# TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS REPORT OF AUDIT 2017

NISIVOCCIA LLP CERTIFIED PUBLIC ACCOUNTANTS

### TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS

REPORT OF AUDIT

<u>2017</u>

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#### **TOWNSHIP OF PEQUANNOCK**

PART I

**REPORT ON AUDIT OF** 

FINANCIAL STATEMENTS AND

**SUPPLEMENTARY SCHEDULES** 

YEAR ENDED DECEMBER 31, 2017



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Mount Arlington Corporate Center

#### **Independent Auditors' Report**

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

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

We have audited the financial statements – *regulatory basis* – of the various funds of the Township of Pequannock, in the County of Morris (the "Township") as of and for the year ended December 31, 2017 and 2016 and the related notes to the financial statements, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

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

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

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Township as of December 31, 2017 and 2016, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

#### Basis for Qualified Opinion

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

#### Qualified Opinion on Regulatory Basis of Accounting

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

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

#### Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2018 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

June 25, 2018 Mount Arlington, New Jersey

NISIVOCCIA LLP

Valerie A. Dolan

Certified Public Accountant

Registered Municipal Accountant No. 548

## TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 CURRENT FUND

## TOWNSHIP OF PEQUANNOCK CURRENT FUND COMPARATIVE BALANCE SHEET-REGULATORY BASIS

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

## TOWNSHIP OF PEQUANNOCK <u>CURRENT FUND</u> COMPARATIVE BALANCE SHEET-REGULATORY BASIS

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

#### TOWNSHIP OF PEQUANNOCK CURRENT FUND

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

	Ref.		Year Ended	December 31,
			2017	2016
Revenue and Other Income Realized				
Fund Balance Utilized		\$	1,330,000.00	\$ 1,350,000.00
Miscellaneous Revenue Anticipated			3,826,275.24	3,242,926.16
Receipts from Delinquent Taxes			337,320.39	313,410.21
Receipts from Current Taxes			54,350,338.96	51,954,962.47
Nonbudget Revenue			721,511.64	463,157.72
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves			765,083.45	571,883.82
Interfunds Returned			42,163.59	10,488.50
Reserve for Health Contracts Cancelled				161,338.81
Cancellation of Appropriated Grant Reserves			5,635.94	
Cancellation of Unappropriated Grant Reserves				1.15
Cancelled Excess Tax Appeal Reserve			4,237.80	10.466.21
Cancellation of Tax Overpayments				18,466.31
Total Income			61,382,567.01	58,086,635.15
<b>Expenditures</b>				
Budget and Emergency Appropriations:				
Municipal Purposes			17,066,863.89	16,312,325.06
County Taxes			6,800,394.98	6,785,014.22
Local District School Tax			34,282,339.00	33,545,673.00
Municipal Open Space Tax			147,648.65	149,207.96
Prior Year Veterans and Senior Citizens Disallowed			3,067.81	2,809.59
Cancellation of Grants Receivable			8,752.48	
Sale of Municipal Assets Refund Payable				8,371.25
Refund of Prior Year Revenue			753.41	1,172.06
Increase in Reserve for Pending Tax Appeals			135,044.93	
Interfunds Advanced		-	56,960.11	42,163.59
Total Expenditures			58,501,825.26	56,846,736.73
Excess in Revenue			2,880,741.75	1,239,898.42
Adjustments to Excess Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year		NOTIFIC TO SERVICE AND ADDRESS OF THE PERSON NAMED IN COLUMN TO SERVICE AND ADDRESS O	100,000.00	
Statutory Excess to Fund Balance			2,980,741.75	1,239,898.42
Fund Balance				
Balance January 1			1,695,510.98	1,805,612.56
			4,676,252.73	3,045,510.98
Decreased by: Utilization as Anticipated Revenue			1,330,000.00	1,350,000.00
•	<b>A</b>	Ф.		H-ALCONOMIC CONTROL OF THE CONTROL O
Balance December 31	Α	<u> </u>	3,346,252.73	\$ 1,695,510.98

TOWNSHIP OF PEQUANNOCK

CURRENT FUND

STATEMENT OF REVENUE-REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

	Anticipated	pated			
	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *	
Find Balance Anticinated	\$ 1 330 000 00		\$ 1.330,000,00		
t dird Datalice Attiticipated					
Miscellaneous Revenue:					
Licenses:					
Alcoholic Beverage	22,800.00		23,550.00	\$ 750.00	00
Other	30,000.00		37,088.20	7,088.20	20
Fees and Permits	95,000.00		93,458.07	1,541.93	93 *
Municipal Court Fines and Costs	265,000.00		251,220.18	13,779.82	* 78
Interest and Costs on Taxes	75,000.00		71,666.03	3,333.97	* 16
Interest on Investments & Deposits	18,270.00		29,844.51	11,574.51	51
Cable Franchise Fee	67,500.00		74,249.00	6,749.00	00
Senior Citizen House (PILOT)	89,000.00		100,033.00	11,033.00	00
Consoldiated Municipal Property Tax Relief Aid	16,112.00		16,112.00		
Energy Receipts Tax (P.L.1999, Chapters 162 & 167)	1,198,261.00		1,198,261.00		
Uniform Construction Code Official	325,000.00		343,154.29	18,154.29	29
Contracts for Purchasing Agent (QPA):					
Borough of Bloomingdale	2,000.00			2,000.00	* 00
Contracts for Dial-A-Ride:					
Borough of Butler	65,436.00		65,436.00		
Borough of Kinnelon	88,949.00		110,750.75	21,801.75	75
Borough of Lincoln Park	91,319.00		91,319.00		
Borough of Riverdale	30,891.00		30,891.00		

# TOWNSHIP OF PEQUANNOCK

# CURRENT FUND STATEMENT OF REVENUE-REGULATORY BASIS

# YEAR ENDED DECEMBER 31, 2017

		Antic	Anticipated						
		Dudget	1	Added by		Doctor	田上	Excess or	
		Duuger	CN	3.A 40A.4-0/		Nealizeu		בווכוו	
Miscellaneous Revenue:									
Health Services:									
Borough of Kinnelon	S	123,941.00			<del>∽</del>	123,941.28	S	0.28	
Borough of Bloomingdale		92,593.00				32,282.43		60,310.57	*
Borough of Riverdale		43,043.00				92,593.16		49,550.16	
Borough of Florham Park		141,454.00				141,453.68		0.32	*
Field Maintenance Contract		58,000.00				57,999.00		1.00	*
County Road Plowing and Salting- Morris County		30,000.00				14,450.00		15,550.00	*
Clean Communities Program		39,327.00				39,327.00			
Drunk Driving Enforcement Fund		5,997.00				5,997.00			
Vehicle Maintenance - Board of Education		15,000.00						15,000.00	*
New Jersey Transportation Trust Fund Authority Act - Mountain Ave.		189,750.00	<del>∽</del>	175,000.00		364,750.00			
Municipal Alliance on Alcoholism and Drug Abuse		12,182.00				12,182.00			
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental		2,500.00				2,500.00			
Alcohol Rehabilitation Grant		1,027.00				1,027.00			
AHS Mental Health - First Reponsders				9,805.50		9,805.50			
Morris County Historic Preservation Trust Fund				65,000.00		65,000.00			
New Jersey Senior Transportation Assistance Act		97,658.00				97,658.00			
Body Armor Replacement Fund		2,986.00				2,986.00			
Cablevision - Equipment Grant		2,450.00				2,450.00			
New Jersey Senior Citizen and Disabled Residents Transportation									
Assistance Act - Reserve		25,000.00				25,000.00			
NACCHO- Planning Grant		1,500.00				1,500.00			2
Uniform Fire Code Fees		27,500.00				34,431.00		6,931.00	A-2 of 5

# TOWNSHIP OF PEQUANNOCK CURRENT FUND

# STATEMENT OF REVENUE-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

	Anticipated	pated		
	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Uniform Fire Safety Act	\$ 17,500.00		\$ 21,415.23	\$ 3,915.23
Public Defender Fees	9,300.00		9,300.00	
Hotel Occupancy Tax	65,000.00		81,193.93	16,193.93
Reserve for Flood Expenses	50,000.00		50,000.00	
Total Miscellaneous Bevenue	3 534 246 00	07 508 076	1 870 ACS	77 800 07
	00.012,100,0		17.617,078,6	F1:C77:71
Receipts from Delinquent Taxes	500,000.00		337,320.39	162,679.61 *
Amount to be Raised by Taxes for Support of Municipal				
Local Tax for Municipal Purposes	12,049,054.24		13,766,169.57	1,717,115.33
Minimum Library Tax	878,532.76		878,532.76	
	12,927,587.00		14,644,702.33	1,717,115.33
Budget Totals	18,291,833.00	249,805.50	20,138,297.96	1,922,018.68
Nonbudget Revenue			721,511.64	721,511.64
Totals	\$ 18,291,833.00	\$ 249,805.50	\$ 20,859,809.60	\$ 2,318,171.10

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

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

## TOWNSHIP OF PEQUANNOCK CURRENT FUND STATEMENT OF REVENUE-REGULATORY BASIS

#### YEAR ENDED DECEMBER 31, 2017

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

TOWNSHIP OF PEQUANNOCK

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

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

# TOWNSHIP OF PEQUANNOCK

**CURRENT FUND** 

STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

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

TOWNSHIP OF PEQUANNOCK

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

		Appropriations	riations			Expended By	led By		Unexpended
		Budget	M M	Budget After Modification	3 D	Paid or Charged	Rese	Reserved	Balance Cancelled
Operations Within "CAPS":									
PUBLIC SAFETY: (continued):									
Office of Emergency Management:									
Salaries and Wages	S	16,950.00	S	16,950.00	↔	14,168.63	\$	2,781.37	
Other Expenses		6,000.00		6,000.00		43.62	.,	5,956.38	
Aid to Volunteer Fire Companies:									
Salaries and Wages		87,000.00		87,000.00		87,000.00			
Aid to Volunteer Ambulance Companies:									
Other Expenses		25,000.00		25,000.00		25,000.00			
Fire Department:									
Other Expenses		55,500.00		55,500.00		37,170.87		18,329.13	
Other Expenses-Clothing Allowance		50,000.00		50,000.00		49,929.00		71.00	
PUBLIC WORKS:									
Streets and Roads Maintenance:									
Salaries and Wages		247,030.00		247,030.00		241,962.49		5,067.51	
Other Expenses		99,750.00		99,750.00		98,677.19		1,072.81	
Community Service Act:									
Other Expenses		22,000.00		22,000.00			2	22,000.00	
Director of Public Works/ Township Engineer:									
Salaries and Wages		67,110.00		67,110.00		52,637.21	Ť	14,472.79	
Other Expenses	i	32,500.00		32,500.00		31,336.34		1,163.66	
Building and Grounds:									
Salaries and Wages		106,901.00		106,901.00		95,241.05	-	11,659.95	
Other Expenses		100,760.00		104,760.00		78,713.81	2	26,046.19	

TOWNSHIP OF PEQUANNOCK

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

		Appropriations	ations			Expended By	ed By		Unexpended
	B	Budget	Buc	Budget After Modification		Paid or Charged	Re	Reserved	Balance Cancelled
Operations Within "CAPS":									
PUBLIC WORKS (continued):									
Vehicle Maintenance:									
Salaries and Wages	S	83,245.00	↔	83,245.00	S	82,344.86	↔	900.14	
Other Expenses		60,000.00		60,000.00		38,881.11		21,118.89	
Shade Tree:									
Other Expenses		33,750.00		33,750.00		22,963.52		10,786.48	
Parks and Playground Maintenance:									
Salaries and Wages		322,229.00		322,229.00		303,032.91		19,196.09	
Other Expenses (N.J.S.A 40A:4-55, +\$100,000.00)		71,500.00		171,500.00		153,850.29		17,649.71	
HEALTH AND WELFARE FUNCTIONS:									
Board of Health:									
Salaries and Wages		168,465.00		168,465.00		167,595.04		96.698	
Other Expenses		32,000.00		32,000.00		25,492.50		6,507.50	
Animal Control Services:									
Other Expenses		30,000.00		30,000.00				30,000.00	
Emergency Medical Services:									
Salaries and Wages		500.00		500.00				500.00	
Other Expenses		500.00		500.00				500.00	
P.V Mental Health Center:									
Other Expenses		100.00		100.00				100.00	
PARKS AND RECREATION FUNCTIONS:									
Recreation & Playground Services:									
Salaries and Wages		150,640.00		150,640.00		131,593.87		19,046.13	
Other Expenses		23,500.00		23,500.00		22,615.71		884.29	

# TOWNSHIP OF PEQUANNOCK

## CURRENT FUND

# STATEMENT OF EXPENDITURES - REGULATORY BASIS

# YEAR ENDED DECEMBER 31, 2017

		Appropriations	iations			Expended By	ed By		Unexpended
		-	Bn	Budget After		Paid or	٥	,	Balance
		Budget	$ \mathbf{X} $	Modification		Charged	۲	Keserved	Cancelled
Operations Within "CAPS":									
PARKS AND RECREATION FUNCTIONS (continued):									
Celebration of Public Events:									
Salaries and Wages	<del>\$</del>	19,500.00	↔	19,500.00	S	18,823.62	S	676.38	
Dial-A-Ride:									
Salaries and Wages		109,062.00		81,062.00		80,124.79		937.21	
Other Expenses		31,239.00		59,239.00		53,204.87		6,034.13	
OTHER COMMON OPERATING FUNCTIONS:									
Economic Development Committee:									
Other Expense		4,000.00		4,000.00		712.39		3,287.61	
Teen Advisory Committee:									
Other Expenses		1,000.00		1,000.00				1,000.00	
Senior Citizens' Committee:									
Other Expenses		2,000.00		2,000.00		1,577.93		422.07	
Environmental Protection Commission:									
Other Expenses		1,500.00		1,500.00		631.84		868.16	
Flood Advisory Committee:									
Other Expenses		2,500.00		2,500.00		130.00		2,370.00	
Historic District Commission:									
Other Expenses		850.00		850.00		106.00		744.00	
UNCLASSIFIED:									
Electricity		119,000.00		119,000.00		90,030.86		28,969.14	
Street Lighting		150,000.00		150,000.00		116,566.21		33,433.79	
Telephone		56,500.00		56,500.00		43,697.94		12,802.06	
Water		7,900.00		7,900.00		3,409.48		4,490.52	
Natural Gas		45,000.00		33,000.00		8,582.30		24,417.70	
Gasoline		148,000.00		142,000.00		83,375.47		58,624.53	5 o
Accumulated Leave Compensation		80,000.00		80,000.00		78,841.93		1,158.07	A-3 of 10

