
Solid Waste Utility Charges Receivable		\$	2,158,096.58
Board of Education - Interlocal Agreement			37,800.00
Miscellaneous Revenue			12,894.65
Interest on Deposits			6,281.42
Recycling Tonnage Grant			21,224.00
Due Sewer Utility Operating Fund			57,461.20
			<u>2,293,757.85</u>
			2,557,099.88
Decreased by Disbursements:			
2023 Appropriation Expenditures			2,018,791.96
2022 Appropriation Reserves			133,646.71
Reserve for Street Sweeper			115,000.00
			<u>2,267,438.67</u>
Balance December 31, 2023	F	\$	<u><u>289,661.21</u></u>

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

Balance December 31, 2022	<u>Ref.</u> F	\$ 211,662.96
Increased by:		
2023 Charges		<u>2,128,716.32</u>
		2,340,379.28
Decreased by:		
Cash Received		<u>2,158,096.58</u>
Balance December 31, 2023	F	<u>\$ 182,282.70</u>

TOWNSHIP OF PEQUANNOCK
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 91,907.73	\$ 91,907.73		\$ 91,907.73
Other Expenses	183,842.67	183,842.67	\$ 133,646.71	50,195.96
Salary Adjustments	2,830.00	2,830.00		2,830.00
	<u>\$ 278,580.40</u>	<u>\$ 278,580.40</u>	<u>\$ 133,646.71</u>	<u>\$ 144,933.69</u>

Analysis of Balance December 31, 2022

	<u>Ref.</u>	
Encumbered	F	\$ 127,520.65
Unencumbered	F	<u>151,059.75</u>
		<u>\$ 278,580.40</u>

TOWNSHIP OF PEQUANNOCK

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Name of Federal Agency or Department/Cluster Title	Name of Program	Assistance Listing #	Pass Through Entity ID	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Flood Mitigation Assistance - Elevation - 2018 Flood Mitigation Assistance - Elevation - 2019	97.029 97.029	FMA-PI-02-NJ-2018-009 FMA-PI-02-NJ-2019-009	10/23/18 05/24/22	12/31/24 12/31/24	\$ 3,359,167.00 3,639,278.00		\$ 631,370.91 80,386.01	\$ 1,282,304.81 80,386.01	
Total U.S. Department of Homeland Security								711,756.92	1,362,690.82	
Total U.S. Department of Health and Human Services (Passed through New Jersey Department of Health)	(NACCHO) Enhancing Local Public Health Infrastructure	93.323	N/A	01/01/23 06/13/23	12/31/24 12/31/24	289,580.00 290,372.00	\$ 275,923.83	287,660.00 32,810.55	287,660.00 32,810.55	
Total Department of Health and Human Services							275,923.83	320,470.55	320,470.55	
U.S. Department of Treasury: (Pass through New Jersey Department of Community Affairs)	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	100-022-8030-687-046010	03/03/21	12/31/24	1,566,364.92		1,241,101.74	1,525,245.86	
Total U.S. Department of Treasury								1,241,101.74	1,525,245.86	
U.S. Department of Housing and Urban Development: CDBG Entitlement Grants Cluster (Pass through County of Morris)								80,000.00	80,000.00	
Total U.S. Department of Housing and Urban Development/ CDBG Entitlement Grants Cluster	Community Development Block Grant	14.218	100-022-8020-078-022920	01/01/23	12/31/24	80,000.00		80,000.00	80,000.00	
U.S. Department of Justice: National Institute of Justice	Bulletproof Vest Partnership	16.607	N/A	01/01/22 01/01/23	12/31/23 12/31/24	2,400.00 2,877.00	2,400.00 114.40	2,400.00 1,721.60	2,400.00 1,721.60	
Total U.S. Department of Justice							2,514.40	4,121.60	4,121.60	
TOTAL FEDERAL AWARDS							\$ 278,438.23	\$ 2,357,450.81	\$ 3,292,528.83	\$ -0-
N/A - Not Available/Applicable										

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, 2023

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of the Treasury	Municipal Alliance Grant	N/A	7/1/22	6/30/23	\$ 6,329.00	\$ 1,052.80		
(Passed Through the County of Morris - Governor's Council on Alcoholism and Drug Abuse)			7/1/23	6/30/24	6,329.00	\$ 3,440.02	\$ 3,440.02	
Total - Department of the Treasury						1,052.80	3,440.02	3,440.02
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/23	12/31/23	7,100.00		6,978.08	7,100.00
							6,978.08	7,100.00
	Body Armor Replacement Fund	066-1020-718-001	1/1/22	12/31/23	1,662.02		1,662.00	1,662.00
			1/1/23	12/31/23	2,218.95		2,218.00	2,218.00
			1/1/23	12/31/24	2,547.62	2,547.62		
						2,547.62	3,880.00	3,880.00
Total - Department of Law and Public Safety	NJ Statewide Body Worn Camera Program	100-066-1020-495-092120	1/1/21	12/31/24	65,216.00	52,172.80		61,459.00
						54,720.42	10,858.08	72,439.00
Department of Health	Alcohol Education & Rehabilitation Fund	098-9735-760-001	1/1/20	12/31/24	2,256.83		949.00	1,445.00
			1/1/23	12/31/24	1,168.15	1,168.15		
Total Department of Health						1,168.15	949.00	1,445.00
New Jersey Transit Corporation (Passed Through the County of Morris - MAPS)	Senior Citizen and Disabled Residents Transportation Assistance Act	N/A	1/1/21	12/31/24	127,658.00		8,821.61	60,177.26
			1/1/22	12/31/24	140,669.00	65,167.25	16,762.86	79,480.20
			1/1/23	12/31/24	100,669.00	75,501.75	16,404.11	16,404.11
Total - New Jersey Transit Corporation						140,669.00	41,988.58	156,061.57
Department of Environmental Protection	Clean Communities Act	4900-765- 4900-765-178900-60	1/1/20	12/31/23	35,597.00		23,804.39	36,245.66
			1/1/22	12/31/24	34,163.71		13,545.34	23,127.32
			1/1/23	12/31/24	37,926.72	37,926.72		
						37,926.72	37,349.73	59,372.98
Total - Department of Environmental Protection	Stormwater Assistance Grant	100-042-4850-099-290400	1/1/23	12/31/24	25,000.00	25,000.00	15,000.00	15,000.00
						62,926.72	52,349.73	74,372.98

