TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS REPORT OF AUDIT 2018

NISIVOCCIA LLP CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS

REPORT OF AUDIT

<u>2018</u>

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PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS AND

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2018



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – regulatory basis – of the various funds of the Township of Pequannock, in the County of Morris (the "Township") as of and for the year ended December 31, 2018 and 2017 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, 2018 and 2017, 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, 2018 and 2017 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, 2018 and 2017 and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the year ended December 31, 2018. Our opinions are not modified with respect to this matter.

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 May 27, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

May 27, 2019 Mount Arlington, New Jersey

NISIVOCCIA LLP

Valerie A. Dolan

Certified Public Accountant

Registered Municipal Accountant No. 548

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 CURRENT FUND

TOWNSHIP OF PEQUANNOCK CURRENT FUND

COMPARATIVE BALANCE SHEET-REGULATORY BASIS

		Decemb	per 31,
	Ref.	2018	2017
<u>ASSETS</u>	•		
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 7,345,503.79	\$ 10,141,384.49
Change Funds		 360.00	360.00
		 7,345,863.79	10,141,744.49
Due From State of New Jersey			
Senior Citizen and Veterans Deductions		 53,190.17	52,795.65
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	274,687.39	1,541,262.42
Tax Title Liens Receivable	A-8	6,217.75	4,227.98
Property Acquired for Taxes - Assessed Valuation		941,050.00	941,050.00
Revenue Accounts Receivable	A-9	36,227.76	143,877.00
Due from Animal Control Fund	В	12.28	
Due from Other Trust Funds	В	75,776.14	
Due from General Capital Fund	C	9,294.97	7,871.01
Due from Water Utility Capital Fund	D	326,574.48	
Due from Pequannock Public Library	_	 132,890.61	49,089.10
Total Receivables and Other Assets	-	1,802,731.38	2,687,377.51
Deferred Charges:			
Emergency Authorizations		400,000.00	100,000.00
Total Regular Fund	-	9,601,785.34	12,981,917.65
Total Regular Fund	•	7,001,700.31	12,501,517.05
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	78,817.93	131,199.63
Grants Receivable	A-10	421,716.62	553,884.19
Due from Current Fund	Α .	8,369.74	8,373.16
Total Federal and State Grant Fund	-	 508,904.29	693,456.98
TOTAL ASSETS		\$ 10,110,689.63	\$ 13,675,374.63
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 626,954.78	\$ 908,280.20
Encumbered	A-3;A-11	171,896.50	182,637.65
Total Appropriation Reserves	·	798,851.28	1,090,917.85

TOWNSHIP OF PEQUANNOCK CURRENT FUND COMPARATIVE BALANCE SHEET-REGULATORY BASIS

		Decemb	per 31,
	Ref.	2018	2016
LIABILITIES, RESERVES AND FUND BALANCE			
Accounts Payable - Vendors		\$ 119,055.05	\$ 144,055.05
Tax Overpayments		23,533.29	13,980.90
School Taxes Payable	A-12	136,605.00	222,099.00
County Taxes Payable		41,547.14	68,824.46
Prepaid Taxes		242,174.06	2,295,864.82
Third Party Tax Title Lien Redemptions		19,634.55	24,178.39
Due to State of New Jersey - Building Surcharge Fees		13,792.00	5,673.00
Due to State of New Jersey - Marriage Licenses		1,080.00	350.00
Due to Federal and State Grant Fund	Α	8,369.74	8,373.16
Due to Animal Control Fund	В		30.00
Due to Other Trust Funds	В		40,312.85
Due to Open Space Trust Fund	В	878.53	
Due to Water Utility Operating Fund	D	58.50	
Due to Sewer Utility Operating Fund	E	58,212.57	35,937.96
Due to Sewer Assessment Trust Fund	E		14,374.29
Due to Solid Waste Utility Fund	F	1,200.79	
Due to Recreation Utility Operating Fund	G	50.00	6,366.25
Reserve for County Pilot Taxes		5,000.00	
Reserve for Pending Tax Appeals		2,834,581.16	2,834,581.16
Reserve for Tax Map		34,995.13	34,995.13
Reserve for Flood Expenses		94,455.99	106,833.14
Reserve for Revalaution		400,000.00	
Reserve for Master Plan		179,740.00	
Reserve for Police Programs		540.00	540.00
		5,014,354.78	6,948,287.41
Reserve for Receivables and Other Assets	Α	1,802,731.38	2,687,377.51
Fund Balance	A-1	2,784,699.18	3,346,252.73
Total Regular Fund		 9,601,785.34	12,981,917.65
Federal and State Grant Fund:			
Due to Solid Waste Utility Operating Fund	F	24,605.66	24,605.66
Encumbrances Payable	A-13		7,111.42
Appropriated Reserves	A-13	434,805.58	616,008.20
Unappropriated Reserves	A-14	49,493.05	45,731.70
Total Federal and State Grant Fund		 508,904.29	693,456.98
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 10,110,689.63	\$ 13,675,374.63

TOWNSHIP OF PEQUANNOCK CURRENT FUND

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

<u> </u>	Ref.	Year Ended	December 31,
		2018	2017
Revenue and Other Income Realized			
Fund Balance Utilized		\$ 2,208,728.00	\$ 1,330,000.00
Miscellaneous Revenue Anticipated		4,027,435.32	3,826,275.24
Receipts from Delinquent Taxes		265,962.15	337,320.39
Receipts from Current Taxes		55,259,483.51	54,350,338.96
Nonbudget Revenue		218,750.03	721,511.64
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		628,189.68	765,083.45
Interfunds Returned		56,960.11	42,163.59
Cancellation of Appropriated Grant Reserves			5,635.94
Cancelled Excess Tax Appeal Reserve			4,237.80
Cancellation of Tax Overpayments		340.97	
Total Income		62,665,849.77	61,382,567.01
Expenditures			
Budget and Emergency Appropriations:			
Municipal Purposes		18,583,359.75	17,066,863.89
County Taxes		6,853,589.05	6,800,394.98
Local District School Tax		35,282,014.00	34,282,339.00
Municipal Open Space Tax		145,265.74	147,648.65
Prior Year Veterans and Senior Citizens Disallowed		4,810.27	3,067.81
Cancellation of Grants Receivable			8,752.48
Reserve for County Pilot Taxes		5,000.00	
Refund of Prior Year Revenue		88.03	753.41
Increase in Reserve for Pending Tax Appeals			135,044.93
Interfunds Advanced		544,548.48	56,960.11
Total Expenditures		61,418,675.32	58,501,825.26
Excess in Revenue		1,247,174.45	2,880,741.75
Adjustments to Excess Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		400,000.00	100,000.00
Statutory Excess to Fund Balance		1,647,174.45	2,980,741.75
Fund Balance			
Balance January 1		3,346,252.73	1,695,510.98
Decreased by:	,	4,993,427.18	4,676,252.73
Decreased by: Utilization as Anticipated Revenue		2,208,728.00	1,330,000.00
Balance December 31	A	\$ 2,784,699.18	\$ 3,346,252.73

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

TOWNSHIP OF PEQUANNOCK CURRENT FUND STATEMENT OF REVENUE-REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

Anticipated

	Budget N.J	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *	ss or cit *
Fund Balance Anticipated	\$ 2,208,728.00		\$ 2,208,728.00		
Miscellaneous Revenue:					
Licenses:					
Alcoholic Beverage	22,800.00		22,800.00		
Other	32,500.00		36,218.55	⇔	3,718.55
Fees and Permits	92,500.00		108,941.38	=	6,441.38
Municipal Court Fines and Costs	245,000.00		216,830.00	2	28,170.00 *
Interest and Costs on Taxes	70,000.00		68,591.80		1,408.20 *
Interest on Investments and Deposits	30,000.00		100,065.86	7	70,065.86
Cable Franchise Fee	67,500.00		76,211.00		8,711.00
Senior Citizen House (PILOT)	100,000.00		108,503.00		8,503.00
Energy Receipts Tax (P.L.1999, Chapters 162 & 167)	1,214,373.00		1,214,373.00		
Uniform Construction Code Official	325,000.00		421,455.00	6	96,455.00
Contracts for Dial-A-Ride:					
Borough of Butler	65,436.00		65,436.00		
Borough of Kinnelon	88,949.00		88,949.00		
Borough of Lincoln Park	91,319.00		91,319.00		
Borough of Riverdale	30,891.00		30,891.00		
Health Services:					
Borough of Kinnelon	126,435.00		126,434.84		0.16 *
Borough of Bloomingdale	94,456.00		94,456.24		0.24
Borough of Riverdale	43,909.00		32,931.90		* 10,977.10
Borough of Florham Park	144,300.00		144,299.56		0.44 *
Field Maintenance Contract	58,000.00		57,999.97		0.03 *
County Road Plowing and Salting - Morris County	30,000.00		40,010.00	–	10,010.00