67.34

896,146.00 369,625.66

896,146.00 369,693.00

896,146.00 367,693.00

Police & Firemens' Retirement System Public Employees' Retirement System

Contributions to:

# TOWNSHIP OF PEQUANNOCK

## CURRENT FUND

# STATEMENT OF EXPENDITURES - REGULATORY BASIS

# YEAR ENDED DECEMBER 31, 2017

		Appropriations	iation			Expended By	led By		5	Unexpended
			B	Budget After	Pe	Paid or				Balance
		Budget	Σ	Modification	ට්	Charged	~	Reserved	J	Cancelled
Operations Within "CAPS":										
STATE UNIFORM CONSTRUCTION CODE:										
Construction Official:										
Salaries and Wages	S	239,608.00	∽	239,608.00	\$ 2	218,407.95	\$	21,200.05		
Other Expenses		17,750.00		17,750.00		10,176.61		7,573.39		
INSURANCE:										
General Liability		200,725.00		200,725.00	_	156,015.07		44,709.93		
Workers Compensation		183,000.00		183,000.00	-	183,000.00				
Employee Group Health		1,492,564.00		1,492,564.00	1,3	,382,204.98		110,359.02		
Unemployment Insurance	1	2,000.00		2,000.00				2,000.00		
Total Onematican Within 110 A DC11		10 801 363 00	-	10 080 363 00	10.01	10.070.000.03		060 153 07	G	00 000 05
Total Operations within CAPS		10,091,302.00		0,702,207,00	10,0	0.006,070		000,4533.97	9	20,000,00
Detail:										
Salaries and Wages		6,922,369.00		6,894,369.00	9,9	6,646,051.04		198,317.96		
Other Expenses		3,968,993.00		4,094,993.00	3,4	3,424,856.99		670,136.01		50,000.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS": Statutory Expenditures:										

# TOWNSHIP OF PEQUANNOCK

## CURRENT FUND

# STATEMENT OF EXPENDITURES - REGULATORY BASIS

# YEAR ENDED DECEMBER 31, 2017

	Approp	Appropriations	Expen	Expended By	n	Unexpended
	- -	Budget After	Paid or	-	`	Balance
	Budget	Modification	Charged	Keserved		Cancelled
Deferred Charges and Statutory Expenditures - Municipal within "CAPS": (Cont'd) Statutory Expenditures: (Cont'd) Contributions to: Social Security System (O.A.S.I.)	328.000.00	\$ 328.000.00	\$ 316.524.31	\$ 11.475.69		
oenditures -	1,	1,	1,			
Total General Appropriations for Municipal Purposes Within "CAPS"	12,483,201.00	12,583,201.00	11,653,204.00	879,997.00	8	50,000.00
Operations Excluded from "CAPS": Maintenance of Free Public Library (PL 1988, Ch.82):						
Other Expenses	890,000.00	890,000.00	882,300.00	7,700.00		
Fair Share Housing Act (Ch. 22 P.L. 1985)						
Salariae & Wane	16 535 00	16 535 00	NC CT8 T	3L C99 8		
Other Expanses	7 100 00	10,333.00	+2.2/0,/ +2.2/0,/	8,002.70		
Police Dispatch / 911:	2,100.00	2,100.00	C8.24	61.760,7		
Salaries & Wages	266,516.00	266,516.00	256,652.71	9,863.29		
Field Maintenance:						
Salaries & Wages	31,000.00	30,000.00	30,000.00			
Other Expenses	26,000.00	27,000.00	27,000.00			
Vehicle Maintenance - Board of Education	15,000.00	15,000.00	15,000.00			
Dial-A-Ride Program:						
Salaries & Wages	94,440.00	94,440.00	94,440.00			
Other Expenses	176,737.00	176,737.00	176,737.00			
Shared Health Services Agreement:						
Salaries & Wages	393,585.00	393,585.00	393,585.00			
Shared QPA Services Agreement:						7 (
Salaries & Wages	2,000.00	2,000.00	2,000.00			A- of 1
Morris County Road Snow Plowing	30,000.00	30,000.00	30,000.00			

# TOWNSHIP OF PEQUANNOCK

## **CURRENT FUND**

# STATEMENT OF EXPENDITURES - REGULATORY BASIS

# YEAR ENDED DECEMBER 31, 2017

		Appropriations	iations			Expended By	d By		Unexpended
			Bu	Budget After		Paid or			Balance
		Budget	Ĭ	Modification		Charged	Reserved	rved	Cancelled
Operations Excluded from "CAPS":									
rubiic & riivate frograms Otiset by Revenue: Resident Transportation Assistance Act - Dial-A-Ride Program	€.	97,658,00	٠,	97.658.00	S	97.658.00			
Clean Communities Program	٠	39,327.00	+	39,327.00	,	39,327.00			
Drunk Driving Enforcement Fund		5,997.00		5,997.00		5,997.00			
Municipal Alliance on Alcohol and Drug Abuse		12,182.00		12,182.00		12,182.00			
Municipal Alliance on Alcohol and Drug Abuse -Local Grant		2,500.00		2,500.00		2,500.00			
Alcohol Education and Rehabilitation Grant		1,027.00		1,027.00		1,027.00			
Mayor's Wellness Campaign (N.J.S.A 40A:4-87, +\$9,805.50)				9,805.50		9,805.50			
New Jersey Body Armor Replacement Funds		2,986.00		2,986.00		2,986.00			
Protection - Forestry Service Grant									
Cablevision - Equipment Grant		2,450.00		2,450.00		2,450.00			
NJ DEP - NACCHO		1,500.00		1,500.00		1,500.00			
Morris County Historic Preservation									
Trust Fund (N.J.S.A 40A:4-87, + \$65,000.00)				65,000.00		65,000.00			
New Jersey Senior Citizens and Disabled Residents -									
Transportation Assistance Act - Reserve		25,000.00		25,000.00		25,000.00			
Municipal Local Matching Grant Funds:									
Municipal Alliance on Alcoholism and Drug Abuse		4,296.00		4,296.00		4,296.00			
Total Operations - Excluded from "CAPS"		2,138,836.00		2,213,641.50		2,185,358.30	\$ 28	28,283.20	
Detail:									
Salaries and Wages		804,076.00		803,076.00		784,549.95	18	18,526.05	
Other Expenses		1,334,760.00		1,410,565.50		1,400,808.35		9,757.15	
Capital Improvements - Excluded from "CAPS":									
Capital Improvement Fund		675,000.00		675,000.00		675,000.00			8
Reserve for Public Works Equipment		100,000.00		100,000.00		100,000.00			A of
Reserve for Road Resurfacing		210,000.00		210,000.00		210,000.00			A-3 `10

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## CURRENT FUND

# STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

## (Continued)

				ct:	0.00)	
ed from "CAPS":		and Office Equipment	ment	rust Fund Authority A	A 40A:4-87, +\$175,00	
Zapital Improvements - Excluded from "CAPS":	Reserve for Fire Appatatus	Reserve for Data Processing and Office Equipment	Reserve for Vehicle Replacement	New Jersey Transportation Trust Fund Authority Act:	Mountain Avenue (N.J.S.A 40A:4-87, +\$175,000.00)	
apita	Res	Res	Res	Nev	2	

Total Capital Improvements - Excluded from "CAPS"

Total Municipal Debt Service - Excluded from "CAPS" Deferred Charges - Excluded from "CAPS":

Ordinance #2008-26

Total Deferred Charges - Excluded from "CAPS"

Total General Appropriations - Excluded from "CAPS"

Total General Appropriations - Excluded from "CAPS"

Subtotal General Appropriations

Reserve for Uncollected Taxes

Total General Appropriations

A-3 9 of 10

¥

Ref.

Unexpended	Balance Cancelled				28.61	28.61			28.61	50,028.61		50,028.61
					€>					8		8
Š	Reserved								28,283.20	908,280.20		908,280.20
led B									8			↔
Expended By	Paid or Charged		100,000.00	1,739,750.00	10,271.39	540,271.39	40,000.00	40,000.00	4,505,379.69	16,158,583.69	1,524,746.00	\$ 17,683,329.69
		↔	ļ			-						<b>∞</b> ∥
ions	Budget After Modification		100,000.00 364,750.00	1,739,750.00	10,300.00	540,300.00	40,000.00	40,000.00	4,533,691.50	17,116,892.50	1,524,746.00	\$ 18,641,638.50
oriati		€										 
Appropriations	Budget	270,000.00 20,000.00	100,000.00	1,564,750.00	10,300.00	540,300.00	40,000.00	40,000.00	4,283,886.00	16,767,087.00	1,524,746.00	18,291,833.00
		8										↔

### TOWNSHIP OF PEQUANNOCK <u>CURRENT FUND</u>

### STATEMENT OF EXPENDITURES-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	Analysis of		
		Budget After	Paid or	
		Modification	Charged	
Adopted Budget	\$	18,291,833.00		
Added by N.J.S.A. 40A:4-55		100,000.00		
Added by N.J.S.A. 40A:4-87		249,805.50		
		18,641,638.50		
			<b>4.</b> 15 501 000 00	
Cash Disbursed			\$ 15,531,892.98	
Encumbrances	A		182,637.65	
Transfer to Federal and State Grant Fund			634,478.50	
Reserve for Uncollected Taxes			1,524,746.00	
			17,873,755.13	
Less: Appropriation Refunds			190,425.44	
			\$ 17,683,329.69	

## TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 TRUST FUNDS

## TOWNSHIP OF PEQUANNOCK TRUST FUNDS COMPARATIVE BALANCE SHEET - REGULATORY BASIS

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

## TOWNSHIP OF PEQUANNOCK TRUST FUNDS COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,		
<u>]</u>	Ref.	2017	2016	
LIABILITIES, RESERVES AND FUND BALANCE (Con-	<u>t'd)</u>			
Other Trust Funds:				
Due to Interlocal Towns		\$ 39,075.00	\$ 48,150.00	
Reserve for:				
Animal Shelter-Bequests		33,667.00		
Developers Deposits - Affordable Housing		78,012.47	77,934.50	
Fire Safety		15,535.59	15,520.04	
Payroll Section 125 Trust		376.54	1,782.87	
Unemployment Compensation Insurance		111,704.60	125,559.23	
Developers Deposits - Escrow		591,690.38	580,893.53	
Youth Development		21,742.12	21,722.19	
Refundable Permits		23,340.55	24,095.55	
Group Health Insurance		282,047.10	338,731.79	
Parking Offenses Adjudication Act		920.00	912.00	
Sewer Line		106,665.41	106,567.87	
Premium on Tax Sale		182,600.00	420,500.00	
Public Defender		37,843.86	30,104.36	
Accrued Leave		333,373.30	340,551.78	
Storm Recovery		214,848.15	176,354.71	
Insurance Refunds		73,087.91	47,467.08	
Dial-A-Ride (D.A.R.) Bequests		25,053.71	25,030.77	
		2,171,583.69	2,381,878.27	
Open Space Trust Fund:				
Due To Current Fund	A		10,513.08	
Reserve for Open Space Expenditures		73,081.43	151,035.75	
		73,081.43	161,548.83	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 2,258,225.79	\$ 2,563,895.07	

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

NOT APPLICABLE

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

**NOT APPLICABLE** 

B-3

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

**NOT APPLICABLE** 

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
GENERAL CAPITAL FUND

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

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

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

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

# TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 WATER UTILITY FUND

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

			Decem	iber 3	1,
	Ref.		2017		2016
<u>ASSETS</u>					
Operating Fund:					
Cash and Cash Equivalents	D-4	\$	435,773.81	\$	645,337.93
Change Fund			60.00		60.00
			435,833.81		645,397.93
Due From Sewer Utility Operating Fund	E		120,267.19		82,064.71
Due From Water Utility Capital Fund	D		13,111.23		30.38
			569,212.23		727,493.02
Receivables with Full Reserves:					
Consumer Accounts Receivable	D-6		553,072.81		525,422.97
			553,072.81		525,422.97
Assessment Trust Fund:					
Water Assessment Liens			1,266.00		1,266.00
Water Assessment Lien Interest and Costs	2		159.00		159.00
Prospective Assessment Funded			280,000.00		280,000.00
Total Assessment Trust Fund			281,425.00		281,425.00
Capital Fund:					
Cash and Cash Equivalents	D-4		3,130,589.40		208,029.89
Due from General Capital Fund	C				239.20
Fixed Capital	D-7	1	1,602,717.14		11,566,823.04
Fixed Capital Authorized and Uncompleted	D-8		9,442,695.21		3,712,695.21
Total Capital Fund		2	4,176,001.75		15,487,787.34
TOTAL ASSETS		\$ 2	25,579,711.79	\$	17,022,128.33

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

(Continued)

		Decem	nber 31,
	Ref.	2017	2016
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 120,543.95	\$ 97,341.96
Encumbered	D-3;D-9	79,054.82	16,151.60
		199,598.77	113,493.56
Accounts Payable - Vendors	D-4	59,104.89	59,104.89
Reserve for Accrued Interest on Notes	D-3A; D-4		2,291.70
		274,344.91	174,890.15
Reserve for Receivables	D	553,072.81	525,422.97
Fund Balance	D-1	294,867.32	552,602.87
Total Operating Fund		1,122,285.04	1,252,915.99
Assessment Trust Fund:			
Reserve for Assessment Liens and Interest and Costs		1,425.00	1,425.00
Reserve for Prospective Assessments Funded		280,000.00	280,000.00
Total Assessment Trust Fund		281,425.00	281,425.00
Capital Fund:			
Bond Anticipation Notes	D-14	6,090,000.00	520,000.00
Improvement Authorizations:			
Funded	D-10	219,693.34	417,439.67
Unfunded	D-10	3,854,805.84	3,060,155.54
Contracts Payable	D-10	2,490,406.85	190,446.15
Due Sewer Utility Operating Fund	E		200,000.00
Due Water Utility Operating Fund	D	13,111.23	30.38
Due Solid Waste Utility Operating Fund	F	100,000.00	
Capital Improvement Fund	D-11	139,000.00	259,000.00
Reserve for Amortization	D-12	8,599,257.53	8,433,363.43
Deferred Reserve for Amortization	D-13	2,626,154.82	2,396,154.82
Fund Balance	D-1A	43,572.14	11,197.35
Total Capital Fund		24,176,001.75	15,487,787.34
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>.</u>	\$ 25,579,711.79	\$ 17,022,128.33

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

		Year Ended December 31,			
	Ref.	2017	2016		
Revenue and Other Income Realized					
Fund Balance Utilized		\$ 275,000.00	\$ 340,000.00		
Rents		2,295,939.45	2,645,975.69		
Miscellaneous Revenue		21,331.86	36,024.98		
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves		54,993.14	37,351.29		
Total Income		2,647,264.45	3,059,351.96		
<u>Expenditures</u>					
Budget Expenditures:					
Operating		2,122,750.00	2,252,059.00		
Capital Improvements		168,000.00	100,000.00		
Debt Service		135,508.00	132,690.00		
Deferred Charges and Statutory Expenditures		203,742.00	305,251.00		
Total Expenditures		2,630,000.00	2,790,000.00		
Excess in Revenue		17,264.45	269,351.96		
Fund Balance					
Balance January 1		552,602.87	623,250.91		
		569,867.32	892,602.87		
Decreased by:		275 000 00	240 000 00		
Utilized as Anticipated Revenue		275,000.00	340,000.00		
Balance December 31	D	\$ 294,867.32	\$ 552,602.87		

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

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

# TOWNSHIP OF PEQUANNOCK WATER UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

	Anticipated	Realized	Excess or Deficit *
Operating Fund Balance Anticipated Water Rents Miscellaneous Revenue	\$ 275,000.00 2,550,000.00 30,000.00	\$ 275,000.00 2,295,939.45 21,331.86	\$ 254,060.55 * 8,668.14 *
	\$ 2,855,000.00	\$ 2,592,271.31	\$ 262,728.69 *
Analysis of Realized Revenue			
Miscellaneous Revenue:			
Interest on Delinquent Water Rents		\$ 9,316.44	
Interest on Investments		367.57	
Water Connection Fees		11,647.85	
		\$ 21,331.86	

Ω

Ref.