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Transportation	Municipal Aid; Hillview Road Guide Rails	480-078-6320- ALX-6010	1/1/20	12/31/23	\$ 250,000.00	\$ 250,000.00		\$ 250,000.00
		480-078-6320- AO1-606282	1/1/22	12/31/24	300,000.00	90,240.59	\$ 3,912.57	249,388.52
	South Sunset to Van Dyk	480-078-6320- AOT-6010	1/1/22	12/31/23	150,000.00	150,000.00		150,000.00
	Hillview Road Guide Rails - Additional Aid	480-078-6320- APF-606283	1/1/23	12/31/24	249,770.00	187,327.50	249,770.00	249,770.00
	Mountain Avenue					677,568.09	253,682.57	899,158.52
Total - Department of Transportation						\$ 938,105.18	\$ 363,267.98	\$ 1,206,917.09
TOTAL STATE AWARDS								
N/A - Not Available/Applicable								

TOWNSHIP OF PEQUANNOCK
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

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, 2023. 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.

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, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated June 4, 2024. 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.

Report on 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 4, 2024
Mount Arlington, New Jersey

NISIVOCCIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli

Certified Public Accountant

Registered Municipal Accountant No. 563

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Township of Pequannock's (the "Township's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2023. The Township's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Township's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and Members
of the Township Council
Township of Pequannock
Page 3

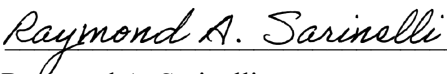
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

June 4, 2024
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond A. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 563

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

10

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified 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.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as 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 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.
- There were no material weaknesses or significant deficiencies in internal control over its major federal program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance*.
- The auditor's report on compliance for its major federal program for the Township expresses an unmodified opinion on the major federal program.
- The audit did not disclose any findings which are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.
- The Township was not subject to the single audit provisions of the New Jersey's OMB Circular 15-08 for the year ended December 31, 2023 as state grant expenditures were less than the single audit threshold of \$750,000 identified in the NJOMB 15-08.
- The threshold used for distinguishing between Type A and B federal programs was \$750,000.
- The Township was not determined to be a "low-risk" auditee for federal programs.

Summary of Auditor's Results:

- The Township's program tested as a major federal program for the current year consisted of the following federal award:

	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<u>Federal:</u>		
U.S. Department of Treasury:		
(Passed through New Jersey Department of Treasury)		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>\$ 1,241,101.74</u>

TOWNSHIP OF PEQUANNOCK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

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, 2023

Status of Prior Year Findings:

None

TOWNSHIP OF PEQUANNOCK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 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. None were noted.

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 5, 2023, 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 5, 2023, the governing body adopted a resolution 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 October 2, 2023, and included all eligible properties.

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

<u>Year</u>	<u>Number of Liens</u>
2023	1
2022	3
2021	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:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2023 Taxes	20
Payments of 2024 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)

New Jersey Administrative Code Accounting Requirements

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

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

The Township maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger accounting system.

Municipal Court

The transactions for the year 2023 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Receipts	Disbursements	Balance Dec. 31, 2023
Municipal Treasurer:				
Fines and Fees	\$ 10,244.01	\$ 139,408.94	\$ 140,450.17	\$ 9,202.78
Restitution	200.00	461.90	661.90	
Public Defender	1,150.00	10,755.00	11,205.00	700.00
County Fines	4,796.01	60,030.45	60,925.20	3,901.26
State Fines and Costs	6,907.55	102,644.32	102,989.99	6,561.88
Conditional Discharge/Dismissal		420.00	270.00	150.00
Local Park Commission		25.00	25.00	
Weights and Measures	4,450.00	35,400.00	39,850.00	
	<u>\$ 27,747.57</u>	<u>\$ 349,165.61</u>	<u>\$ 356,397.26</u>	<u>\$ 20,515.92</u>

Accounting Records

During our review of the accounting records, it was noted that there was a large amount of interfund activity during the year and not all interfund balances were liquidated by year-end. It is recommended that a continuing effort be made to limit the amount of interfund balances at year-end.

Management Response:

The Chief Financial Officer will continue to review interfund balances on a monthly basis, and will make ever effort to clear all interfund balances by year-end.

TOWNSHIP OF PEQUANNOCK
COMMENTS AND RECOMMENDATIONS
 (Continued)

Management Suggestions:

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. This statement requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculation should generally use an employee's pay rate as of the date of the financial statements.

COVID-19 Federal Funding

It is possible that the Township will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Township ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Township ensures that these funds are separately accounted for in the Township's accounting records and that any applicable Township policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

Water and Sewer Capital Funds

Certain ordinances in excess of five years have deficit cash balances at December 31, 2023. This situation arises when expenditures are made from an ordinance without the respective debt being issued. It is suggested that the remaining deficit cash balances on ordinances in excess of five years are funded by the issuance of bonds or by budget appropriation.

Summary of Prior Year Recommendations

The Township's recommendation regarding the fixed asset tagging has been fully resolved and is not included in the 2023 audit.

TOWNSHIP OF PEQUANNOCK
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. A continuing effort be made to limit the amount of interfund balances at year-end.

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