CURRENT FUND

STATEMENT OF REVENUE-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	Antici	Anticipated					
	,	Added by		;	щ	Excess or	
î	Budget	N.J.S.A 40A:4-87		Realized		Deficit *	
Miscellaneous Revenue:							
Vehicle Maintenance - Board of Education	15,000.00		S	7,500.00	S	7,500.00 *	
Atlantic Health System - Community Service Contribution	267,250.00			267,250.00			
Public Defender Fees	9,400.00			9,400.00			
Uniform Fire Code Fees	30,000.00			39,902.70		9,902.70	
Uniform Fire Safety Act	17,500.00			25,664.61		8,164.61	
Hotel Occupancy Tax	72,500.00			71,318.91		1,181.09 *	
Reserve for Flood Expenses	50,000.00			50,000.00			
Clean Communities Program	33,410.00			33,410.00			
Drunk Driving Enforcement Fund	5,750.00			5,750.00			
New Jersey Transportation Trust Fund Authority Act - Hillview/Beaverbrook	227,500.00			227,500.00			
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			
New Jersey Senior Transportation Assistance Act	97,658.00			97,658.00			
Body Armor Replacement Fund	3,232.00			3,232.00			
Cablevision - Public Access 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			
Total Miscellaneous Revenue	3,844,700.00			4,027,435.32		182,735.32	
Receipts from Delinquent Taxes	290,000.00			265,962.15		24,037.85 *	

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CURRENT FUND

STATEMENT OF REVENUE-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	Anticipated	pated		
		Added by		Excess or
	Budget	N.J.S.A 40A:4-87	Realized	Deficit *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 12,076,096.95		\$ 13,214,759.67	\$ 1,138,662.72
Minimum Library Tax	901,305.05		901,305.05	
	12,977,402.00		14,116,064.72	1,138,662.72
Dudgas Totals	10 220 020 00		20 619 100 10	1 245 435 00
Duuget Lotais	17,320,030.00		20,010,130.13	1,545,455.69
Nonbudget Revenue			218,750.03	218,750.03
Totals	\$ 19,320,830.00	-0-	\$ 20,836,940.22	\$ 1,516,110.22

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

STATEMENT OF REVENUE-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

Allocation of Current Tax Collections:			
Revenue from Collections			\$ 55,259,483.51
Allocated to School, County and Municipal Open Space Taxes			42,280,868.79
Balance for Support of Municipal Budget Appropriations			12,978,614.72
Add: Appropriation "Reserve for Uncollected Taxes"			 1,137,450.00
Realized for Support of Municipal Budget Appropriations			\$ 14,116,064.72
Analysis of Licenses - Other			
Township Clerk	\$	5,147.50	
Board of Health		31,071.05	
			\$ 36,218.55
Analysis of Fees and Permits - Other:			
Township Clerk	\$	1,987.70	
Board of Health		79,793.00	
Police		536.15	
Planning and Zoning		25,181.53	
Fair Housing		350.00	
Tax Collector	-	1,093.00	
			\$ 108,941.38
Interest on Investments & Deposits:			
Collections	\$	97,070.42	
Due from Animal Control Trust Fund		12.28	
Due from Other Trust Funds		1,559.20	
Due from General Capital Fund		1,423.96	
			\$ 100,065.86

TOWNSHIP OF PEQUANNOCK CURRENT FUND STATEMENT OF REVENUE-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

Analysis of Nonbudget Revenue:		
Sale of Municipal Assets	\$ 62,763.87	
Court Restitution	5,810.95	
State of New Jersey:		
2% Administration Fee for Senior and Veteran Deductions	2,405.81	
DMV Inspection Fees	1,650.00	
Prior Year Refund	7,227.76	
Recycling of Scrap Metal	2,395.00	
Finance	1,722.67	
NSF Check Fees	280.00	
Other	 6,468.33	
		\$ 90,724.39
Revenue Accounts Receivable Collected:		
Borough of Lincoln Park Dial-A-Ride	89,530.00	
Borough of Bloomingdale Health Services	10,760.57	
County Road Plowing and Salting - Morris County	6,670.00	
Vehicle Maintenance - Board of Education	15,000.00	
		121,960.57
Tax Collector		6,300.07
		218,985.03
Less: Refunded		 235.00
		\$ 218,750.03

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

		Appropriations	ations	Exp	Expended By	_	Unexpended
		Budget	Budget After Modification	Paid or Charged		Reserved	Balance
Onerations Within "CAPS".				3.6			
GENERAL GOVERNMENT:							
Office of Fire Safety:							
Salaries and Wages	8	43,710.00	\$ 43,710.00	\$ 37,285.78	\$	6,424.22	
Other Expenses		7,500.00	7,500.00	4,167.44	4	3,332.56	
Municipal Land Use Law (N.J.S.A. 40:55D-1):							
Planning Board:							
Salaries and Wages		178,415.00	138,415.00	114,629.73	33	23,785.27	
Other Expenses		61,100.00	61,100.00	47,712.92	2	13,387.08	
Zoning Board of Adjustment:							
Salaries and Wages		14,590.00	14,590.00	14,315.00	0	275.00	
Other Expenses		12,700.00	12,700.00	8,109.01	_	4,590.99	
Municipal Flood Advocate:							
Salaries and Wages		50,500.00	50,500.00	50,500.00	0		
Other Expenses		6,500.00	6,500.00	3,769.12	2	2,730.88	
PUBLIC SAFETY:							
Municipal Court:							
Salaries and Wages		185,540.00	185,540.00	179,720.77	7	5,819.23	
Other Expenses		11,800.00	11,800.00	8,154.07	7	3,645.93	
Municipal Prosecutor:							
Salaries and Wages		26,745.00	26,745.00	25,625.03	S)	1,119.97	
Public Defender:							
Other Expenses		7,850.00	7,850.00	7,535.07	7	314.93	
Police Department:							
Salaries and Wages		4,457,044.00	4,577,044.00	4,484,415.38	«	92,628.62	
Other Expenses		261,700.00	255,700.00	251,394.53	3	4,305.47	
Office of Emergency Management:							
Salaries and Wages		17,275.00	17,275.00	14,149.35	5	3,125.65	2
Other Expenses		6,000.00	6,000.00			6,000.00	of 9

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

(Continued)

		Appropriations	iations			Expended By	led By		Unexpended
			Buc	Budget After		Paid or			Balance
		Budget	Mo	Modification	Ū	Charged	2	Reserved	Cancelled
Operations Within "CAPS":									
PUBLIC SAFETY: (Cont'd)									
Aid to Volunteer Fire Companies:									
Salaries and Wages	€9	90,000.00	S	90,000,00	↔	87,000.00	∽	3,000.00	
Aid to Volunteer Ambulance Companies:									
Other Expenses		25,000.00		25,000.00		25,000.00			
Fire Department:									
Other Expenses		59,500.00		59,500.00		37,942.48		21,557.52	
Other Expenses - Clothing Allowance		50,000.00		50,000.00		40,846.00		9,154.00	
PUBLIC WORKS:									
Streets and Roads Maintenance:									
Salaries and Wages		257,420.00		257,420.00		252,942.72		4,477.28	
Other Expenses		110,750.00		110,750.00		108,615.78		2,134.22	
Community Service Act:									
Other Expenses		22,000.00		22,000.00				22,000.00	
Director of Public Works/ Township Engineer:									
Salaries and Wages		66,970.00		62,970.00		47,910.76		15,059.24	
Other Expenses		32,500.00		32,500.00		26,606.08		5,893.92	
Building and Grounds:									
Salaries and Wages		109,800.00		109,800.00		99,538.39		10,261.61	
Other Expenses		106,060.00		106,060.00		100,306.40		5,753.60	
Vehicle Maintenance:									
Salaries and Wages		86,590.00		86,590.00		80,589.92		80.000,9	
Other Expenses		63,000.00		63,000.00		54,811.13		8,188.87	
Shade Tree:									
Other Expenses		34,750.00		29,750.00		25,631.94		4,118.06	
Parks and Playground Maintenance:									
Salaries and Wages		343,060.00		343,060.00		333,077.24		9,982.76	3
Other Expenses		70,350.00		70,350.00		69,317.24		1,032.76	of 9