TOWNSHIP OF PEQUANNOCK
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

2017	
31,	
<b>IBER</b>	
DECEN	
ENDED	
YEAR ]	

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

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

(Continued)

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
SEWER UTILITY FUND

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

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

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

(Continued)

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

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

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

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

Ref.		2017		
		2017		2016
	\$	170,000.00	\$	170,000.00
		2,869,676.62		2,839,539.46
		141,524.74		164,669.70
				20,000.00
		400,000.00		425,000.00
		121.72		
				671.54
		44,830.63		58,371.01
		3,626,153.71		3,678,251.71
		2,340,922.00		2,331,103.00
		10,000.00		10,000.00
		921,470.00		966,991.00
		119,608.00		72,906.00
		81.44		9,466.16
		3,392,081.44		3,390,466.16
		234,072.27		287,785.55
		498,827.04		381,041.49
		732,899.31		668,827.04
		•		•
		170,000.00		170,000.00
Е	\$	562,899.31	\$	498,827.04
	E		2,869,676.62 141,524.74 400,000.00 121.72 44,830.63 3,626,153.71 2,340,922.00 10,000.00 921,470.00 119,608.00 81.44 234,072.27 498,827.04 732,899.31 170,000.00	2,869,676.62 141,524.74 400,000.00 121.72 44,830.63 3,626,153.71 2,340,922.00 10,000.00 921,470.00 119,608.00 81.44 3,392,081.44 234,072.27 498,827.04 732,899.31 170,000.00

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

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

E-1B

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

	<u>Ref.</u>	
Balance December 31, 2016	Е	\$ 114,477.42
Balance December 31, 2017	E	\$ 114,477.42

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

		Anticipated	Realized		 Excess or Deficit*
Fund Balance Anticipated Sewer Service Charges Miscellaneous Sewer Assessment Surplus	\$	170,000.00 2,700,000.00 122,000.00 400,000.00	\$	170,000.00 2,869,676.62 141,524.74 400,000.00	\$ 169,676.62 19,524.74
		3,392,000.00		3,581,201.36	\$ 189,201.36
Miscellaneous Treasurer: Interest on Investments Collector:			\$	1,403.71	
Interest on Sewer Rents Sewer Tap/Connection Fees Other Miscellaneous	\$	8,904.35 98,218.41 785.40		107,908.16	
Due from Sewer Utility Assessment Trus Interest on Investments	t Fund	l:		26.38	
Due from Sewer Utility Capital Fund: Interest on Investments				1,468.73	
Due from Current Fund: Interest on Assessments Sewer Rents		23,226.62 7,491.14		30,717.76	
			\$	141,524.74	

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

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK

SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

Appropriation

Expended by

				Budget					Unexpended	
				After		Paid or			Balance	
		Budget	2	Modification		Charged		Reserved	Cancelled	
Operating:										
Salaries and Wages	<del>\$</del>	310,185.00	<del>\$</del>	310,185.00	S	264,518.81	<del>∽</del>	45,666.19		
Other Expenses		285,050.00		285,050.00		251,082.48		33,967.52		
Two Bridges Sewerage Authority		1,745,687.00		1,745,687.00		1,745,687.00				
Capital Improvements:										
Capital Improvement Fund		10,000.00		10,000.00		10,000.00				
Debt Service:										
Payment of Bond Principal		625,000.00		625,000.00		625,000.00				
Interest on Bonds		186,170.00		186,170.00		186,170.00				
Interest on Notes		110,300.00		110,300.00		110,300.00				
Deferred Charges and Statutory Expenditures:										
Deferred Charges to Future Revenue:										
Ordinance 2006-14		60,000.00		60,000.00		60,000.00				
Statutory Expenditures:										
Contribution to:										
Public Employee Retirement System		30,243.00		30,243.00		30,243.00				
Social Security System (O.A.S.I.)		23,765.00		23,765.00		23,765.00				
Unemployment Compensation Insurance		00.009		00.009		00.009				
Paid Time Off (PTO) Buyback	l	5,000.00		5,000.00				5,000.00		١
Total Sewer Utility Appropriations	<del>\$</del>	3,392,000.00	8	\$ 3,392,000.00	8	\$ 3,307,366.29	∽	84,633.71	-0-	l

E-3 1 of 2

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Ref.

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

(Continued)

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

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

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
SOLID WASTE UTILITY FUND

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

		ber 3	er 31,		
	Ref.		2017		2016
<u>ASSETS</u>					
Operating Fund:					
Cash and Cash Equivalents	F-4	\$	460,428.14	\$	707,551.86
Due from State and Federal Grant Fund	A		24,605.66		
Due from Sewer Utility Operating Fund	E		307,577.71		294,590.25
Due from Water Utility Capital Fund	D		100,000.00		
			892,611.51		1,002,142.11
Receivables and Other Assets With Full Reserves:					
Consumer Accounts Receivable	F-5		136,160.48		139,697.88
Total Operating Fund			1,028,771.99		1,141,839.99
TOTAL ASSETS		_\$_	1,028,771.99	_\$_	1,141,839.99
LIABILITIES, RESERVES AND FUND BALANCE					
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves:					
Encumbered	F-4;F-11	. \$	116,764.58	\$	113,884.08
Unencumbered	F-4;F-11		45,155.34		124,740.31
			161,919.92		238,624.39
Accounts Payable - Vendors			5,470.00		35,674.99
Reserve for Recycling Tonnage Grant	F-4		28,864.18		
Reserve for Receivables			136,160.48		139,697.88
Fund Balance	F-1		696,357.41		727,842.73
Total Operating Fund			1,028,771.99		1,141,839.99
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			1,028,771.99	\$	1,141,839.99

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

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

# TOWNSHIP OF PEQUANNOCK SOLID WASTE UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

	•	Anticipated	Realized			Excess or Deficit *
Operating Fund Balance Anticipated User Fees Miscellaneous Revenue Recycling Tonnage Grant	\$	135,000.00 1,600,000.00 8,395.00 24,605.00	\$ \$	135,000.00 1,647,515.63 11,219.03 24,605.66	\$ \$	47,515.63 2,824.03 0.66 50,340.32
Analysis of Realized Revenue Miscellaneous Revenue:		1,700,000.00	Ψ	1,010,340.32	Ψ ———	30,340.32
Interest on Deposits			\$	1,707.56		
Due from Sewer Utility Operating Fund: Interest on Delinquent Accounts Miscellaneous Solid Waste Fees	\$	9,0 <b>8</b> 9.77 421.70		9,511.47		
			\$	11,219.03		

# SOLID WASTE UTILITY OPERATING FUND STATEMENT OF EXPENDITURES - REGULATORY BASIS

F-3

YEAR ENDED DECEMBER 31, 2017

		Appropriations	iations	Expended by	ded by	
			Budget			Unexpended
			After Modi-	Paid or		Balances
		Budget	fication	Charged	Reserved	Cancelled
Operating:						
Salaries and Wages	<del>\$</del>	210,170.00	\$ 210,170.00	\$ 199,747.64	\$ 10,422.36	
Other Expenses		1,497,700.00	1,497,700.00	1,463,709.02	33,990.98	
Capital Improvements:						
Capital Outlay		15,000.00	15,000.00	14,258.00	742.00	
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System		20,545.00	20,545.00	20,545.00		
Social Security System (O.A.S.I.)		16,460.00	16,460.00	16,460.00		
Unemployment Compensation Insurance		1,125.00	1,125.00	1,125.00		
Paid Time Off (PTO) Buyback		7,000.00	7,000.00	7,000.00		
	9	\$ 1768 000 00	\$ 1768,000,00	\$ 1 722 844 66	\$ 45 155 34	ç <u>-</u>
	<sup>3</sup>	1,700,000.00	00.000,000.00	00.110,221,1		
Ī	Ref.				ΙŢ	
Cash Disbursed				\$ 1,606,080.08		
Reserve for Encumbrances	ഥ			116,764.58		

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

\$ 1,722,844.66

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
RECREATION UTILITY FUND

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

			Decer	nber 31	l <b>,</b>
	Ref.		2017		2016
ASSETS					
Operating Fund:	C 4	ø	116 065 05	Φ	117.055.20
Cash and Cash Equivalents Petty Cash	G-4	\$	116,865.95	\$	116,855.38 100.00
Due from Current Fund	A		6,366.25		355.00
Due from Recreation Utility Capital Fund	G		2.33		0.74
Total Operating Fund		-	123,234.53		117,311.12
Deferred Charges:					
Emergency Authorization (40A:4-46)	G-3		·		18,000.00
Total Operating Fund			123,234.53		135,311.12
Capital Fund:					
Cash and Cash Equivalents	G-4		126,425.25		8,553.66
Fixed Capital	G-8		134,947.08		134,947.08
Fixed Capital Authorized and Uncompleted	G-9		122,052.92		2,052.92
Total Capital Fund			383,425.25		145,553.66
TOTAL ASSETS		\$	506,659.78	\$	280,864.78
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserves:					
Encumbered	G-3; G-10		10,671.57	\$	1,929.28
Unencumbered	G-3; G-10		42,938.33		12,270.99
			53,609.90		14,200.27
Accounts Payable - Vendors			3,340.25		3,340.25
Reserve for Future Recreation Programs	G 1		110.00		110.00
Fund Balance	G-1		66,174.38		117,660.60
Total Operating Fund			123,234.53	***************************************	135,311.12
Capital Fund:					
Bond Anticipation Notes Payable	G-15		120,000.00		
Improvement Authorizations:					
Unfunded	G-11		23,182.92		2,052.92
Due to General Capital Fund	C		80,000.00		80,000.00
Due to Recreation Utility Operating Fund	G		2.33		0.74
Capital Improvement Fund	G-12		6,500.00		6,500.00
Contracts Payable	G-11		91,200.00		57,000,00
Reserve for Amortization	G-13		62,000.00		57,000.00
Fund Balance	G-1A	·	540.00	-	
Total Capital Fund		···, ····	383,425.25	-	145,553.66
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	,	\$	506,659.78		280,864.78

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

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

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

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

# TOWNSHIP OF PEQUANNOCK RECREATION UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2017

	 Anticipated	Realized		Excess or Deficit *
Operating Fund Balance Anticipated Recreation User Fees	\$ 61,000.00 170,000.00	\$ 61,000.00 169,480.20	\$	519.80 *
Recreation Activity Fees Miscellaneous	 313,900.00	 311,930.93 851.66	Ψ 	1,969.07 * 751.66
	\$ 545,000.00	\$ 543,262.79	\$	(1,737.21) *
Analysis of Realized Revenue				
Miscellaneous:				
Interest on Investments		\$ 121.17		
Other Miscellaneous		714.00		
Due from Recreation Utility Capital Fund:				
Interest on Investments		 16.49		
		\$ 851.66		

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Ref.

TOWNSHIP OF PEQUANNOCK

RECREATION UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

		Appropriations	riations	1		Expended by	ed by			
			Budget After		Paid or	ır			Une Be	Unexpended Balances
		Budget	Modification	on	Charged	pe	×	Reserved	Ca	Cancelled
Operating:										
Salaries and Wages	<del>\$</del>	309,405.00	\$ 309,405.00	2.00	\$ 273,6	273,640.56	<del>∽</del>	35,764.44		
Other Expenses (N.J.S.A. 40A:4-48 \$18,000)		199,100.00	207,100.00	00.0	200,926.11	26.11		6,173.89		
Deferred Charges:										
Emergency Authorizations		18,000.00	18,000.00	00.0	18,0	18,000.00				
Deferred Charges to Future Revenue:										
Ordinance 2003-19		5,000.00	5,000.00	00.0	5,0	5,000.00				
Statutory Expenditures:										
Contribution to:										
Public Employees' Retirement System		4,000.00	4,000.00	00.0	4,0	4,000.00				
Social Security System		9,000.00	1,000	00.000,1				1,000.00		
Unemployment Compensation Insurance		495.00	49;	495.00	4	495.00				
	\$	545,000.00	\$ 545,000.00	00.0	\$ 502,061.67	61.67	↔	42,938.33	<del>⊗</del>	-0-

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

(Continued)

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

# TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 PUBLIC ASSISTANCE FUND

NOT APPLICABLE

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

UNAUDITED

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

	December 31,				
		2017	2016		
<u>ASSETS</u>					
Land	\$	28,740,064.00	\$ 28,740,064.00		
Machinery and Equipment		2,239,705.00	2,239,705.00		
Furniture and Fixtures		1,948,073.00	1,948,073.00		
Vehicles		5,171,114.00	5,171,114.00		
TOTAL ASSETS	<u>\$</u>	38,098,956.00	\$ 38,098,956.00		
RESERVES					
Reserve for General Fixed Assets	\$_	38,098,956.00	\$ 38,098,956.00		

#### TOWNSHIP OF PEQUANNOCK NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

#### Note 1: Summary of Significant Accounting Policies

#### A. Reporting Entity

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

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

#### B. <u>Description of Funds</u>

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:

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

<u>Trust Funds</u> - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

(Continued)

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

#### B. <u>Description of Funds</u> (cont'd)

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

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

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

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

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

#### C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

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

#### Note 1: <u>Summary of Significant Accounting Policies</u> (Cont'd)

#### C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase. Fixed assets purchased by the Water, Sewer, and Recreation Utility Capital Funds would be depreciated, investments would generally be stated at fair value and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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

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

#### E. Other Significant Accounting Policies

<u>Management Estimates</u> – 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.

<u>Cash and Cash Equivalents</u> – 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.

<u>Allowance for Uncollectible Accounts</u> – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

<u>Compensated Absences</u> – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

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

<u>Interfunds</u> - 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.

<u>Inventories of Supplies</u> - 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.

(Continued)

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

E. Other Significant Accounting Policies (Cont'd)

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

#### Note 2: Long-Term Debt

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

Note 2: <u>Long-Term Debt</u> (Cont'd) <u>Summary of Municipal Debt</u>

				D	ecember 31,	
		2	017		2016	2015
<u>Issued:</u>						
General:						
Bonds and Notes		\$ 2,50	00,000.00	\$	1,030,000.00	\$ 1,580,000.00
Water Utility:						
Bonds and Notes		6,09	00,000.00		520,000.00	650,000.00
Sewer Utility:						
Bonds and Notes		23,84	15,000.00	20	0,470,000.00	17,183,000.00
Recreation Utility:						
Bonds and Notes			20,000.00	_		
Total Issued		32,55	55,000.00	22	2,020,000.00	19,413,000.00
Less:						
Funds Temporarily Held to						
Pay Bonds and Notes			08,496.46			
Net Debt Issued		30,44	6,503.54	22	2,020,000.00	19,413,000.00
Authorized but not Issued:						
General:						
Bonds and Notes		1,26	54,894.76	2	2,504,056.00	2,683,056.00
Water Utility:		2 52 2 2 2 2 2 2 2				
Bonds and Notes		3,73	0,000.00	2	3,930,000.00	3,947,311.00
Sewer Utility:						
Bonds and Notes		3,35	50,000.00		1,310,000.00	5,370,000.00
Recreation Utility:						
Bonds and Notes			5,000.00		80,000.00	85,000.00
Total Authorized but not Iss	ued	8,41	9,894.76		7,824,056.00	12,085,367.00
Net Bonds, Notes and Loans Issue	ed					
and Authorized but not Issued		\$ 38,86	66,398.30	\$ 29	9,844,056.00	\$31,498,367.00
Summary of Municipal Debt Issue	d and Out	standing	– Current Ye	ar		
Summary of Wamerpar Deot 13sue	Bala		Current re	<u>u1</u>	Defeased/	Balance
		/2016	Additions	3	Retirements	12/31/2017
C 'ID I	12/31	2010	7 radiions	<u>,                                    </u>	- Tetherness	12/31/2017
Serial Bonds:						
Sewer Utility Capital Fund	\$ 4,390	0,000.00	\$ 20,080,000	0.00	\$ 625,000.00	\$ 23,845,000.00
Bond Anticipation Notes:						
General Capital Fund	1,030	,000.00	2,500,000	0.00	1,030,000.00	2,500,000.00
Water Utility Capital Fund	520	0,000.00	6,090,000	0.00	520,000.00	6,090,000.00
Sewer Utility Capital Fund	• •				16,080,000.00	
Recreation Utility Capital Fund	- , - • •	,	120,000	0.00	, .,	120,000.00
Teoremon Comy Cupauli und			120,000			120,000.00
Total	\$ 22,020	,000.00	\$ 28,790,000	0.00_	\$18,255,000.00	\$ 32,555,000.00

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

#### Summary of Municipal Debt Issued and Outstanding - Prior Year

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

#### Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.082%.

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

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

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

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

(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year

\$ 2,592,271.31

Deductions:

Operating and Maintenance Costs 2,266,492.00

Debt Service per Water Account 135,508.00

2,402,000.00

Excess in Revenue

\$ 190,271.31

Calculation of "Self-Liquidating Purpose", Sewer Utility Per

N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year

\$ 3,581,201.36

**Deductions:** 

Operating and Maintenance Costs Debt Service per Sewer Account \$ 2,400,530.00

921,470.00

3,322,000.00

Excess in Revenue

\$ 259,201.36

Calculation of "Self-Liquidating Purpose", Recreation Utility Per

N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year

\$ 542,922.79

Deductions:

Operating and Maintenance Costs

522,000.00

Excess in Revenue

\$ 20,922.79

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

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

#### Note 2: <u>Long-Term Debt</u> (Cont'd)

#### Analysis of Debt Issued and Outstanding at December 31, 2017

#### Sewer Capital Serial Bonds Payable

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

#### General Capital Bond Anticipation Notes

Final Maturity	Purpose	Rate	Amount
07/20/18	Flood Elevations	2.25%	\$ 2,500,000.00
	Water Utility Capital Bond Antic	cipation Notes	
07/20/18	Water Mains/ Tank Construction	2.25%	\$ 6,090,000.00
	Recreation Capital Bond Antici		
07/20/18	PV Park Dock and Swim Lanes	2.25%	\$ 120,000.00
	Total Debt Issued and Outstanding		\$ 32,555,000.00

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

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

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

#### Net Pension Liability

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

#### Note 3: Fund Balance Appropriated

Fund balances at December 31, 2017, which are appropriated and included in the Current, Water Utility Operating, Sewer Utility Operating, Solid Waste Utility Operating, and Recreation Utility Operating Fund adopted budgets for the year ending December 31, 2018, are as follows:

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

#### Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2017, the following deferred charge is shown on the balance sheet of the Current Fund:

			Required
	Balanc	e 20	018 Budget
	Dec. 31, 2	2017 Ap	propriation
Current Fund:			
<b>Emergency Authorization</b>	\$ 100,00	00.00 \$	100,000.00

The appropriation in the 2018 budget is not less than that required by statute.

#### Note 5: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS).

#### A. Public Employees' Retirement System (PERS)

#### Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <a href="https://www.nj.gov/treasury/pensions/financial-reports.shtml">www.nj.gov/treasury/pensions/financial-reports.shtml</a>.

#### **Benefits Provided**

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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.

(Continued)

Note 5: Pension Plans (Cont'd)

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

#### Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$495,922.66 for 2017.

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

#### Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability was \$13,822,833 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Township's proportion was 0.059%, which was an increase of 0.003% from its proportion measured as of June 30, 2016. For the year ended December 31, 2017, the Township recognized actual pension expense in the amount of \$495,922.66.

#### Actuarial Assumptions

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

Inflation Rate 2.25%

Salary Increases:

Through 2026 1.65 - 4.15% based on age Thereafter 2.65 - 5.15% based on age

Investment Rate of Return 7.00%

#### Note 5: Pension Plans (Cont'd)

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

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

#### Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

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

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

#### **Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Jur	ne 30, 2017				
		1%		Current		1%
		Decrease (4.00%)		Discount Rate (5.00%)		Increase (6.00%)
Townships proportionate share	**************************************	(4.0070)	Taxable Control Control	(3.0070)	-	(0.0070)
Township's proportionate share of the Net Pension Liability	\$	17,148,163	\$	13,822,833	\$	11,052,422

(Continued)

#### Note 5: Pension Plans (Cont'd)

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

#### Pension Plan Fiduciary Net Position

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

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

#### Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <a href="https://www.nj.gov/treasury/pensions/financial-reports.shtml">www.nj.gov/treasury/pensions/financial-reports.shtml</a>.

#### 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:

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

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

Note 5: Pension Plans (Cont'd)

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

#### Contributions

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

#### **Special Funding Situation**

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2017 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2017 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2017. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$896,146 for the year ended December 31, 2017. During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$96,767 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$236,715. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Note 5: Pension Plans (Cont'd)

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

#### Pension Liabilities and Pension Expense

At June 30, 2017, the Township's liability for its proportionate share of the net pension liability was \$17,276,982. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the Township's proportion was 0.111%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$1,935,168 as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the State's proportion was 0.111%, which was an increase of 0.001% from its proportion measured as of June 30, 2016 which is the same proportion as the Township's.

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

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

#### Actuarial Assumptions

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

Inflation Rate 2.25%

Salary Increases:

Through 2026 2.10% - 8.98% based on age Thereafter 3.10% - 9.98% based on age

Investment Rate of Return 7.00%

#### Note 5: Pension Plans (Cont'd)

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

#### Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

#### Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2017 are summarized in the following table:

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

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

#### Discount Rate - PFRS

The discount rate used to measure the total pension liability was 6.14% as of June 30,2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

<u>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</u>

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

#### Note 5: Pension Plans (Cont'd)

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

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

	June	30, 2017			
		1%		Current	1%
		Decrease	$\mathbf{D}^{\mathbf{r}}$	iscount Rate	Increase
		(5.14%)		(6.14%)	(7.14%)
Township's proportionate share					
of the NPL and the State's proportionate					
share of the Net Pension Liability					
associated with the Township	\$	25,313,589	\$	19,212,150	\$ 14,199,123
Plan Fiduciary Net Position - PFRS					

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

#### Note 6: Local School District Taxes

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

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

#### Note 7: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$273,919 at December 31, 2017. This amount is not reported either as an expenditure or a liability. As of December 31, 2017, the Township has a reserve of \$333,373.30 for future accumulated absences claims.

#### Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually

#### Note 8: <u>Selected Tax Information</u> (Cont'd)

granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December.

#### Comparative Schedule of Tax Rate Information

	2017			2016	2015	
Tax Rate	\$	2.221	\$	2.151	\$	2.141
Apportionment of Tax Rate						
Municipal		.536		.525		.517
County		.277		.274		.268
Local School		1.408		1.352		1.356
Assessed Valuations						
2017	\$ 2,435,9	959,500.00				
2016			\$ 2,481	,945,300.00		
2015					\$ 2,420,69	91,500.00

#### Comparison of Tax Levies and Collection Currently

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

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

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

#### Note 9: Cash and Cash Equivalents and Investments

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

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

(Continued)

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

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

#### **Deposits:**

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

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

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

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

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

#### **Investments**:

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

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

Note 9: <u>Cash and Cash Equivalents and Investments</u>: (Cont'd)

<u>Investments</u>: (Cont'd)

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

(Continued)

Note 9: <u>Cash and Cash Equivalents and Investments</u>: (Cont'd)

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

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

#### Note 10: Risk Management

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

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

The following coverages are offered by the MCMJIF to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

#### Note 10: Risk Management (Cont'd)

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. There is a very narrow possibility that the MCMJIF will impose supplemental assessments. In the twenty-six year history of the MCMJIF, a supplemental assessment has never been declared.

The Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared. The MCMJIF has not declared dividends in the last six years and currently has no intention to reinstate the dividends. The Finance Committee of the MCMJIF has made this recommendation, which is embraced by the full membership.

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

	Morris County		
	Municipal Joint		
	Ins	urance Fund	
Total Assets	_\$	27,753,863	
Net Position	\$	12,178,035	
Total Revenue	\$	19,261,910	
Total Expenses	\$	15,715,706	
Change in Net Position	\$	3,546,204	
Members Dividends	\$	-0-	

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

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

#### New Jersey Unemployment Compensation Insurance

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

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

Note 10: Risk Management (Cont'd)

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

#### Note 11: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2017.

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

The Township has been advised that a number of tax appeals have been filed. The Township has established a reserve in the amount of \$2,834,581.16 which it believes is sufficient to provide for this contingency as of December 31, 2017.

#### Note 12: Interfund Receivables and Payables

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

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

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

The interfund receivable in the Current Fund is comprised of interest earned in the General Capital, Other Trust and Animal Control Funds as well as the cancellation of older grant funds in the Federal and State Grant Fund; The interfund receivable in the Water Utility Operating Fund represents interest earned in the Water Utility Capital Fund and prior year interfund not turned over. The interfund receivable in the Sewer Utility Operating Fund and prior year interfund balance not turned over. The interfund receivable in the Solid Waste Utility Operating Fund represents delinquent interest earned, grant money due from Federal and State Grant Fund and prior year interfind balances not turned over as of December 31, 2017. The interfund between the Recreation Utility Operating Fund is the interest earned in Recreation Capital Fund not yet turned over to the Recreation Operating Fund. The \$80,000 Interfund Payable in the Recreation Utility Capital Fund is a prior year interfund not turned over to the General Capital Fund.

#### Note 13: <u>Deferred Compensation</u>

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

#### Note 14: Economic Dependency

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

#### Note 15: Open Space Trust Reserve

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

#### Note 16: Post-Retirement Benefits

#### Plan Description

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

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

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

#### **Funding Policy**

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

Currently, there are no contribution requirements of plan members.

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

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

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

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

#### Annual OPEB Cost and Net OPEB Obligation

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

#### **Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination

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

#### Actuarial Methods and Assumptions (Cont'd)

without being eligible for benefits, disability, participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the 2017 actuarial valuation, the projected unit credit cost method was used. Under this method, the present value of benefits is allocated uniformly over an employee's expected working lifetime. For medical benefits, the initial rate utilized is 6.0% and decreases by 0.1% per annum, leveling at 5.0% per annum in 2027. For drug benefits, the initial rate utilized is 11.0% and decreases by .5% per annum to 2021 and 1% per annum thereafter leveling at 5% per annum in 2027.

#### Annual OPEB Cost per Actuarial Valuation

The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contribution to the plan and the Township's obligation to the Plan at December 31, 2015, 2016 and 2017:

#### **Benefit Obligations and Normal Cost**

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

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

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

#### **Level Dollar Amortization**

Calculation of ARC under Projected Unit Credit Cost Method

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

Since it has fewer than 200 plan members the Township follows the three year rotation cycle. The table above indicates N/A in the years when valuation report was not available.

#### Note 17: <u>Tax Abatements</u>

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

#### Note 17: Tax Abatements (Cont'd)

As of December 31, 2017, the Township provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Township pursuant to the authority contained in Section 18 of the Limited Dividend Law (N.J.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 \$100,033 from this annual service charge or payment in lieu of taxes which is recorded as revenue in the Current Fund. The taxes which would have been paid on this property for 2017 without the abatement would have been \$208,414.05 of which \$50,547.48 would have been for the local municipal tax, minimum library tax and municipal open space tax.