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018 (Continued)

		Appropriations	iations			Expended By	l By	Unexpended
			Budget After	After	Paid or			Balance
		Budget	Modification	cation	Charged	q	Reserved	Cancelled
Operations Within "CAPS":								
HEALTH AND WELFARE FUNCTIONS:								
Board of Health:								
Salaries and Wages	8	196,467.00	\$ 196	196,467.00	\$ 187,6	187,658.20	\$ 8,808.80	
Other Expenses		31,000.00	31	31,000.00	22,2	22,232.71	8,767.29	
Animal Control Services:								
Other Expenses		25,000.00	25	25,000.00	25,0	25,000.00		
Emergency Medical Services:								
Salaries and Wages		500.00		500.00			500.00	
Other Expenses		200.00		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		156,325.00	140	146,325.00	132,9	132,932.96	13,392.04	
Other Expenses		29,100.00	29	29,100.00	27,2	27,242.63	1,857.37	
Celebration of Public Events:								
Salaries and Wages		23,000.00	23	23,000.00	21,8	21,845.15	1,154.85	
Dial-A-Ride:								
Salaries and Wages		101,831.00	10	101,831.00	101,8	101,831.00		
Other Expenses		33,052.00	33	33,052.00	32,7	32,744.55	307.45	
OTHER COMMON OPERATING FUNCTIONS:								
Economic Development Committee:								
Other Expense		4,000.00	7	4,000.00	4	491.38	3,508.62	
Teen Advisory Committee:								
Other Expenses		1,000.00		1,000.00		68.25	931.75	
Senior Citizens' Committee:								
Other Expenses		2,000.00		2,000.00	_	163.56	1,836.44	4 0

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

2,500.00
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CURRENT FUND STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

		Appropriations	ations		TYPEII	Expelled by	Onexpended
	В	Budget	Budget After Modification	ter ion	Paid or Charged	Reserved	Balance Cancelled
Deferred Charges and Statutory Expenditures - Municipal within "CAPS" Statutory Expenditures: Contributions to:							
Police & Firemens' Retirement System Public Employees' Retirement System	↔	990,438.00	\$ 991,338.00		\$ 991,264.19 417,410.02	\$ 73.81	
Social Security System (O.A.S.I.)		341,000.00	341,000.00	00.00	332,325.03	8,674.97	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		1,741,846.00	1,749,846.00	16.00	1,740,999.24	8,846.76	
Total General Appropriations for Municipal Purposes Within "CAPS"	13,	13,249,660.00	13,649,660.00	50.00	13,065,802.99	583,857.01	
Operations Excluded from "CAPS": Maintenance of Free Public Library (PL 1988, Ch.82):							
Other Expenses		901,305.00	901,305.00	02:00	882,000.00	19,305.00	
Fair Housing Committee:							
Salaries & Wages		3,590.00	3,59	3,590.00	3,360.00	230.00	
Other Expenses		27,300.00	27,3(27,300.00	25,255.80	2,044.20	
Police Dispatch / 911:							
Salaries & Wages		275,895.00	275,895.00	95.00	254,376.43	21,518.57	
Field Maintenance:							
Salaries & Wages		30,000.00	30,06	30,000.00	30,000.00		
Other Expenses		28,000.00	28,00	28,000.00	28,000.00		
Vehicle Maintenance - Board of Education		15,000.00	15,00	15,000.00	15,000.00		
Dial-A-Ride Program:							
Salaries & Wages		96,327.00	96,32	96,327.00	96,327.00		
Other Expenses		180,268.00	180,268.00	58.00	180,268.00		
Shared Health Services Agreement:							
Salaries & Wages		409,100.00	409,100.00	00.00	409,100.00		60
Morris County Road Snow Plowing		30,000.00	30,00	30,000.00	30,000.00		of 9

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2018

Unexpended	Balance	Canconica																									A-3 of 9
l By	Recented	TACOUT AND												\$ 43,097.77		21,748.57	21,349.20										
Expended By	Paid or	Cinalgoa		\$ 97,658.00	33,410.00	5,750.00	12,182.00	2,500.00	3,232.00	2,450.00	25,000.00		4,295.00	2,140,164.23		793,163.43	1,347,000.80		975,000.00	120,000.00	325,000.00	225,000.00	20,000.00	140,000.00		227,500.00	2,032,500.00
ttions	Budget After Modification	INTOCHICATION		\$ 97,658.00	33,410.00	5,750.00	12,182.00	2,500.00	3,232.00	2,450.00	25.000.00		4,295.00	2,183,262.00		814,912.00	1,368,350.00		975,000.00	120,000.00	325,000.00	225,000.00	20,000.00	140,000.00		227,500.00	2,032,500.00
Appropriations	Budget	- Danger		\$ 97,658.00	33,410.00	5,750.00	12,182.00	2,500.00	3,232.00	2,450.00	25.000.00		4,295.00	2,183,262.00		814,912.00	1,368,350.00		975,000.00	120,000.00	325,000.00	225,000.00	20,000.00	140,000.00		227,500.00	2,032,500.00
			Operations Excluded from "CAPS": Public & Private Programs Offset by Revenue:	Resident Transportation Assistance Act - Dial-A-Ride Program	Clean Communities Program	Drunk Driving Enforcement Fund	Municipal Alliance on Alcoholism and Drug Abuse	Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	New Jersey Body Armor Replacement Funds	Cablevision - Public Access Equipment Grant	INEW JEISEY SELIOT CHILZERS and Disabled Residents - Transnortation Assistance Act - Reserve	Municipal Local Matching Grant Funds:	Municipal Alliance on Alcoholism and Drug Abuse	Total Operations - Excluded from "CAPS"	Detail:	Salaries and Wages	Other Expenses	Capital Improvements - Excluded from "CAPS":	Capital Improvement Fund	Reserve for Public Works Equipment	Reserve for Road Resurfacing	Reserve for Fire Appatatus	Reserve for Data Processing and Office Equipment	Reserve for Vehicle Replacement	New Jersey Transportation Trust Fund Authority Act:	Hillview / Beaverbrook Road	Total Capital Improvements - Excluded from "CAPS"

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CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

		(
		Appropriations	iations		Expended By	ded By		Une	Unexpended
			Bud	Budget After	Paid or			B	Balance
		Budget	Mod	Modification	Charged		Reserved	Car	Cancelled
Municipal Debt Service - Excluded from "CAPS": Payment of Bond Anticipation Notes	↔	366,813.00	€	366,813.00	\$ 366,813.00				
Interest on Notes		56,250.00		56,250.00	56,229.75			8	20.25
Total Municipal Debt Service - Excluded from "CAPS"		423,063.00		423,063.00	423,042.75				20.25
Deferred Charges - Excluded from "CAPS": Special Emergency Authorizations- 5 years		100,000.00		100,000.00	100,000.00				
Deferred Charges to Future Taxation - Unfunded:		10 000 00		10 000 00	10 000 00				
Ordinance #2008-25		11,500.00		11,500.00	11,500.00				
Ordinance #2012-18		173,395.00		173,395.00	173,395.00				
Total Deferred Charges - Excluded from "CAPS"		294,895.00		294,895.00	294,895.00				
Total General Appropriations - Excluded from "CAPS"		4,933,720.00	4,	4,933,720.00	4,890,601.98	8	43,097.77		20.25
Subtotal General Appropriations		18,183,380.00	18,	18,583,380.00	17,956,404.97		626,954.78	∽	20.25
Reserve for Uncollected Taxes		1,137,450.00	1,	1,137,450.00	1,137,450.00				
Total General Appropriations	↔	19,320,830.00	\$ 19,	\$ 19,720,830.00	\$ 19,093,854.97	8	626,954.78	↔	20.25
	Ref.	,					A		