### TOWNSHIP OF PEQUANNOCK SUPPLEMENTARY DATA

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

		Amount of	
Name	Title	Bond	Name of Corporate Surety
Melissa Florance-Lynch	Mayor		
Catherine Winterfield	Deputy Mayor		
Richard Phelan	Council Member		
Joel D. Vanderhoff	Council Member		
David Kohle	Council Member		
David Hollberg	Township Manger	**	MCM/MEL JIF
C	Chief Financial Officer	**	MCM/MEL JIF
Carol Marsh	Township Clerk	**	MCM/MEL JIF
Lorraine Tarnogursky	Tax Collector	**	MCM/MEL JIF
Hollis J. Lyon	QPA / Treasurer	**	MCM/MEL JIF
Anders Hassler	Utility Accounts Clerk	**	MCM/MEL JIF
Linda Zacharenko	Planning Board Secretary	**	MCM/MEL JIF
Robert Oostdyk	Township Attorney		
John A. Paparazzo	Municipal Magistrate	**	MCM/MEL JIF
Shelly Gallagher	Court Administrator	**	MCM/MEL JIF
Brian C. Spring	Police Chief	**	MCM/MEL JIF
Peter Correale	Health Officer/ Registrar	**	MCM/MEL JIF
Jean McCrystal	Payroll Clerk		
** T			
** There is a Public Employee	e Blanket Bond for \$1,000,000 covering al	I municipal employees.	
Morris County Municipal Join	nt Insurance Fund	\$ 50,000	
Municipal Excess Liability Jo	int Insurance Fund	950,000	
		\$ 1,000,000	

All bonds were examined and were properly executed.

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
CURRENT FUND

### TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF CASH - TREASURER

#### Ref.

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

63,279,901.09 69,744,150.47

\$ 10,141,384.49

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

#### Ref.

A

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

Balance December 31, 2017

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

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

#### Decreased by:

Amount Turned Over to Treasurer \$ 57,380,983.32

### TOWNSHIP OF PEQUANNOCK <u>CURRENT FUND</u> <u>SCHEDULE OF CASH - GRANT FUNDS</u>

$\mathbf{T}$		4	•
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1	u		١.

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

### TOWNSHIP OF PEQUANNOCK

# SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Balance	Dec. 31, 2017	\$ 1,283,496.32	1,283,496.32	\$ 1,541,262.42	A													
Transferred to Tax	Title Liens De	1,293.66 \$ 1	1,293.66 1	i .														
		<b>\$</b>		<del>s</del>	 													
Taxes	Cancelled	8,936.82	8,936.82	53,246.64														
		\$	 	<del>s</del>	 													
Senior Citizen & Veteran	Deductions	(3,067.81)	(3,067.81)	127,782.88														
		\$		<b> </b>	 													
Tax Overpayments	Applied		12.471.04	12,471.04														
Ó			€9	1				1 11										ıı
tions	2017	\$ 337,320.39	337,320.39	\$ 54,377,707.86			\$ 54,102,665.77	\$51,674.72		\$ 34,282,339.00			6.800.394.98	147,648.65			13,423,957.86	\$ 54,654,340.49
Collections	2016		\$ 166.629.76	\$ 166,629.76							\$ 6,503,520.82	228,049.70	08,824.40		12,049,054.24	487,431.85	,	
	2017 Levy		\$ 54.654.340.49	\$ 54,654,340.49 \$ 166,629.76									•	S			•	
Added	Taxes	\$ 129,389.71	129,389.71	\$ 129,389.71				es						e Other Trust Fund				
Balance	Dec. 31, 2016	\$ 1,498,589.67	1,498,589.67	\$ 1,498,589.67 \$ 129,389.71	A	Analysis of 2017 Property Tax Levy Tax Vield:	ose Tax	Added, Omitted and Rollback Taxes		Local School District Taxes	S	County Open Space Taxes	County Added & Omitted Taxes	Local Taxes for Open Space - Due Other Trust Funds	Local Tax for Municipal Purposes Minimum Library Lax	Add: Additional Tax Levied		
	Year	2016	2017	Total	Ref.	Analysis of 2017 Tax Yield:	General Purpose Tax	Added, Omitt	Tax Levy:	Local School	County Taxes	County Open	County Adde	Local Taxes	Local Tax for Municip Minimum Library Tax	Add: Additio		

### TOWNSHIP OF PEQUANNOCK <u>CURRENT FUND</u> <u>SCHEDULE OF TAX TITLE LIENS</u>

Ref.

	101.		
Balance December 31, 2016	A		\$ -0-
Increased by:			
Transfer from Taxes Receivable	\$	3,219.27	
Interest and Costs on Tax Sale		1,008.71	
			4,227.98
			 4,227.98
Balance December 31, 2017	A		\$ 4,227.98

## TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In		Collected by	ed by		Balance
	Dec. 31, 2016	2017		Collector	Treasurer	Ď	Dec. 31, 2017
Clerk:							
Licenses:							
Alcoholic Beverage		\$ 23,550.00			\$ 23,550.00		
Other		3,360.00			3,360.00		
Fees and Permits		2,478.05			2,478.05		
Board of Health:							
Other Licenses		33,728.20			33,728.20		
Fees and Permits		74,519.00			74,519.00		
Planning and Zoning:							
Fees and Permits		15,861.02			15,861.02		
Fair Housing:							
Fees and Permits		00.009			00.009		
Municipal Court:							
Fines and Costs	\$ 19,928.47	247,308.14			251,220.18	S	16,016.43
Interest and Costs on Taxes		71,666.03	↔	71,666.03			
Interest on Investments and Deposits		29,844.51			29,844.51		
Cable Television Franchise Fee		74,249.00			74,249.00		
Senior Citizen House (PILOT)		100,033.00			100,033.00		
Consolidated Municipal Property Tax Relief Aid		16,112.00			16,112.00		
Energy Receipts Tax		1,198,261.00			1,198,261.00		
Uniform Construction Code Official		343,154.29			343,154.29		
Contracts for Purchasing Agent (QPA):							
Borough of Kinnelon	1,000.00						1,000.00
Borough of Bloomingdale	2,000.00						2,000.00

TOWNSHIP OF PEQUANNOCK

<u>CURRENT FUND</u>
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

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

Ref.

### TOWNSHIP OF PEQUANNOCK

### FEDERAL AND STATE GRANT FUNDS

## SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Transfer

		Budget		from		
	Balance	Revenue		Unappropriated		Balance
	Dec. 31, 2016	Realized	Received	Reserves	Cancelled	Dec. 31, 2017
Municipal Alliance on Alcohol and Drug Abuse:						
State Share						
2014	\$ 7,952.21				\$ 7,952.21	
2015	800.27				800.27	
2016	5,355.76					\$ 5,355.76
2017		\$ 14,682.00	\$ 14,655.17			26.83
Municipal Alcohol Education & Rehabilitation Program		1,027.00		\$ 1,027.00		
Drunk Driving Enforcement Funds		5,997.00		5,997.00		
NJ Body Armor Replacement Fund		2,986.00		2,986.00		
Clean Communities		39,327.00		39,327.00		
Cable Franchise - Equipment Grant		2,450.00		2,450.00		
Recycling Tonnage Grant 2007	1.00					1.00
NJ Senior Citizen & Disabled Residents Transportation Assistance - 2016	48,825.56		48,825.56			
NJ Senior Citizen & Disabled Residents Transportation Assistance - 2017		122,658.00	48,832.44			73,825.56
Body Armor Replacement Funds	6,780.00					6,780.00
Green Communities Grant	2,000.00					2,000.00
NJ Department of Environmental Protection - Recreational Trails Grant	10,412.26		8,455.98			1,956.28
NJ Department of Environmental Protection - Forestry Management Grant	20,000.00		20,000.00			
NJ Highlands Grant - Initial Assessment	15,000.00					15,000.00
NJ Highlands Grant - Plan Conformance	5,295.56					5,295.56
Morris County Historic Preservation Trust - PP Rail Station	24,186.00	65,000.00	13,000.00			76,186.00
NJ Department of Transportation:						
Transportation Trust Fund (Sunset Road) 2014	41,250.00		41,250.00			
Transportation Trust Fund (Sunset Sidewalks) 2015	45,000.00		45,000.00			
Transportation Trust Fund (Mountain Ave I) 2016		189,750.00				189,750.00
Transportation Trust Fund (Mountain Ave II) 2017		175,000.00				175,000.00
NJ Division of Highway Traffic Safety - Drive Sober or Get Pulled Over	2,707.20					2,707.20
NACCHO - Grant		1,500.00		1,500.00		
AHS Mental Health First Responders		9,805.50		9,805.50		
	\$ 235,565.82	\$ 630,182.50	\$ 240,019.15	\$ 63,092.50	\$ 8,752.48	\$ 553,884.19
R	Ref. A					A-1
						0

### TOWNSHIP OF PEQUANNOCK CURRENT FUND

### $\underline{\text{SCHEDULE OF 2016 APPROPRIATION RESERVES}}$

### YEAR ENDED DECEMBER 31, 2017

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

### TOWNSHIP OF PEQUANNOCK CURRENT FUND

### SCHEDULE OF 2016 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2017

(Continued)

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

### TOWNSHIP OF PEQUANNOCK <u>CURRENT FUND</u>

### SCHEDULE OF 2016 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2017

(Continued)

				Balance				
		Balance		After		Paid or		Balance
	De	ec. 31, 2016	M	odification		Charged		Lapsed
General Government:								
Public Building & Grounds:								
Salaries & Wages	\$	33,812.91	\$	33,812.91			\$	33,812.91
Other Expenses	Ψ	16,597.42	Ψ	16,597.42	\$	14,149.21	Ψ	2,448.21
Road Repairs & Maintenance:		10,357.12		10,557.12	Ψ	14,149.21		2,440.21
Salaries and Wages		26,119.06		26,119.06				26,119.06
Other Expenses		59,476.84		59,476.84		30,116.05		29,360.79
Vehicle Maintenance:		55,170.01		55,176.61		50,110.05		27,500.77
Salaries and Wages		2,289.26		2,289.26				2,289.26
Other Expenses		18,844.89		18,844.89		16,011.77		2,833.12
Flood Advisory Committee		1,993.06		1,993.06		10,011.77		1,993.06
Board of Health:		1,995.00		1,555.00				1,555.00
Salaries & Wages		17,881.73		17,881.73				17,881.73
Other Expenses		7,936.69		7,936.69		1,655.11		6,281.58
Parks & Playgrounds:		. ,		. ,		-,0		0,201100
Salaries & Wages		66,113.94		66,113.94				66,113.94
Other Expenses		28,363.60		28,363.60		20,683.84		7,679.76
Recreation:								,,
Salaries & Wages		21,424.11		21,424.11				21,424.11
Other Expenses		13,107.77		13,107.77		6,410.25		6,697.52
Dial-a-Ride Program:		,		,		,		,
Salaries & Wages		602.82		602.82				602.82
Other Expenses		21,920.17		21,920.17		21,589.68		330.49
Celebration of Public Events:		,		•		,		0.00
Other Expenses		3,428.41		3,428.41		778.55		2,649.86
Insurance:								•
General Liability		37,510.37		37,510.37		37,000.00		510.37
Employee Group Health		115,519.26		115,519.26		100,000.00		15,519.26
State Uniform Construction Code:								
Salaries and Wages		37,140.90		37,140.90				37,140.90
Other Expenses		6,664.82		6,664.82		1,000.75		5,664.07

### TOWNSHIP OF PEQUANNOCK CURRENT FUND

### $\underline{\text{SCHEDULE OF 2016 APPROPRIATION RESERVES}}$

### YEAR ENDED DECEMBER 31, 2017

(Continued)

				Balance		
	E	Balance		After	Paid or	Balance
	Dec	. 31, 2016	M	odification	 Charged	Lapsed
Utility Expenses:						
Electricity	\$	40,463.02	\$	40,463.02	\$ 37,877.00	\$ 2,586.02
Telephone		18,414.69		18,414.69	2,180.27	16,234.42
Water		601.92		601.92		601.92
Natural Gas		23,723.18		23,723.18	16,682.01	7,041.17
Street Lighting		51,841.22		51,841.22	9,699.62	42,141.60
Gasoline		84,188.06		84,188.06	15,561.14	68,626.92
Accumulated Leave		314.91		314.91		314.91
Public Employees' Retirement System		163.59		163.59		163.59
Social Security		25,805.28		25,805.28		25,805.28
Police Dispatch/911-Salaries & Wages		3,286.69		3,286.69		3,286.69
Fair Housing Committee:						
Salaries and Wages		2,304.96		2,304.96		2,304.96
Other Expenses		2,059.83		2,059.83	441.00	1,618.83
Shared QPA Services Agreement						
Salaries and Wages		2,000.00		2,000.00		 2,000.00
	\$ 1,2	212,879.20	\$ 1	,212,879.20	\$ 447,795.75	\$ 765,083.45
Balance December 31, 2016:						
Ref.	<b>.</b>	000 151 01				
Unencumbered A		080,171.91				
Encumbered A		132,707.29				
	\$ 1,2	212,879.20				

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

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

### TOWNSHIP OF PEQUANNOCK <u>FEDERAL AND STATE GRANT FUNDS</u> SCHEDULE OF APPROPRIATED GRANT RESERVES

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

TOWNSHIP OF PEQUANNOCK

FEDERAL AND STATE GRANT FUNDS

SCHEDULE OF APPROPRIATED GRANT RESERVES

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

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

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

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

	Dec	Balance Dec. 31, 2016	~	Cash	Trai Budg	Transferred to Budget Revenue	So	Due to Solid Waste Utility Operating Fund	Dec	Balance Dec. 31, 2017
Municipal Alcohol Education & Rehabilitation Program Drunk Driving Enforcement Funds	<del>\$</del>	1,027.88 5,997.83	↔	64.34 5,750.95	8	1,027.00 5,997.00			<del>∽</del>	65.22 5,751.78
NJ Body Armor Replacement Fund Clean Communities		2,986.95 39,327.46		3,231.73		2,986.00				3,232.68
NJ Highway Safety - Police AHS- Mental Health- First Responders		0.74		9,805.50		9,805.50				0.74
NACCHO Recycling Tonnage				2,320.00		1,500.00	<del>∨</del>	24,605.66		820.00
Cable Franchise - Equipment Grant		2,450.00		2,450.00		2,450.00				2,450.00
	8	51,790.86	↔	81,639.00	S	63,092.50	8	24,605.66	8	45,731.70
Ref.		A								A

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2017
TRUST FUNDS

### TOWNSHIP OF PEQUANNOCK TRUST FUNDS SCHEDULE OF CASH - TREASURER

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

### TOWNSHIP OF PEQUANNOCK TRUST FUNDS SCHEDULE OF CASH - TREASURER

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

### TOWNSHIP OF PEQUANNOCK TRUST FUNDS SCHEDULE OF CASH - TREASURER

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

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

NOT APPLICABLE

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

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

### License Fees Collected

 Amount
\$ 27,976.00
 28,210.60
\$ 56,186.60
\$

### TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 GENERAL CAPITAL FUND

### TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND SCHEDULE OF CASH

Ref.

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

### TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND ANALYSIS OF CASH

			ordinas.			DISOUI SOUICIUS				
	Balance (Deficit)	Budget	Bond Anticipation		Improvement	Bond Anticipation		Transfers	fers	Balance (Deficit)
	Dec. 31, 2016	Appropriation	Notes	Miscellaneous	Authorizations	Notes	Miscellaneous	From	To	Dec. 31, 2017
	\$ 122,361.30			\$ 21,351.21				\$ 86,500.00	\$ 138,118.77	\$ 195,331.28
Capital Improvement Fund	34,000.00	\$ 675,000.00						00.000.09	61,000.00	103,000.00
	82.40			545,227.94			\$ 537,439.33			7,871.01
Due Federal and State Grant Fund	(16,927.05)			16,927.05						
Due Water Utility Operating Fund				135,185.55			135,185.55			
Due Water Utility Capital Fund	239.20			7,233,138.23			7,233,377.43			
Due Sewer Utility Operating Fund				147,635.67			147,635.67			
Due Sewer Utility Capital Fund				21,042,031.50			21,042,031.50			
Due Recreation Utility Operating Fund	(80,000.00)			120,540.00			120,540.00			(80,000.00)
FEMA Grant Receivables	(3,914,005.21)							4,955,059.00	3,914,005.21	(4,955,059.00)
Reserve for Encumbrances	290,886.30						290,886.30		1,010,684.01	1,010,684.01
Reserve for DPW Equipment	56,000.00			100,000.00				60,500.00		95,500.00
Reserve for Data Processing /Office Equipment	55,000.00			20,000.00				33,000.00		42,000.00
Reserve for Road Resurfacing	5,000.00			210,000.00				210,000.00		5,000.00
Reserve for Vehicle Replacement	56,824.00			100,000.00				30,000.00		126,824.00
Reserve for Fire Apparatus	380,000.00			270,000.00				650,000.00		
Reserve for Flood Control Improvements	168,000.00									168,000.00
Reserve to Pay Debt Service									1,588,246.47	1,588,246.47
Improvement Description										
Various Capital/Streetscape & Roads	77,815.67							77,815.67		
Various Capital/Streetscape & Fire Engine	54,827.95							54,827.95		
Various Capital/Streetscape & Sidewalks	(571,021.60)									(571,021.60)
Greenview Park Plan	(345,000.00)									(345,000.00)
Sidewalk Improvements	(34,524.85)	40,000.00						5,475.15		
Sanitary Sewer Extension	(156,500.00)									(156,500.00)
Various Improvements/Street Sweeper			\$ 90,000.00			\$ 90,000.00				
Park Improvements	140.13									140.13
Various Capital Projects	12,736.05				\$ 3,631.02					9,105.03
Various Improvements/West Franklin			350,000.00			350,000.00				
FEMA SRL Grant Flood Acquisitions	1,532,574.83		590,000.00			590,000.00		1,532,574.83		
Various Capital Projects	128,776.31							3,225.00		125,551.31
FEMA HMGP Flood Acquisitions	2,341,223.09							2,514,617.85		(173,394.76)

### TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND ANALYSIS OF CASH

			Receipts			Disbursements				
	Balance (Deficit)	Budget	Bond Anticipation		Improvement	Bond Anticipation		Tran	Transfers	Balance (Deficit)
	Dec. 31, 2016	Appropriation	Notes	Miscellaneous	Authorizations	Notes	Miscellaneous	From	To	Dec. 31, 2017
Ord.										
Number Improvement Description										
2013-12 Park and Ballfield Improvements	\$ 10,893.62				\$ 360.00					\$ 10,533.62
2014-15 Various Capital Projects	61,963.58				963.58			\$ 61,000.00		
2014-16 Equipment & Vehicles	62,930.86				(325.01)					63,255.87
05 Various Capital Projects	71,952.47				10,531.21			5,265.00		56,156.26
2015-06 Equipment & Vehicles	29,580.79				(7,735.17)					37,315.96
08 Various Capital Projects	121,934.54				18,622.43			7,965.00		95,347.11
	98,833.68				39,786.52			4,063.10		54,984.06
			\$ 2,000,000.00		24.99			1,751,704.00	\$ 4,955,059.00	5,203,330.01
2017-08 Various Capital Projects/CIF Parks				\$ 50.00	237,642.08			42,407.90	00.000.09	387,000.02
2017-09 Equipment & Vehicles				1,650.00	126,394.74			2,106,172.01	2,525,059.00	294,142.25
	\$ 717,749.02	\$ 717,749.02 \$ 715,000.00	\$ 3,030,000.00	\$ 29,963,737.15	\$ 29,963,737.15 \$ 430,459.89	\$ 1,030,000.00	\$ 1,030,000.00 \$ 29,507,095.78	\$14,859,172.46		\$14,859,172.46 \$ 3,458,930.50

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

									Analysis	Analysis of Balance Dec. 31, 2017	1, 2017
				Funded by	ed by				Bond		Unexpended
Ordinance		Balance	2017	Budget		Reserve to Pay		Balance	Anticipation		Improvement
Number	Improvement Description	Dec. 31, 2016	Authorizations	Appropriation	FEMA Grants	Pay Debt	Cancelled	Dec. 31, 2017	Notes	Expenditures	Authorizations
2002-06	Drainage and Road Improvements										
2006-11	Various Capital/Streetscape & Sidewalks	\$ 590,000.00						\$ 590,000.00		\$ 571,021.60	\$ 18,978.40
2008-25	Greenview Park Plan	345,000.00						345,000.00		345,000.00	
2008-26	Sidewalk Improvements	40,000.00		\$ 40,000.00							
2008-28	Replacement Fire Truck 1-2										
2008-35	Sanitary Sewer Extension	156,500.00						156,500.00		156,500.00	
2009-12	Various Improvements/Street Sweeper	90,000.00		90,000.00							
2010-20	Various Improvements/West Franklin	350,000.00		350,000.00							
2011-26	FEMA SRL Grant Flood Acquisitions	610,000.00		00'000'06		\$ 133,187.47	\$ 153,187.47	500,000.00	\$ 500,000.00		
2012-18	FEMA HMGP Flood Acquisitions	1,352,556.00					1,179,161.24	173,394.76		173,394.76	
2017-05	FEMA HMGP Flood Acquisitions		\$ 5,500,000.00		\$ 4,955,059.00	1,455,059.00		2,000,000.00	2,000,000.00		
		\$3,534,056.00	\$3,534,056.00 \$ 5,500,000.00	\$ 570,000.00	\$ 4,955,059.00	\$ 1,588,246.47	\$ 1,332,348.71	\$ 3,764,894.76	\$ 2,500,000.00	\$1,245,916.36	\$ 18,978.40
	1							ě			
	R	<u>Ref.</u> C						ပ			
		Analysis of Unext	Analysis of Unexpended Improvement Authorizations:	Authorizations:							
		Improvement Autl	Improvement Authorizations - Unfunded	p;							\$ 2,267,249.41
		Less: Unexpe	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	nd Anticipation Notes	s Issued:						
		Ordinance	Ordinance 2017-05 FEMA FMA Flood Elevations	A Flood Elevations							(2,248,271.01)
											\$ 18,978.40

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

2017 Authorizations

11, 2017	Unfunded			18,978.40															2,248,271.01			5 2,267,249.41	C		
Balance Dec. 31, 2017	Funded			€		\$ 140.13	9,105.03		125,551.31		60,587.46	10,533.62		63,255.87	56,156.26	37,315.96	95,347.11	54,984.06	2,955,059.00	387,000.02	294,142.25	\$ 4,149,178.08 \$	C		
	Cancelled	\$ 77,815.67	54,827.95		5,475.15			1,552,574.83		3,693,779.09			61,000.00									\$ 5,445,472.69			
Paid or	Charged	b					\$ 3,631.02		3,225.00		563.50	360.00	963.58	(325.01)	15,796.21	(7,735.17)	26,587.43	43,849.62	296,669.99	279,999.98	775,857.75	\$ 1,439,443.90		00 05/1/20	
Deferred Charges to Future Taxation-	Unfunded																		\$ 5,500,000.00			\$ 5,500,000.00			
Funded by Various	Sources																			\$ 667,000.00	1,070,000.00	\$ 1,737,000.00		\$ 86,500.00 667,000.00 30,000.00 60,500.00 210,000.00 33,000.00 650,000.00	
. 31, 2016	Unfunded			\$ 18,978.40	5,475.15			620,000.00		1,352,556.00												\$ 1,997,009.55	C	d Balance rovement Fund Vehicle Replacement DPW Equipment Road Resurfacing Data/Office Equipment Fire Apparatus	rances
Balance Dec. 31, 2016	Funded	\$ 77,815.67	54,827.95			140.13	12,736.05	932,574.83	128,776.31	2,341,223.09	61,150.96	10,893.62	61,963.58	62,930.86	71,952.47	29,580.79	121,934.54	98,833.68				\$ 4,067,334.53	C	Capital Fund Balance Capital Improvement Fund Reserve for Vehicle Replacement Reserve for Boad Resurfacing Reserve for Data/Office Equipmen Reserve for Fire Apparatus	Current Year Encumbrances Less Refunds
Ordinance	Amount	\$ 862,000.00	885,000.00	643,000.00	80,000.00	72,419.00	620,000.00	5,600,000.00	589,000.00	5,200,000.00	232,000.00	261,000.00	495,000.00	1,137,000.00	537,000.00	801,000.00	575,000.00	613,000.00	5,500,000.00	667,000.00	1,070,000.00		Ref.		
	Date	04/22/03	05/25/04	05/23/06	09/23/08	12/22/09	08/24/10	12/13/11	06/12/12	06/26/12	05/28/13	06/11/13	07/22/14	07/22/14	05/26/15	05/26/15	05/24/16	05/24/16	05/23/17	05/23/17	05/23/17				
	Improvement Description	Various Capital/Streetscape & Roads	Various Capital/Streetscape & Fire Engine	Various Capital/Streetscape & Sidewalks	Sidewalk Improvements	Park Improvements	Various Capital Projects	FEMA SRL Grant Flood Acquisitions	Various Capital Projects	FEMA HMGP Flood Acquisitions	Various Capital Projects	Park and Ballfield Improvements	Various Capital Projects	Equipment & Vehicles	Various Capital Projects	Equipment & Vehicles	Various Capital Projects	Various Capital Projects	FEMA FMA Grant-Flood Elevations	Various Capital Projects/CIF Parks	Equipment & Vehicles				

2003-16 2004-16 2004-16 2008-28 2011-26 2011-26 2012-13 2013-09 2013-12 2014-15 2014-15 2014-16 2016-09 2017-08 2017-09

Ord No.

C-5

61,000.00 3,914,005.21 1,332,348.71 138,118.77

Capital Improvement Fund FEMA Grants Cancelled Deferred Charges to Future Taxation Unfunded Capital Fund Balance

\$ 5,445,472.69

### TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND SCHEDULE OF CAPITAL IMPROVEMENT FUND

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

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

			Date of			-			<del>-</del>
Improvement Description	ption	Original	Issue	Maturity	Interest	Balance Dec. 31, 2016	Issued	Matured	Balance Dec. 31, 2017
Various Improvements/Street Sweeper	t Sweeper	07/31/09	07/21/16	07/20/17 07/20/18	1.00%	\$ 90,000.00		\$ 90,000.00	
Various Improvements/West Franklin	t Franklin	07/28/11	07/21/16	07/20/17 07/20/18	1.00%	350,000.00		350,000.00	
FEMA - SRL Acquisition Grant	rant	07/25/13	07/21/16 07/20/17	07/20/17 07/20/18	1.00%	590,000.00	\$ 500,000.00	590,000.00	\$ 500,000.00
FEMA FMA Grant-Flood Elevations	levations	07/20/17	07/20/17	07/20/18	2.25%		2,000,000.00		2,000,000.00
						\$ 1,030,000.00	\$ 2,500,000.00	\$ 1,030,000.00	\$ 2,500,000.00
					Ref.	C			C
				Renewals Issued for Cash Paid by Budget	Renewals Issued for Cash Paid by Budget Appropriation	uo	\$ 500,000.00 2,000,000.00	\$ 500,000.00	
							\$ 2,500,000.00	\$ 1,030,000.00	

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

NOT APPLICABLE

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

	Balance	Dec. 31, 2017	\$ 590,000.00		501,500.00				173,394.76		\$ 1,264,894.76	
	,	Canceled						133,187.47 \$ 153,187.47	1,179,161.24		\$ 1,332,348.71	,
	Transfer to Pay	Pay Debt						133,187.47		\$ 1,455,059.00	\$ 4,955,059,00 \$ 1,588,246.47 \$ 1,332,348.71 \$ 1,264,894.76	, , , , ,
d by		FEMA Grants								\$ 4,955,059.00		
Funded by	Budget	Appropriation		\$ 40,000.00		90,000.00	350,000.00	90,000.00			\$ 570,000.00	
Bond Anticipation	Notes	Issued						\$ 500,000.00		2,000,000.00	\$ 2,500,000.00	, , , ,
Bond Anticipation	Notes	Redeemed				\$ 90,000.00	350,000.00	590,000.00			\$ 5,500,000.00 \$ 1,030,000.00	, , , ,
	2017	Authorizations								\$ 5,500,000.00	\$ 5,500,000.00	
	Balance	Dec. 31, 2016	\$ 590,000.00	40,000.00	501,500.00			20,000.00	1,352,556.00		\$ 2,504,056.00	
		Improvement Description	Various Capital/Streetscape & Sidewalks	Sidewalk Improvements	Sanitary Sewer Extension	Various Improvements/Street Sweeper	Various Improvements/West Franklin	FEMA SRL Grant Flood Acquisitions	FEMA HMGP Flood Acquisitions	FEMA FMA Grant-Flood Elevations		
	Ordinance	Number	2006-11	2008-26	2008-35	2009-12	2010-20	2011-26	2012-18	2017-05		

### TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 WATER UTILITY FUND

Capital

Operating

Ref.