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

STATEMENT OF EXPENDITURES-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	Ref.	Anal	ysis of
		Budget After	Paid or
		Modification	Charged
Adopted Budget Added by N.J.S.A. 40A:4-55		\$ 19,320,830.00 400,000.00	
		\$ 19,720,830.00	
Cash Disbursed			\$ 16,998,383.12
Encumbrances	Α		171,896.50
Transfer to Federal and State Grant Fund			409,682.00
Deferred Charges			100,000.00
Reserve for Revaluation			400,000.00
Reserve for Master Plan			180,000.00
Reserve for Uncollected Taxes			1,137,450.00
			19,397,411.62
Less: Appropriation Refunds			303,556.65
			\$ 19,093,854.97

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2018
TRUST FUNDS

TOWNSHIP OF PEQUANNOCK TRUST FUNDS COMPARATIVE BALANCE SHEET - REGULATORY BASIS

			Decem	nber 31	·,
	<u>Ref.</u>		2018		2017
ASSETS					
Animal Control Fund:					
Cash and Cash Equivalents:					
Treasurer	B-4	\$	21,794.08	\$	13,530.67
Due From Current Fund	A				30.00
			21,794.08	-	13,560.67
Other Trust Funds:					
Cash and Cash Equivalents	B-4		2,962,246.82		2,131,270.84
Due From Current Fund	Α				40,312.85
Grants Receivable - FEMA Elevation			2,879,492.65		
		-	5,841,739.47		2,171,583.69
Open Space Trust Fund:					
Cash and Cash Equivalents	B-4A		202,687.50		73,081.43
Due From Current Fund	A		878.53		
			203,566.03		73,081.43
TOTAL ASSETS		\$	6,067,099.58	\$	2,258,225.79
LIABILITIES, RESERVES AND FUND BALANCE					
Animal Control Fund:					
Prepaid Licenses - State Fees		\$	536.40	\$	547.80
Prepaid Licenses - Municipal Fees			10,417.60		10,852.20
Due to Current Fund	A		12.28		
Due to State of New Jersey	D (307.20		2 160 67
Reserve for Animal Control Expenditures	B - 6		10,520.60		2,160.67
			21,794.08		13,560.67

TOWNSHIP OF PEQUANNOCK TRUST FUNDS COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,		
	Ref.	2018	2017	
LIABILITIES, RESERVES AND FUND BALANCE (Cont'd)				
Other Trust Funds:				
Due to Current Fund	Α	\$ 75,776.14		
Due to General Capital Fund	C	2,379,492.65		
Due to Sewer Capital Fund	E	500,000.00		
Due to Interlocal Towns		34,760.00	\$ 39,075.00	
Reserve for:				
Animal Shelter		15,973.50	33,667.00	
Developers Deposits - Affordable Housing		78,705.04	78,012.47	
Fire Safety		12,099.61	15,535.59	
Payroll Section 125 Trust		505.76	376.54	
Unemployment Compensation Insurance		111,727.95	111,704.60	
Developers Deposits - Escrow		544,424.82	591,690.38	
Youth Development		21,742.12	21,742.12	
Refundable Permits		23,940.55	23,340.55	
Group Health Insurance		17,389.56	282,047.10	
Parking Offenses Adjudication Act		934.00	920.00	
Sewer Line		106,665.41	106,665.41	
Premium on Tax Sale		257,200.00	182,600.00	
Public Defender		49,849.36	37,843.86	
Accrued Leave		324,994.40	333,373.30	
Storm Recovery		214,848.15	214,848.15	
Insurance Refunds		83,074.74	73,087.91	
Dial-A-Ride (D.A.R.) Bequests		25,053.71	25,053.71	
FEMA Elevation Escrow		962,582.00		
		5,841,739.47	2,171,583.69	
Open Space Trust Fund:				
Due To General Capital Fund	C	17,143.00		
Reserve for Open Space Expenditures	C	186,423.03	73,081.43	
2000 Tot Open Space Emperiorities				
		203,566.03	73,081.43	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 6,067,099.58	\$ 2,258,225.79	

TOWNSHIP OF PEQUANNOCK ASSESSMENT TRUST FUND STATEMENT OF FUND BALANCE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK ASSESSMENT TRUST FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

B-3

TOWNSHIP OF PEQUANNOCK ASSESSMENT TRUST FUND STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 GENERAL CAPITAL FUND

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

		December 31,		
	Ref.	2018	2017	
<u>ASSETS</u>				
Cash and Cash Equivalents	C-2	\$ 2,113,325.21	\$ 3,458,930.50	
FEMA Grants Receivable		4,955,059.00	4,955,059.00	
Due from:				
Other Trust Fund	В	2,379,492.65		
Open Space Trust Fund	В	17,143.00		
Recreation Utility Operating Fund	G	80,000.00	80,000.00	
Deferred Charges to Future Taxation - Unfunded	C-4	11,914,349.00	3,764,894.76	
TOTAL ASSETS		\$ 21,459,368.86	\$ 12,258,884.26	
LIABILITIES, RESERVES AND FUND BALANCE				
Bond Anticipation Notes Payable	C-7	\$ 3,500,000.00	\$ 2,500,000.00	
Improvement Authorizations:				
Funded	C-5	1,356,618.17	4,149,178.08	
Unfunded	C-5	10,278,896.26	2,267,249.41	
Due to Current Fund	A	9,294.97	7,871.01	
Capital Improvement Fund	C-6	36,000.00	103,000.00	
Reserve for:				
Encumbrances		688,734.47	1,010,684.01	
DPW Equipment		60,500.00	95,500.00	
Data Processing /Office Equipment		35,000.00	42,000.00	
Road Resurfacing		20,000.00	5,000.00	
Vehicle Replacement		80,824.00	126,824.00	
Fire Apparatus		225,000.00		
Flood Control Improvements		168,000.00	168,000.00	
Payment of Debt Service		4,955,059.71	1,588,246.47	
Fund Balance	C-1	45,441.28	195,331.28	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 21,459,368.86	\$ 12,258,884.26	

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

	Ref.		
Balance December 31, 2017	C	\$	195,331.28
Increased By:			
Premium on Bond Anticipation Notes Issued			40,110.00
		<u> </u>	235,441.28
Decreased By:			
Appropriated to Finance Improvement Authorizations			190,000.00
Balance December 31, 2018	C	\$	45,441.28

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 WATER UTILITY FUND

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

		Decen	ber 31,		
	Ref.	2018	2017		
<u>ASSETS</u>					
Operating Fund:					
Cash and Cash Equivalents	D-4	\$ 599,878.27	\$ 435,773.81		
Change Fund		60.00	60.00		
	-	599,938.27	435,833.81		
Due Water Utility Capital Fund	D	192.70	13,111.23		
Due Sewer Utility Operating Fund	E	50.5 0	120,267.19		
Due Current Fund	Α	58.50	***************************************		
		600,189.47	569,212.23		
Receivables with Full Reserves:					
Consumer Accounts Receivable	D-6	506,079.93	553,072.81		
		506,079.93	553,072.81		
Total Operating Fund		1,106,269.40	1,122,285.04		
Assessment Trust Fund:					
Water Assessment Liens		1,266.00	1,266.00		
Water Assessment Lien Interest and Costs		159.00	159.00		
Water Assessment Receivable		20,000.00			
Prospective Assessment Funded		260,000.00	280,000.00		
Total Assessment Trust Fund		281,425.00	281,425.00		
Capital Fund:					
Cash and Cash Equivalents	D-4	146,114.77	3,130,589.40		
Fixed Capital	D-7	14,962,713.25	11,602,717.14		
Fixed Capital Authorized and Uncompleted	D-8	6,458,660.36	9,442,695.21		
Total Capital Fund		21,567,488.38	24,176,001.75		
TOTAL ASSETS		\$ 22,955,182.78	\$ 25,579,711.79		