### TOWNSHIP OF PEQUANNOCK WATER UTILITY FUND SCHEDULE OF CASH - TREASURER

\$ 208,029.89		6,463,618.96	3,541,059.45	\$ 3,130,589.40 D
	\$ 32,374.79 650.00 239.20 6,090,000.00 100,000.00 354.97 50,000.00 60,000.00		301.22 200,000.00 190,446.15 2,630,312.08 520,000.00	
\$ 645,337.93		2,318,276,92	2,527,841.04	\$ 435,773.81
	\$ 2,295,939.45 21,331.86 704.39		2,425,597.62 58,500.42 5,185.55 354.97 38,202.48	
D				D
Balance December 31, 2016	Increased by Receipts:  Consumer Accounts Receivable Miscellaneous Revenue Appropriation Refunds Due General Capital Fund Bond Anticipation Notes Due Solid Waste Due Water Utility Operating Fund: Interest Earned Capital Improvement Fund Deferred Charges to Future Revenue Paydown Bond Anticipation Notes Due Water Utility Capital Fund	Decreased by Disbursements:	2017 Appropriation Expenditures 2016 Appropriation Reserves Accrued Interest on Notes Due Water Utility Capital Fund Interest Due Water Utility Operating Fund Due Sewer Utility Operating Fund Contracts Payable Improvement Authorization Expenditures Bond Anticipation Notes	Balance December 31, 2017

\$ 3,130,589.40

\$ 2,673,433.95

\$ 2,673,433.95

\$ 390,747.37

\$ 2,630,312.08

520,000.00

\$ 133,618.96

\$ 6,090,000.00

\$ 240,000.00

\$ 208,029.89

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

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

### TOWNSHIP OF PEQUANNOCK WATER UTILITY CAPITAL FUND SCHEDULE OF FIXED CAPITAL

			Additi	ons By			
	Balance		Budget	(	Capital	-	Balance
	Dec. 31, 2016	Ca	pital Outlay	O	rdinance	Dec. 31, 2017	
Reserve for Amortization	\$ 57,442.00					\$	57,442.00
Distribution Mains and Accessories	2,310,530.00						2,310,530.00
House Service	286,997.00						286,997.00
Meters	1,030,832.00	\$	27,752.58				1,058,584.58
Hydrants	125,033.44						125,033.44
General Equipment- Trucks	787,322.00						787,322.00
Office Furniture and Equipment	67,490.81		8,141.52				75,632.33
Structures and Improvements	295,208.00						295,208.00
Various Water Improvements	1,030,943.62						1,030,943.62
Wells and Pumping Station	3,364,698.84						3,364,698.84
Well # 2 Chlorinator	9,936.00						9,936.00
Blending Facility	2,170,000.00						2,170,000.00
West Sunset Water Main	28,464.33						28,464.33
New Water Tank Construction	1,925.00						1,925.00
	\$ 11,566,823.04	\$	35,894.10	\$	-0-	\$	11,602,717.14
	D						D
	Appropriation Reserves	\$	9,953.26				
	Current Budget		25,940.84				
		_\$	35,894.10				

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

	Ord.	Balance	2017	Balance		
Improvement Description	No.	Dec. 31, 2016	Authorizations	Dec. 31, 2017		
Develop New Water Wells	2000-14	\$ 154.82		\$ 154.82		
Water Tank Construction	2007-13	1,085,034.85		1,085,034.85		
Water Bleeding Facility	2007-14	4,969.87		4,969.87		
Elevated Water Tank	2014-18	2,170,000.00		2,170,000.00		
West Sunset Water Main	2013-29	281,535.67		281,535.67		
Water System Improvement / SCADA	2016-14	171,000.00		171,000.00		
Purchase Dump Truck	2017-10		\$ 170,000.00	170,000.00		
Water Tank & Mains	2017-14		5,560,000.00	5,560,000.00		
		\$ 3,712,695.21	\$ 5,730,000.00	\$ 9,442,695.21		
	Ref.	D		D		

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

		D	Balance Dec. 31, 2016		alance After Iodification	Paid or Charged	Balance Lapsed
Operating:						 _	
Salaries and Wages		\$	49,394.67	\$	49,394.67		\$ 49,394.67
Other Expenses			53,625.04		53,625.04	\$ 48,547.16	5,077.88
Capital Improvements:							
Capital Outlay			10,473.85		10,473.85	9,953.26	 520.59
			113,493.56	\$	113,493.56	\$ 58,500.42	\$ 54,993.14
Analysis of Balance December	er 31, 2016						
	Ref.						
Encumbered	D	\$	97,341.96				
Unencumbered	D		16,151.60				
		\$	113,493.56				

# TOWNSHIP OF PEQUANNOCK WATER UTILITY CAPITAL FUND SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Balance Dec. 31, 2017	Unfunded			\$ 4,969.87	281,535.67			3,568,300.30	\$ 3,854,805.84	D		
	Bala Dec. 3	Funded	\$ 154.82				41,084.67	1,034.80	177,419.05	\$ 219,693.34	D		
	Paid or	Charged		\$ 956,284.85	2,063,650.00		129,915.33	168,965.20	1,814,280.65	\$ 5,133,096.03		\$ 2,630,312.08 2,490,406.85 13,027.10 650.00	\$ 5,133,096.03
orizations Deferred	Charges to Future	Revenue							\$ 5,560,000.00	\$ 5,560,000.00			
2017 Authorizations	Capital Improvement	Fund						\$ 170,000.00		\$ 170,000.00			
	Balance Dec. 31, 2016	Unfunded		\$ 710,000.00	4,969.87 2,063,650.00	281,535.67				\$ 3,060,155.54	D	Operating Fund 1 Refund	
	Bal Dec. 3	Funded	\$ 154.82	246,284.85			171,000.00			\$ 417,439.67	D	Cash Disbursed Contracts Payable Due Water Utility Operating Fund Less Appropriation Refund	
	Ordinance	Amount	\$ 185,000.00	1,105,000.00	2,030,000.00 2,270,000.00	310,000.00	171,000.00	170,000.00	5,560,000.00		Ref.		
		Improvement Description	Develop New Water Wells	Water Tank Construction	Water Bleeding Facility Elevated Water Tank	West Sunset Water Main	Water System Improvement / SC.	Purchase Dump Truck	Water Tank & Mains				
	Ord.	No.	2000-14	2007-13	2007-14 2014-18	2013-29	2016-14	2017-10	2017-14				

#### TOWNSHIP OF PEQUANNOCK WATER UTILITY FUND SCHEDULE OF CAPITAL IMPROVEMENT FUND

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

#### TOWNSHIP OF PEQUANNOCK WATER UTILITY FUND SCHEDULE OF RESERVE FOR AMORTIZATION

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

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

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

TOWNSHIP OF PEQUANNOCK

WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

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

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

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Balance Dec. 31, 2017	\$ 300,000.00 150,000.00 2,270,000.00 310,000.00 700,000.00	\$ 3,730,000.00
Bond Anticipation Notes Redeemed	\$ 520,000.00	\$ 520,000.00
Bond Anticipation Notes Issued	\$ 140,000.00 700,000.00 390,000.00 4,860,000.00	\$ 6,090,000.00
Funded by Budget Appropriation	\$ 10,000.00 50,000.00 130,000.00	\$ 190,000.00
2017 Improvement Authorizations	\$ 5,560,000.00	\$ 5,560,000.00
Balance Dec. 31, 2016	\$ 300,000.00 140,000.00 710,000.00 200,000.00 3,270,000.00 310,000.00	\$ 3,930,000.00
Improvement Description	AMR Phase 3 Water Mains Water Tank Construction Water Bleeding Facility Village Area Water Mains Elevated Water Tank Water Tank & Mains	
Ord.	03-18 13-19 07-13 07-14 09-15 14-18	

#### TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 SEWER UTILITY FUND

## TOWNSHIP OF PEQUANNOCK SEWER UTILITY FUNDS SCHEDULE OF CASH - TREASURER

	Ref.	Operating	۵۵	Assessment Trust	Trust	Capital	ital	
Balance December 31, 2016	迅	<i>∽</i>	886,593.38	€9	492,237.12		8	544,526.94
Increased by Receipts:								
Sewer Utility Collector		\$ 2,869,676.62						
Miscellaneous Sewer Fees		107,908.16						
Interest on Investments		1,403.71						
2017 Budget Appropriation:								
Capital Improvement Fund						\$ 10,000.00		
Deferred Charges to Future Revenue						60,000.00		
Reserve to Pay Debt Service						520,249.99		
Serial Bonds Issued						20,080,000.00		
Sewer Assessment Collections				\$ 267,611.93				
Due Current Fund				5,678.21				
Due General Capital Fund								
Due Water Utility Operating Fund		2,316,548.77						
Due Water Utility Capital Fund		200,000.00						
Due Sewer Utility Operating Fund:								
Interfund Returned						441,781.51		
Interest on Investments				26.38		1,468.73		
Due Sewer Utility Assessment Trust Fund:								
Prior Interfund Returned		35.86						
Fund Balance Anticipated		400,000.00						
Due Sewer Utility Capital Fund:								
Interest on Investments		796.38						
Due Solid Waste Utility Operating Fund		1,657,027.10						
			7,553,396.60		273,316.52		21	21,113,500.23
			8,439,989.98		765,553.64		21	21,658,027.17

# TOWNSHIP OF PEQUANNOCK SEWER UTILITY FUNDS SCHEDULE OF CASH - TREASURER

Operating
\$ 3,000,587.59
17,515.28
150,600.00
147,635.67
24,000.00
20,000.00
2,278,346.29
81.44
358,683.16
1,644,039.64
<b>∞</b>
<b>⇔</b> ∥

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

SEWER UTILITY ASSESSMENT TRUST FUND ANALYSIS OF SEWER ASSESSMENT TRUST CASH

Balance/	(Deficit) Dec. 31, 2017	\$ 379,865.69 26.38 (14,374.29)	\$ 365,517.78
ırs	То	, 14,374.29	14,374.29
Transfers	From	14,374.29	\$ 14,374.29 \$ 14,374.29
S.	   <sub>  8</sub>	<b>↔</b>	
Disbursements	Miscellaneous	400,000.00	\$ 400,035.86
Disb	Misc	\$ 4(	\$ 46
	Miscellaneous	26.38	5,704.59
Receipts	Mis	8	8
Re	Assessments Receivable	\$ 267,611.93	\$ 267,611.93
Balance/	(Deficit) Dec. 31, 2016	497,879.47 35.86 (5,678.21)	492,237.12
		↔	8
		Fund Balance Due from Sewer Utility Operating Fund Due From Current Fund	

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

	Balance/ (Deficit)	Dec. 31, 2017	\$ 114,477.42	53,685.20	.29 468,653.66	00.000,8	520,249.99				(738,508.90)	311.72	286,015.05		17,182.95	(500,000.00)	169,726.00	3,864,574.93	
	Transfers	To			\$ 26,166.29	8,000.00											0		
	L	From															\$ 8,000.00	26,166.29	
		Miscellaneous			\$ 796.38														
Disbursements	Improvement	Authorizations									\$ 3,000.00					938,329.99	262,274.00	109,258.78	
	Bond Anticipation	Notes								\$ 225,000.00		350,000.00	105,000.00	11,360,000.00			4,040,000.00		
		Miscellaneous			\$ 443,250.24		520,249.99												
Receipts	Serial	Bonds								\$ 225,000.00		350,000.00	105,000.00	11,360,000.00			4,040,000.00	4,000,000.00	
	Budget	Appropriation		\$ 10,000.00							60,000.00								
1	Balance/ (Deficit)	Dec. 31, 2016	\$ 114,477.42	43,685.20	33.51						(795,508.90)	311.72	286,015.05		17,182.95	438,329.99	440,000.00		
			Fund Balance	Capital Improvement Fund Due General Capital Fund	Due Sewer Utility Operating Fund	Reserve for Encumbrances	Reserve to Pay Debt Service	Ord.	No. Improvement Description	2005-13 Sanitary Sewer	2006-14 Purchase TBSA Capacity	2008-27 Sanitary Sewer Design, Village	2008-38 Sewer Extension	2010-22 Village Area Sewers	2013-13 Purchase Sewer Equipment	2014-02 Village Area Sewers, Amended	2016-13 Village Area Sewers	2017-01 Route 23 Sewer Extension	

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

		D	Balance ec. 31, 2016	\$ Sewer Billings Levied	Collections	D	Balance ec. 31, 2017
Rents Miscellaneous		\$	532,444.31	\$ 2,932,132.86 107,908.16	\$ 2,869,676.62 107,908.16	\$	594,900.55
		\$	532,444.31	\$ 3,040,041.02	\$ 2,977,584.78	\$	594,900.55
	Ref.		E				E
Miscellaneous Revenue A	nticipa	ated	<u>:</u>				
Interest on Sewer Rents	3				\$ 8,904.35		
Sewer Tap/Connection	Fees				98,218.41		
Other Sewer Fees					 785.40		
					\$ 107,908.16		

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

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

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

**NOT APPLICABLE** 

E-8A

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

SEWER UTILITY ASSESSMENT TRUST FUND SCHEDULE OF ASSESSMENTS RECEIVABLE

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

E-9A

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

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Balance December 31, 2016	E	\$ 9,643.00
Balance December 31, 2017	E	\$ 9,643.00

#### TOWNSHIP OF PEQUANNOCK SEWER UTILITY CAPITAL FUND SCHEDULE OF FIXED CAPITAL

			Transfer from	
			Fixed Capital	
		Balance	Authorized and	Balance
	_	Dec. 31, 2016	Uncompleted	 Dec. 31, 2017
Capacity	\$	3,163,500.00		\$ 3,163,500.00
Treatment Plant		298,300.00		298,300.00
Trunk Lines		241,971.00		241,971.00
Transportation Equipment		3,300.00		3,300.00
Equipment		131,149.37		131,149.37
Sewer Improvements		8,722,694.45	\$ 16,362,274.00	 25,084,968.45
		5 12,560,914.82	\$ 16,362,274.00	\$ 28,923,188.82
	Ref.	E		Е

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

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

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

					Balance		
			Balance		After	Paid or	Balance
		De	ec. 31, 2016	M	lodification	Charged	Lapsed
Operating:							
Salaries and Wages		\$	18,252.39	\$	18,252.39		\$ 18,252.39
Other Expenses			44,093.52		44,093.52	\$ 17,515.28	26,578.24
		\$	62,345.91	\$	62,345.91	\$ 17,515.28	\$ 44,830.63
	Ref.						
Balance December 31, 2016							
Unencumbered	Е	\$	60,738.49				
Encumbered	E		1,607.42				
		\$	62,345.91				

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

Ordinance				Balance	C	ollections to		Balance
Number	Improvement Description		De	ec. 31, 2016	F	und Balance	D	ec. 31, 2017
	Assessments Receivable:							
2004-35	Munson/Farm Roads	\$	3	146,235.35	\$	57,474.77	\$	88,760.58
2005-13	Pequannock Avenue			972,273.28		224,511.45		747,761.83
	Assessments Liens:							
2005-13	Pequannock Avenue			9,643.00				9,643.00
			S :	1,128,151.63		281,986.22		846,165.41
	Re	<u>ef.</u>		E				E

# SEWER UTILITY CAPITAL FUND SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Balance December 31, 2017	Unfunded	\$ 11,491.10	169,726.00	\$ 2,281,217.10	ш	
Balance Dece	Funded	\$ 311.72 286,015.05 17,182.95	3,864,574.93	\$ 6,100,000.00 \$ 1,347,029.06 \$4,168,084.65 \$ 2,281,217.10	īЛ	
Paid or	Charged	\$ 3,000.00	938,329.99 270,274.00 135,425.07	\$ 1,347,029.06		\$ 1,312,862.77
2017 Authorizations Deferred Charges to Future	Revenue		\$ 6,100,000.00			Cash Disbursements \$ 1,312,862.77
Balance December 31, 2016	Unfunded	\$ 14,491.10 311.72 286,015.05	938,329.99	\$ 17,182.95 \$ 1,679,147.86	ជៀ	ŭ
Balance Dece	Funded	\$ 17,182.95		\$ 17,182.95	ш	
Ordinance	Amount	\$ 915,000.00 400,000.00 710,000.00 67,000.00	4,100,000.00 440,000.00 6,100,000.00		Ref.	
Q	Date	05/23/06 09/23/08 12/23/08 06/11/13	02/25/14 08/11/15 02/14/17			
	Improvement Description	General Improvements: Purchase TBSA Capacity Sewer Design Sewer Extension Purchase Sewer Equipment				
Ord.	No.	2006-14 2008-27 2008-38 2013-13	2014-02 2015-11 2017-01			

8,000.00

Encumbrances Due Sewer Utility Operating Fund

\$ 1,347,029.06

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

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

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

Ref.