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

	December 31,				
	Ref.		2018		2017
LIABILITIES, RESERVES AND FUND BALANCE		***************************************			
Operating Fund:					
Appropriation Reserves:					
Unencumbered	D-3;D-9	\$	195,112.01	\$	79,054.82
Encumbered	D-3;D-9		34,985.63		120,543.95
			230,097.64		199,598.77
Accounts Payable - Vendors	D-4		59,104.89		59,104.89
Reserve for Accrued Interest on Notes	D-3A; D-4		52,688.72		15,641.25
			341,891.25		274,344.91
Reserve for Receivables	D		506,079.93		553,072.81
Fund Balance	D-1		258,298.22		294,867.32
Total Operating Fund			1,106,269.40	***************************************	1,122,285.04
Assessment Trust Fund:					
Reserve for Assessment Liens and Interest and Costs			1,425.00		1,425.00
Reserve for Assessments Receivable			20,000.00		,
Reserve for Prospective Assessments Funded			260,000.00		280,000.00
Total Assessment Trust Fund			281,425.00		281,425.00
Capital Fund:					
Bond Anticipation Notes	D-14		6,060,000.00		6,090,000.00
Improvement Authorizations:					
Funded	D-10		17,606.92		219,693.34
Unfunded	D-10		3,523,208.22		3,854,805.84
Contracts Payable	D-10		69,512.71		2,490,406.85
Due Water Utility Operating Fund	D		192.70		13,111.23
Due Solid Waste Utility Operating Fund	F				100,000.00
Due Current Fund	Α		326,574.48		
Capital Improvement Fund	D-11		127,750.00		139,000.00
Reserve for Amortization	D-12 11,014,24		11,014,248.92		8,599,257.53
Deferred Reserve for Amortization	D-13		403,374.69		2,626,154.82
Fund Balance	D-1A		25,019.74		43,572.14
Total Capital Fund			21,567,488.38		24,176,001.75
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>3</u>	\$	22,955,182.78	_\$_	25,579,711.79

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

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

		Year Ended December 31,		
	Ref.	2018	2017	
Revenue and Other Income Realized				
Fund Balance Utilized		\$ 203,000.00	\$ 275,000.00	
Rents		2,379,110.15	2,295,939.45	
Miscellaneous Revenue		33,757.69	21,331.86	
Water Capital Fund Balance		40,000.00		
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves		72,485.27	54,993.14	
Total Income		2,728,353.11	2,647,264.45	
Expenditures				
Budget Expenditures:				
Operating		2,208,830.00	2,122,750.00	
Capital Improvements		35,000.00	168,000.00	
Debt Service		159,103.00	135,508.00	
Deferred Charges and Statutory Expenditures		156,067.00	203,742.00	
Refund of Prior Year Revenue		2,922.21		
Total Expenditures		2,561,922.21	2,630,000.00	
Excess in Revenue		166,430.90	17,264.45	
Fund Balance				
Balance January 1		294,867.32	552,602.87	
		461,298.22	569,867.32	
Decreased by:				
Utilized as Anticipated Revenue		203,000.00	275,000.00	
Balance December 31	D	\$ 258,298.22	\$ 294,867.32	

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

Balance December 31, 2017	Ref. D		\$ 43,572.14
Increased by:			
Premium on Note Sale			69,447.60
			 113,019.74
Decreased by:			
Anticipated in Water Operating Utility Fund	9	40,000.00	
Appropriated to Fund Improvement Authorizations		48,000.00	
			 88,000.00
Balance December 31, 2018			\$ 25,019.74

TOWNSHIP OF PEQUANNOCK WATER UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	Anticipated	Realized	Excess or Deficit *
Operating Fund Balance Anticipated Water Rents Miscellaneous Revenue Water Capital Fund Balance	\$ 203,000.00 2,295,000.00 21,000.00 40,000.00	\$ 203,000.00 2,379,110.15 33,757.69 40,000.00	\$ 84,110.15 12,757.69
	\$ 2,559,000.00	\$ 2,655,867.84	\$ 96,867.84
Analysis of Realized Revenue			
Miscellaneous Revenue: Utility Collector:		\$ 9,439.56	
Interest on Delinquent Water Rents Water Connection and Other Fees		16,441.82 25,881.38	
Treasurer: Interest on Investments		7,683.61	
Due from Water Utility Capital Fund Interest on Investments		192.70	
		\$ 33,757.69	

TOWNSHIP OF PEQUANNOCK

WATER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	Unexpended	Cancelled															-0-	
by		Reserved		62,098.00	122,264.42		8,827.59								1,922.00		195,112.01	<u>ر</u>
Expended by				∽												- 1	\$	
Exp	Paid or	Charged		690,202.00	1,334,265.58		26,172.41		30,000.00	129,103.00			80,145.00	59,000.00		15,000.00	\$ 2,363,887.99	
				∽													⇔	
Appropriations	Budget	After Modification		752,300.00	1,456,530.00		35,000.00		30,000.00	129,103.00			80,145.00	59,000.00	1,922.00	15,000.00	2,559,000.00	
		Afte		S													S	
		Budget		752,300.00	1,456,530.00		35,000.00		30,000.00	129,103.00			80,145.00	59,000.00	1,922.00	15,000.00	\$ 2,559,000.00	
				⇔													↔	4
			Operating:	Salaries and Wages	Other Expenses	Capital Improvements:	Capital Outlay	Debt Service:	Payment of Bond Anticipation Note	Interest on Notes	Statutory Expenditures:	Contribution to:	Public Employees' Retirement System	Social Security System (O.A.S.I.)	Unemployment Compensation Insurance	Paid Time Off (PTO) Buyback		Ref

TOWNSHIP OF PEQUANNOCK WATER UTILITY OPERATING FUND STATEMENT OF EXPENDITURES-REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

(Continued)

	Ref.	Analy	ysis of	£
		Budget After		Paid or
		Modification		Charged
Adopted Budget		\$ 2,559,000.00		
		\$ 2,559,000.00		
Cash Disbursed			\$	2,208,018.00
Accrued Interest on Notes				129,103.00
Encumbrances Payable	D			34,985.63
			-	2,372,106.63
Less: Appropriation Refunds			•	(8,218.64)
			\$	2,363,887.99

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 SEWER UTILITY FUND

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

		December 31,		
	Ref.	2018	2017	
Operating Fund:				
Cash and Cash Equivalents:				
Treasurer	E-4	\$ 721,070.65	\$ 798,500.91	
Due Current Fund	A	58,212.57	35,937.96	
Due Sewer Utility Capital Fund	E	255.41	468,653.66	
Due Sewer Utility Assessment Fund	Е	118.63	26.38	
		779,657.26	1,303,118.91	
Receivables and Other Assets with Full Reserves:				
Consumer Accounts Receivable	E-6	675,749.27	594,900.55	
		675,749.27	594,900.55	
Total Operating Fund		1,455,406.53	1,898,019.46	
Assessment Trust Fund:				
Cash and Cash Equivalents	E-4	688,519.22	365,517.78	
Assessments Receivable	E-9	6,940,108.03	836,522.41	
Assessments Liens Receivable	E-9A	9,643.00	9,643.00	
Due Current Fund	A		14,374.29	
Prospective Assessments Funded		5,107,200.00	12,200,000.00	
Total Assessment Trust Fund		12,745,470.25	13,426,057.48	
Capital Fund:				
Cash and Cash Equivalents	E-4	2,481,258.48	4,264,368.02	
Due Other Trust Funds	В	500,000.00	, ,	
Fixed Capital	E-10	29,052,632.34	28,923,188.82	
Fixed Capital Authorized and Uncompleted	E-11	8,534,094.44	8,669,726.00	
Total Capital Fund		40,567,985.26	41,857,282.84	
TOTAL ASSETS		\$ 54,768,862.04	\$ 57,181,359.78	

TOWNSHIP OF PEQUANNOCK SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

(Continued)