 Balance December 31, 2016
 E
 \$ 9,475,914.82

 Increased by:
 \$ 625,000.00

 Balance December 31, 2017
 E
 \$ 10,100,914.82

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

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

\$ 16,080,000.00

Bond Sale \$ 16,080,000.00

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

			Date of:					
		Issue of			,			
Ord. No.	Improvement Authorization	Original Note	Issue	Maturity	Interest Rate	Balance Dec. 31, 2016		Matured
2005-13	Sanitary Sewer	07/31/09	07/22/16	07/21/17	1.06%	\$ 225,000.00	\$ 0	225,000.00
27	2008-27 Sanitary Sewer Design - Village Area	07/31/09	07/22/16	07/21/17	1.06%	350,000.00	0	350,000.00
2008-38	Sanitary Sewer Extension	10/23/09	07/22/16	07/21/17	1.06%	105,000.00	0	105,000.00
2010-22	Village Area Sewers	07/28/11	07/22/16	07/21/17	1.06%	473,000.00	0	473,000.00
2010-22	Village Area Sewers	07/25/13	07/22/16	07/21/17	1.06%	2,962,000.00	0	2,962,000.00
2010-22	Village Area Sewers	10/22/14	10/21/16	10/20/17	2.00%	7,925,000.00	0	7,925,000.00
2016-13	Village Area Sewers	12/08/16	04/29/16	04/28/17	2.00%	4,040,000.00	0	4,040,000.00
						\$ 16,080,000.0 E	⊙∥ ≫∥	\$ 16,080,000.00 \$ 16,080,000.00 E

### TOWNSHIP OF PEQUANNOCK SEWER UTILITY CAPITAL FUND SCHEDULE OF SERIAL BONDS

E-19

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

TOWNSHIP OF PEQUANNOCK

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

Balance Dec. 31, 2017	\$ 750,000.00 500,000.00 2,100,000.00	\$ 3,350,000.00
Funded by Budget Appropriation	\$ 60,000.00	\$ 60,000.00
Serial Bonds Issued	\$ 4,000,000.00	\$ 4,000,000.00
2017 Authorizations	\$ 6,100,000.00	\$ 6,100,000.00
Balance Dec. 31, 2016	\$ 810,000.00	\$ 1,310,000.00
Improvement Description	Purchase of TBSA Capacity Village area sewers-Amended Route 23 Sewer Extension	
Ord.	2006-14 2014-02 2017-01	

#### TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 SOLID WASTE UTILITY FUND

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

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

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

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

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

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

#### Analysis of Balance December 31, 2016

	<u>Ref.</u>	
Encumbered	F	\$ 113,884.08
Unencumbered	F	124,470.31
		\$ 238,354.39

#### TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2017 RECREATION UTILITY FUND

# TOWNSHIP OF PEQUANNOCK RECREATION UTILITY FUND SCHEDULE OF CASH - TREASURER

G-4

	Ref.	Operating	ating			Capital	
Balance December 31, 2016	Ö		<del>\$</del>	116,855.38		\$	8,553.66
Increased by Receipts: Recreation User Fees Recreation Activity Fees Premium on Note Sale		\$ 169,480.20 311,930.93			\$ 540.00	0	
Miscellaneous Appropriation Refunds Change Fund Petty Cash		710.98 710.98 500.00 200.00					
Due Current Fund  Due Recreation Utility Operating Fund: 2017 Budget Appropriation: Deferred Charge to Future Revenue Interest Earned Due Recreation Utility Capital Fund		56,300.00 121.17 14.90			5,000.00	0 6	
Decreased by Disbursements: 2017 Appropriation Expenditures 2016 Appropriation Reserves Refund of Prior Year Recreation Revenue		474,101.08 2,469.28 480.00		539,972.18 656,827.56	7,670.00		125,556.49
Change Fund Petty Cash Due Current Fund Due Recreation Utility Operating Fund	C	500.00 100.00 62,311.25	4	539,961.61	14.90	Q	7,684.90
Dalailly December 21, 2017	כ		€	110,000,011		÷	C4.C4T,041

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

NOT APPLICABLE

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

Balance (Deficit)	Dec. 31, 2017	\$ 540.00 6,500.00 80,000.00 2.33 91,200.00		(72,947.08) 21,130.00	\$ 126,425.25
fers	То	\$ 91,200.00			\$ 91,200.00
Transfers	From			\$ 91,200.00	\$ 91,200.00
Disbursements	Miscellaneous	14.90			14.90
	Improvement Authorizations 1	97		7,670.00	7,670.00
	Miscellaneous A	540.00		<b>\$</b>	556.49 \$
Receipts Bond	Anticipation Notes Mis	€		\$ 120,000.00	\$ 120,000.00 \$
	Budget Appropriation			(77,947.08) \$ 5,000.00	\$ 5,000.00
Balance/ (Deficit)	Dec. 31, 2016	\$ 6,500.00 80,000.00 0.74		(77,947.08)	\$ 8,553.66 \$ 5,000.00
		Fund Balance Capital Improvement Fund Due to General Capital Fund Due to Recreation Utility Operating Fund Contracts Payable	Improvement Authorizations: Ord. No. General Improvements	2003-19 PV Park Pavilion 2017-11 PV Park Dock and Swim Lanes	
		Fund E Capital Due to Due to Contra	O N	200	

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

NOT APPLICABLE

## TOWNSHIP OF PEQUANNOCK RECREATION UTILITY CAPITAL FUND SCHEDULE OF FIXED CAPITAL

		D	Balance ec. 31, 2016	D	Balance ec. 31, 2017
Park Improvements		\$	134,947.08	\$	134,947.08
		\$	134,947.08	\$	134,947.08
	Ref.		G		G

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

Improvement Description	Ord. No.	Balance c. 31, 2016	_Autl	2017 horizations	D	Balance ec. 31, 2017
PV Park Pavilion PV Park Dock and Swim Lanes	2003-19 2017-11	\$ 2,052.92	\$	120,000.00	\$	2,052.92 120,000.00
		\$ 2,052.92	\$ 1	120,000.00		122,052.92
	Ref.	G				G

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

		_De	Balance ec. 31, 2016	 lance After odification	 Paid or Charged	 Balance Lapsed
Operating:		-		 	<del>-</del>	
Salaries and Wages		\$	1,849.36	\$ 1,849.36		\$ 1,849.36
Other Expenses			12,350.91	12,350.91	\$ 2,469.28	 9,881.63
		\$	14,200.27	\$ 14,200.27	\$ 2,469.28	\$ 11,730.99
Analysis of Balance December 3	1, 2016					
	Ref.					
Encumbered	G	\$	1,929.28			
Unencumbered	G		12,270.99			
		_\$_	14,200.27			

TOWNSHIP OF PEQUANNOCK

RECREATION UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Balance Dec. 31, 2017	Unfunded	\$ 2,052.92 21,130.00	\$ 23,182.92	Ŋ
Paid or	Charged	\$ 98,870.00	\$ 98,870.00	7,670.00 91,200.00 98,870.00
		<b>↔</b>	~	<b>↔</b>
2017 Authorizations Deferred Charges to Future	Revenue	120,000.00	120,000.00	Cash Disbursed Contracts Payable
Autl		€	∽	Ŭ
Balance Dec. 31, 2016	Unfunded	2,052.92	2,052.92	Ö
H Dec		<b>↔</b>	<del>∨</del>	
Ordinance	Amount	\$ 137,000.00 120,000.00		<u>Ref.</u>
0	Date	04/22/03 12/19/17		
	Improvement Description	PV Park Pavilion PV Park Dock and Swim Lanes		
Ord.	No.	2003-19		

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

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

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

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

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

**NOT APPLICABLE** 

TOWNSHIP OF PEQUANNOCK

RECREATION UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

		Balance	Dec. 31, 2017	120,000.00	3 120,000.00	
				8	∽	
			Issued	\$ 120,000.00	3 120,000.00	
				↔	∽	
		Balance	Dec. 31, 2016		-0- \$	
		Interest	Rate	2.25%		
			Maturity	/19/17 12/19/17 07/20/18 2.25%		
Date of			Issue	12/19/17		
	Issue of	Original	Note	12/19/17		
			Improvement Authorization	2017-11 PV Park Dock and Swim Lanes		
		Ord.	No.	2017-11		

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

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK

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

Balance	Dec. 31, 2017	\$ 75,000.00	\$ 75,000.00
Bond Anticipation Notes	Issued	\$ 120,000.00	\$ 120,000.00
Funded by Budget	Appropriation	\$ 5,000.00	\$ 5,000.00
2017	Authorizations	\$ 120,000.00	\$ 120,000.00
Balance	Dec. 31, 2016	\$ 80,000.00	\$ 80,000.00
	Improvement Description	PV Park Pavilion PV Park Dock and Swim Lanes	"
Ord.	No.	2003-19	

#### TOWNSHIP OF PEQUANNOCK

PART II

**SINGLE AUDIT** 

YEAR ENDED DECEMBER 31, 2017

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

Name of Federal Agency or Department/Cluster Title	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period From	Period	Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation) Highway Planning and Construction Cluster: Suns	Isportation) Sunset Road Sunset Road - Sidewalks	20.20 <b>5</b> 20.205	480-078-6320 480-078-6320	1/1/14	12/31/16	\$ 165,000.00 180,000.00	\$ 41,250.00 45,000.00		\$ 165,000.00	
Total Highway Planning and Construction Cluster	ıo						86,250.00		345,000.00	
(Passed through New Jersey Department of Environmental Protection)	Recreation Trails Grant	20.219	4875-100-205	01/01/06 01/01/16	12/31/17 12/31/17	3,326.74 11,800.00	8,455.98	\$ 1,759.10 7,685.51	2,225.45 8,239.01	
Total New Jersey Department of Environmental Protection	ntal Protection						8,455.98	9,444.61	10,464.46	
Total U.S. Department of Transportation							94,705.98	9,444.61	355,464.46	
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA	92 036	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	01/01/17	12/31/17	\$ 4 955 059 00		206 600 00	20,690,00	
Total Department of Homeland Security		000.16	Q.	(1)(1)	1116771	, , , , , , , , , , , , , , , , , , ,		296,699.99	296,699.99	
Total U.S. Department of Health and Human Services (Passed through New Jersey Department of Health and Senior Services)	es (NACCHO) National Association of County and City Health Officials	93.749	N/A	01/01/17	12/31/17	2,320.00	2,320.00			
Total Department of Health and Human Services							2,320.00			
TOTAL FEDERAL AWARDS							\$ 97,025.98	\$ 306,144.60	\$ 652,164.45	-0-

N/A - Not Available

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

Schedule 2 1 of 2

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

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

Schedule 2 2 of 2

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

N/A - Not Available

### TOWNSHIP OF PEQUANNOCK NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS YEAR ENDED DECEMBER 31, 2017

#### Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Pequannock under programs of the federal and state governments for the year ended December 31, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

#### Note 2. Summary of Significant Accounting Policies

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

#### Note 3. Relationship to Federal and State Financial Reports

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



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

#### **Independent Auditors' Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - regulatory basis - of the various funds of the Township of Pequannock, in the County of Morris (the "Township") as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements and have issued our report thereon dated June 25, 2018. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2017-01 that we consider to be a significant deficiency.

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

#### **Compliance and Other Matters**

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

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

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

#### Purpose of this Report

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

June 25, 2018 Mount Arlington, New Jersey

NISIVOCCIA LLP

Valerie A. Dolan

Certified Public Accountant

Registered Municipal Accountant No. 548

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

#### **Summary of Auditors' Results:**

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2017 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

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

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

#### Criteria:

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

#### Condition:

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds, disbursement of funds and the deposit and recording of receipts for the various funds are performed by the Chief Financial Officer. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

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

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

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

#### Effect or Potential Effect:

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

#### Cause:

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

#### Management's Response

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

#### Findings and Questioned Costs for Federal Awards:

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

#### Findings and Questioned Costs for State Awards:

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

## TOWNSHIP OF PEQUANNOCK SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2017

#### Status of Prior Year Findings:

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

# TOWNSHIP OF PEQUANNOCK PART III COMMENTS AND RECOMMENDATIONS YEAR ENDED DECEMBER 31, 2017

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

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

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."
- N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

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

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

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

#### Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 3, 2017, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

On January 6, 2016, the governing body adopted an ordinance authorizing interest to be charged at the rate of 8% per annum of delinquent utility charges. It allows for a grace period of 30 days for payment of the utilities bills.

It appears from an examination of the Tax Collector's and Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

#### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 25, 2017, and included all eligible properties.

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

Year	Number of Liens
2017	1
2016	0
2015	4

#### Verification of Delinquent Taxes and Other Charges

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

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

#### **Trust Funds**

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

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

#### Management's Response:

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

#### Bank Reconciliations

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

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

#### Management's Response:

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

#### **Fixed Assets**

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

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

#### Management's Response:

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

#### Municipal Court

The transactions for the year 2017 were as follows:

#### RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

#### **Management Suggestions:**

#### **Capital Ordinances**

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

#### Federal and State Grant Fund

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

#### **Purchase Orders**

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

#### Local Public Contract Law

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

#### Status of Prior Year Recommendations

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

#### TOWNSHIP OF PEQUANNOCK SUMMARY OF RECOMMENDATIONS

#### It is recommended that:

- 1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
- 2. Bank reconciliations be prepared on a monthly basis for the Escrow Trust account.
- 3. Township bank reconciliations be reviewed and the Township ensure that all reconciling items are cleared.
- 4. Consideration be given to engaging an independent appraisal company to complete an update to the fixed assets records.

\* \* \* \* \* \* \* \*