	D			December 31,		
	Ref.		2018		2017	
LIABILITIES, RESERVES AND FUND BALANCE						
Operating Fund:						
Appropriation Reserves:						
Unencumbered	E-3;E-12	\$	49,996.52	\$	84,633.71	
Encumbered	E-3;E-12		19,388.80		10,308.70	
Total Appropriation Reserves			69,385.32		94,942.41	
Accounts Payable - Vendors			1,800.00		1,800.00	
Due Water Utility Operating Fund	D				120,267.19	
Due Solid Waste Utility Operating Fund	F				307,577.71	
Accrued Interest on Bonds			203,851.03		210,632.29	
Reserve for Maintenance Bond			5,000.00		5,000.00	
			280,036.35	-	740,219.60	
Reserve for Receivables	Е		675,749.27		594,900.55	
Fund Balance	E-1		499,620.91		562,899.31	
Total Operating Fund			1,455,406.53	***************************************	1,898,019.46	
Assessment Trust Fund:						
Due Sewer Utility Operating Fund	Е		118.63		26.38	
Reserve for Prospective Assessments Funded			5,107,200.00		12,200,000.00	
Reserve for Assessments and Liens	E-13		6,949,751.03		846,165.41	
Fund Balance	E-1A	******	688,400.59		379,865.69	
Total Assessment Trust Fund		1	2,745,470.25		13,426,057.48	

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

(Continued)

		Decem	ber 31,	
	Ref.	2018	2017	
LIABILITIES, RESERVES AND FUND BALANCE				
Capital Fund:				
Serial Bonds	E-19	\$ 22,650,000.00	\$ 23,845,000.00	
Improvement Authorizations:				
Funded	E-14	3,973,550.50	4,168,084.65	
Unfunded	E-14	2,217,808.18	2,281,217.10	
Reserve for Encumbrances	E-14	29,655.00	8,000.00	
Capital Improvement Fund	E-15	53,685.20	53,685.20	
Due to Sewer Utility Operating Fund	E	255.41	468,653.66	
Reserve for Amortization	E-16	11,355,358.34	10,100,914.82	
Reserve to Pay Debt Service			520,249.99	
Deferred Reserve for Amortization	E-17	231,368.44	297,000.00	
Fund Balance	E-1B	56,304.19	114,477.42	
Total Capital Fund		40,567,985.26	41,857,282.84	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 54,768,862.04	\$ 57,181,359.78	

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

		Year Ended December 31		
	Ref.	2018	2017	
Revenue and Other Income Realized				
Fund Balance Utilized		\$ 325,000.00	\$ 170,000.00	
Sewer Service Charges		3,003,921.92	2,869,676.62	
Miscellaneous		163,861.15	141,524.74	
Sewer Capital Fund Balance		49,000.00		
Sewer Capital Reserve to Pay Debt Service		520,249.99		
Sewer Assessment Surplus		700,000.00	400,000.00	
Other Credits to Income:				
Cancellation of Accrued Interest on Notes			121.72	
Unexpended Balance of Appropriation Reserves		69,172.38	44,830.63	
Total Income		4,831,205.44	3,626,153.71	
<u>Expenditures</u>				
Budget Appropriations:				
Operating		2,431,075.26	2,340,922.00	
Capital Improvements			10,000.00	
Debt Service		2,072,348.00	921,470.00	
Deferred Charges and Statutory Expenditures		65,410.00	119,608.00	
Refund of Prior Year Revenue		650.58	81.44	
Total Expenditures		4,569,483.84	3,392,081.44	
Excess Revenue/Statutory Excess to Fund Balance		261,721.60	234,072.27	
Fund Balance				
Balance January 1		562,899.31	498,827.04	
•		824,620.91	732,899.31	
Decreased by:				
Utilized by Sewer Utility Operating Budget		325,000.00	170,000.00	
Balance December 31	Е	\$ 499,620.91	\$ 562,899.31	

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

<u>Ref.</u>	
Е	\$ 379,865.69
	1,008,534.90
	1,388,400.59
	700,000.00
E	\$ 688,400.59

E-1B

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

	Ref.		
Balance December 31, 2017	Е		\$ 114,477.42
Increased by:			
Cancellation of Improvement Authorizations			826.77
			 115,304.19
Decreased by:			
Appropriation to Finance Improvement Authorizations		\$ 10,000.00	
Surplus Anticipated in Sewer Utility Operating Fund		49,000.00	
			 59,000.00
Balance December 31, 2018	Е		\$ 56,304.19

TOWNSHIP OF PEQUANNOCK SEWER UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	 Anticipated		Realized	 Excess or Deficit*
Fund Balance Anticipated Sewer Service Charges Miscellaneous Sewer Capital Fund Balance Sewer Capital Reserve to Pay Debt Service Sewer Assessment Surplus	\$ 325,000.00 2,875,000.00 125,751.00 49,000.00 520,249.00 700,000.00	\$	325,000.00 3,003,921.92 163,861.15 49,000.00 520,249.99 700,000.00	\$ 128,921.92 38,110.15 0.99
	\$ 4,595,000.00	\$	4,762,033.06	 167,033.06
Miscellaneous Treasurer:				
Interest on Investments Interest on Assessments		\$	9,885.54 20,454.80	
Collector: Interest on Sewer Rents Sewer Tap/Connection Fees	\$ 10,139.25 116,716.63			
Other Miscellaneous	 6,290.89		133,146.77	
Due from Sewer Utility Assessment Trust Fund: Interest on Investments			118.63	
Due from Sewer Utility Capital Fund: Interest on Investments		***************************************	255.41	
		\$	163,861.15	

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

YEAR ENDED DECEMBER 31, 2018 Operating:

		Appropriation	riation		Expended by	ded by	,		
			Budget					<u> </u>	Jnexpended
			After		Paid or				Balance
	Bu	Budget	Modification		Charged		Reserved		Cancelled
Operating:									
Salaries and Wages	\$ 32	327,720.00	\$ 327,720.00	↔	290,823.91	↔	36,896.09		
Other Expenses	29	290,600.00	290,600.00		283,229.57		7,370.43		
Two Bridges Sewerage Authority	1,83	1,838,922.00	1,838,922.00		1,838,922.00				
Debt Service:									
Payment of Bond Principal	1,19	1,195,000.00	1,195,000.00		1,195,000.00				
Interest on Bonds	87	877,348.00	877,348.00		851,181.26			↔	26,166.74
Statutory Expenditures:									
Contribution to:									
Public Employee Retirement System	60	33,960.00	33,960.00		33,960.00				
Social Security System (O.A.S.I.)	7	25,720.00	25,720.00		25,720.00				
Unemployment Compensation Insurance		730.00	730.00				730.00		
Paid Time Off (PTO) Buyback		5,000.00	5,000.00				5,000.00		
Total Sewer Utility Appropriations	\$ 4,59	4,595,000.00	\$ 4,595,000.00		\$ 4,518,836.74	↔	49,996.52	↔	26,166.74

Ref.

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TOWNSHIP OF PEQUANNOCK SEWER UTILITY OPERATING FUND STATEMENT OF EXPENDITURES - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

(Continued)

		Analy	ysis of	
		Budget After		Paid or
	Ref.	Modification		Charged
Adopted Budget		\$ 4,595,000.00		
Cash Disbursed			\$	3,648,266.68
Encumbrances Payable	E			19,388.80
Accrued Interest on Bonds				851,181.26
			\$	4,518,836.74

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 SOLID WASTE UTILITY FUND

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

		Decen	nber 3	1,
	Ref.	2018		2017
<u>ASSETS</u>				
Operating Fund:				
Cash and Cash Equivalents	F-4	\$ 850,673.54	\$	460,428.14
Due Current Fund	Α	1,200.79		
Due State and Federal Grant Fund	Α	24,605.66		24,605.66
Due Water Utility Capital Fund	D			100,000.00
Due Sewer Utility Operating Fund	E			307,577.71
		 876,479.99		892,611.51
Receivables and Other Assets With Full Reserves:				
Consumer Accounts Receivable	F-5	 141,869.91		136,160.48
Total Operating Fund		 1,018,349.90		1,028,771.99
TOTAL ASSETS		 1,018,349.90		1,028,771.99
LIABILITIES, RESERVES AND FUND BALANCE				
Operating Fund:				
Appropriation Reserves:				
Encumbered	F-3;F-6	\$ 132,796.68	\$	116,764.58
Unencumbered	F-3;F-6	36,248.89	•	45,155.34
	,	 169,045.57		161,919.92
Accounts Payable - Vendors		5,470.00		5,470.00
Reserve for Recycling Tonnage Grant	F-4	.18		28,864.18
Reserve for Receivables		141,869.91		136,160.48
Fund Balance	F-1	701,964.24		696,357.41
Total Operating Fund		 1,018,349.90		1,028,771.99
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 1,018,349.90	\$	1,028,771.99

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

			Year Ended	Decer	mber 31
	Ref.		2018		2017
Revenue and Other Income Realized					
Fund Balance Utilized		\$	105,000.00	\$	135,000.00
User Fees			1,717,025.48		1,647,515.63
Miscellaneous Revenue			11,969.50		11,219.03
Recycling Tonnage Grant			28,864.00		24,605.66
Other Credits to Incomes:					
Unexpended Balance of Appropriation Reserves			37,938.64		53,174.36
Total Income			1,900,797.62	-	1,871,514.68
<u>Expenditures</u>					
Operating			1,738,590.00		1,707,870.00
Capital Improvements			, ,		15,000.00
Deferred Charges and Statutory Expenditures			50,410.00		45,130.00
Refund of Prior Year Revenue			1,190.79		
Total Expenditures			1,790,190.79		1,768,000.00
Statutory Excess to Fund Balance			110,606.83		103,514.68
Fund Balance					
Balance January 1			696,357.41		727,842.73
		-	806,964.24		831,357.41
Decreased by:					
Utilized as Anticipated Revenue		•	105,000.00		135,000.00
Balance December 31	F	\$	701,964.24	\$	696,357.41

TOWNSHIP OF PEQUANNOCK SOLID WASTE UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	 Anticipated	Realized	Excess or Deficit *
Operating Fund Balance Anticipated User Fees Miscellaneous Revenue Reserve for Recycling Tonnage Grant	\$ 105,000.00 1,645,000.00 10,136.00 28,864.00	\$ 105,000.00 1,717,025.48 11,969.50 28,864.00	\$ 72,025.48 1,833.50
	\$ 1,789,000.00	 1,862,858.98	\$ 73,858.98
Analysis of Realized Revenue Miscellaneous Revenue: Interest on Deposits Interest on Delinquent Accounts Miscellaneous Solid Waste Fees	\$ 9,466.52 180.65	\$ 2,322.33 9,647.17	
		 11,969.50	

STATEMENT OF EXPENDITURES - REGULATORY BASIS SOLID WASTE UTILITY OPERATING FUND YEAR ENDED DECEMBER 31, 2018 TOWNSHIP OF PEQUANNOCK

	Approp	Appropriations	Expen	Expended by	
		Budget After Modi-	Paid or		Unexpended Ralances
	Budget	fication	Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 219,440.00	\$ 219,440.00	\$ 189,208.57	\$ 30,231.43	
Other Expenses	1,519,150.00	1,519,150.00	1,514,742.54	4,407.46	
Statutory Expenditures:					
Contribution to:					
Public Employee Retirement System	23,010.00	23,010.00	23,010.00		
Social Security System (O.A.S.I.)	16,790.00	16,790.00	16,790.00		
Unemployment Compensation Insurance	1,610.00	1,610.00		1,610.00	
Paid Time Off (PTO) Buyback	6,000.00	9,000.00	9,000.00		
				,	
	\$ 1,789,000.00	\$ 1,789,000.00	\$ 1,752,751.11	\$ 36,248.89	-0-
Ref.	ij			Ľτ	
Ooch Dicharacod			\$ 1 610 051 43		
Reserve for Encumbrances			132,796.68		

\$ 1,752,751.11

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

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2018
RECREATION UTILITY FUND

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

		Decem	iber 31	,
	<u>Ref.</u>	2018		2017
<u>ASSETS</u>				
Operating Fund:				
Cash and Cash Equivalents	G-4	\$ 140,856.04	\$	116,865.95
Due Current Fund	Α	50.00		6,366.25
Due Recreation Utility Capital Fund	G	 11.78		2.33
Total Operating Fund		 140,917.82	***************************************	123,234.53
Capital Fund:				
Cash and Cash Equivalents	G-4	15,411.14		126,425.25
Fixed Capital	G-8	254,947.08		134,947.08
Fixed Capital Authorized and Uncompleted	G-9	 2,052.92		122,052.92
Total Capital Fund		 272,411.14		383,425.25
TOTAL ASSETS		 413,328.96	\$	506,659.78
LIABILITIES, RESERVES AND FUND BALANCE				
Operating Fund:				
Appropriation Reserves:				
Encumbered	G-3; G-10	\$ 13,602.04	\$	10,671.57
Unencumbered	G-3; G-10	28,003.97	Ψ	42,938.33
Cheneumorea	00,010	 41,606.01		53,609.90
Accounts Payable - Vendors		3,340.25		3,340.25
Accrued Interest on Notes		1,546.03		2,2
Reserve for Future Recreation Programs		110.00		110.00
Fund Balance	G-1	94,315.53		66,174.38
Total Operating Fund		140,917.82		123,234.53
•				
Capital Fund:	C 15	114 000 00		120 000 00
Bond Anticipation Notes Payable	G-15	114,000.00		120,000.00
Improvement Authorizations - Unfunded	G-11	2,052.92		23,182.92
Due General Capital Fund	C	80,000.00		80,000.00
Due Recreation Utility Operating Fund	G	11.78		2.33
Capital Improvement Fund	G-12	6,500.00		6,500.00
Contracts Payable	G-11	(0,000,00		91,200.00
Reserve for Amortization	G-13	68,000.00		62,000.00
Fund Balance	G-1A	 1,846.44		540.00
Total Capital Fund		 272,411.14		383,425.25
TOTAL LIABILITIES, RESERVES AND FUND BALANC	<u>E</u>	\$ 413,328.96	\$	506,659.78

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

			Year Ended	Decem	ber 31
	Ref.		2018		2017
Revenue and Other Income Realized					
Fund Balance Utilized		\$	31,000.00	\$	61,000.00
Recreation User Fees			178,662.45		169,480.20
Recreation Activity Fees			325,638.15		311,930.93
Miscellaneous			932.66		851.66
Other Credits to Incomes:					
Unexpended Balance of Appropriation Reserves			33,927.39		11,730.99
Total Income			570,160.65		554,993.78
<u>Expenditures</u>					
Budget Expenditures:					
Operating			487,895.00		516,505.00
Debt Service			8,859.50		
Deferred Charges and Statutory Expenditures			14,265.00		28,495.00
Refund of Prior Year Recreation Revenue					480.00
Total Expenditures		***************************************	511,019.50		545,480.00
Excess in Revenue			59,141.15		9,513.78
Fund Balance					
Balance January 1			66,174.38		117,660.60
			125,315.53		127,174.38
Decreased by:					
Utilized as Anticipated Revenue			31,000.00		61,000.00
Balance December 31	G	\$	94,315.53	\$	66,174.38

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

Balance December 31, 2017	<u>Ref.</u> E	\$ 540.00
Increased by: Bond Anticipation Note Premium		1,306.44
Balance December 31, 2018	E	\$ 1,846.44

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY OPERATING FUND STATEMENT OF REVENUE - REGULATORY BASIS YEAR ENDED DECEMBER 31, 2018

	 Anticipated	·	Realized	Excess or Deficit *
Operating Fund Balance Anticipated Recreation User Fees Recreation Activity Fees Miscellaneous	\$ 31,000.00 169,000.00 311,400.00 600.00	\$	31,000.00 178,662.45 325,638.15 932.66	\$ 9,662.45 14,238.15 332.66
	\$ 512,000.00	\$	536,233.26	\$ 24,233.26
Analysis of Realized Revenue Recreation User Fees Less Recreation User Fees Refunded		\$\$	180,090.45 1,428.00 178,662.45	
Recreation Activity Fees Less Recreation Activity Fees Refunded		\$	334,938.65 9,300.50	
		\$	325,638.15	
Miscellaneous: Interest on Investments Other Miscellaneous Due from Recreation Utility Capital Fund: Interest on Investments		\$	816.88 104.00 11.78	
		\$	932.66	

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

G-3

980.50

28,003.97

483,015.53

512,000.00

512,000.00

€

Ref.

Ö

7,668.40)

483,015.53

↔

13,602.04 2,859.50

474,222.39

↔

Cash Disbursed Encumbrances Accrued Interest on Bonds Less: Appropriation Refunds

1,265.00

4,000.00

4,000.00

4,000.00

9,000.00

1,265.00

Unemployment Compensation Insurance

Public Employees' Retirement System

Statutory Expenditures:

Deferred Charges:

Contribution to:

Social Security System

980.50

⇔

6,000.00 2,859.50

6,000.00

3,840.00

6,000.00 3,840.00

14,802.72 11,936.25

274,792.28 186,363.75

S

289,595.00 198,300.00

300,895.00 187,000.00

S

Other Expenses (N.J.S.A. 40A:4-48 \$18,000)

Salaries and Wages

Operating:

Payment of Bond Principal

Debt Service:

Interest on Bonds

Reserved

Paid or Charged

Modification

Budget

Budget After

Appropriations

Unexpended Balances Cancelled

Expended by

RECREATION UTILITY OPERATING FUND STATEMENT OF EXPENDITURES - REGULATORY BASIS

TOWNSHIP OF PEOUANNOCK

YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

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

	December 31,					
	2018					
<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	 38,098,956.00	\$ 38,098,956.00				
<u>RESERVES</u>						
Reserve for General Fixed Assets	\$ 38,098,956.00	\$ 38,098,956.00				

TOWNSHIP OF PEQUANNOCK NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

Note 1: <u>Summary of Significant Accounting Policies</u>

A. Reporting Entity

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

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

B. Description of Funds

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

<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.

TOWNSHIP OF PEQUANNOCK NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

(Continued)

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

B. Description of Funds (cont'd)

<u>Water Utility Operating Assessment and Capital Funds</u> - Account for the operations, resources and expenditures for payment of assessment debt 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 Fund</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.

TOWNSHIP OF PEQUANNOCK NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018 (Continued)

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

C. Basis of Accounting (Cont'd)

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

 $\underline{\text{Cash and Cash Equivalents}}$ – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

<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.

TOWNSHIP OF PEQUANNOCK NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018 (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.

TOWNSHIP OF PEQUANNOCK NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018 (Continued)

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

Total

Summary of Municipal Debt					-		1 01			
					De		mber 31,	0015		
		2	018			2	017	2016		
<u>Issued:</u>										
General:										
Bonds and Notes		\$ 3,500,000.00		00.00	\$ 2,500		0,000.00	\$ 1,030,0	00.00	
Water Utility:										
Bonds and Notes		6,060,000.00		00.00	6,090,000.00			520,0	00.00	
Sewer Utility:										
Bonds and Notes		22,650,000.00		00.00	23,845,000.00			20,470,0	00.00	
Recreation Utility:										
Bonds and Notes		114,000.00			120,000.00					
Total Issued		32,324,000.00			32,555,000.00			22,020,0	00.00	
Less:										
Funds Temporarily Held to										
Pay Bonds and Notes		4,955,059.71			2,108,496.46					
Net Debt Issued		27,36	8,9	40.29	30),44	6,503.54	22,020,0	00.00	
Authorized but not Issued:										
General:										
Bonds and Notes		8,41	8,414,349.00		1,264,894.76		2,504,0	056.00		
Water Utility:										
Bonds and Notes	3,94		3,7	3,750.00		3,730,000.00		3,930,0	00.00	
Sewer Utility:										
Bonds and Notes		3,350,000.00			3,350,000.00			1,310,0	00.00	
Recreation Utility:										
Bonds and Notes		75,000.00			75,000.00			80,0	00.00	
Total Authorized but not Issued		15,783,099.00			8,419,894.76			7,824,056.00		
Net Bonds, Notes and Loans Iss	ued									
and Authorized but not Issued		\$ 43,152,039.29			\$ 38,866,398.30			\$ 29,844,0)56.00	
C CM : ID I/I	. 1 10	1:			17		-			
Summary of Municipal Debt Issu	ied and U	utstandi	ng -	- Current	<u>r ear</u>					
	Bala	ince					Defeased/	Balaı	nce	
		31/2017		Addition				12/31/2018		
Serial Bonds:										
	0.00.045	22 045 000 00				Φ	1 105 000 00	¢ 22 650	000 00	
Sewer Utility Capital Fund Bond Anticipation Notes:	\$ 23,643	23,845,000.00				\$ 1,195,000.00		\$ 22,650,000.00		
-	2.500	2.500.000.00		2 500 000	00	2 500 000 00		2 500	000 00	
General Capital Fund	•),000.00	\$	3,500,000			2,500,000.00		00.000	
Water Utility Capital Fund	,	90,000.00		6,060,000			6,090,000.00		00.000,	
Recreation Utility Capital Fund	120	0,000.00		114,000	<u>).UU</u> .	120,000.00		114,000.00		
m . 1	Ф 22 <i>55</i> 5	. 000 00	Φ	0.674.000		Φ	0.005.000.00	# 22 224	000 00	

\$32,555,000.00 \$ 9,674,000.00 \$ 9,905,000.00 \$32,324,000.00

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

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

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 0.257%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 11,695,000.00	\$ 11,695,000.00	
General Debt	11,914,349.00	4,955,059.71	\$ 6,959,289.29
Water Utility Debt	10,033,750.00	10,033,750.00	
Sewer Utility Debt	26,000,000.00	26,000,000.00	
Recreation Utility Debt	189,000.00	189,000.00	
	\$ 59,832,099.00	\$ 52,872,809.71	\$ 6,959,289.29

Net Debt \$6,959,289.29 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$2,706,432,032.67 = 0.257%.

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

4% Average Equalized Valuation of Real Property	\$	108,257,281.31
Net Debt	***************************************	6,959,289.29
Remaining Borrowing Power	_\$	101,297,992.02

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

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

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

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

Cash Receipts from Fees, Rents or Other Charges for Year

\$ 2,655,867.84

Deductions:

Operating and Maintenance Costs Debt Service per Water Account \$ 2,364,897.00

159,103.00

Excess in Revenue

2,524,000.00 131,867.84

\$

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

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

Cash Receipts from Fees, Rents or Other Charges for Year

\$ 4,762,033.06

Deductions:

Operating and Maintenance Costs

\$ 2,522,652.00

Debt Service per Sewer Account

2,046,181.26

\$ 193,199.80

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

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

Excess in Revenue

Cash Receipts from Fees, Rents or Other Charges for Year

\$ 536,233.26

4,568,833.26

Deductions:

Operating and Maintenance Costs
Debt Service per Sewer Account

\$ 502,160.00

8,859.50

Excess in Revenue

511,019.50

25,213.76

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: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2018

Sewer Capital Serial Bonds Payable

Description	Purpose	Final Maturity	Interest Rate	Balance Dec. 31, 2018
Sewer Utility Refunding Bonds Sewer Utility Bonds	2016 Refunding Bonds Sewer Extension	10/15/23 04/01/40	3.00%-4.00% 1.05%-3.50%	\$ 3,120,000.00 19,530,000.00
				\$22,650,000.00

General Capital Bond Anticipation Notes

Final Maturity	Purpose	Rate	Amount
07/19/19	Flood Elevations	3.00%	\$ 3,500,000.00
	Water Utility Capital Bond Antic	ipation Notes	
07/19/19	Water Mains/ Tank Construction	3.00%	\$ 6,060,000.00
	Recreation Capital Bond Anticip	nation Notes	
	Accreation Capital Bond Mittel	ation rotes	
07/19/19	PV Park Dock and Swim Lanes	3.00%	\$ 114,000.00
	Total Debt Issued and Outstanding		\$ 32,324,000.00

(Continued)

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

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

	Sewer Utilit	Sewer Utility Capital Fund			
<u>Year</u>	Principal	Interest	Total		
2019	\$ 1,240,000.00	\$ 824,112.50	\$ 2,064,112.50		
2020	1,280,000.00	682,912.50	1,962,912.50		
2021	1,335,000.00	730,712.50	2,065,712.50		
2022	1,380,000.00	676,312.50	2,056,312.50		
2023	1,435,000.00	621,162.50	2,056,162.50		
2024-2028	5,500,000.00	2,235,312.50	7,735,312.50		
2029-2033	5,050,000.00	1,241,062.50	6,291,062.50		
2034-2038	3,750,000.00	599,859.41	4,349,859.41		
2039-2040	1,680,000.00	58,809.38	1,738,809.38		
	\$ 22,650,000.00	\$ 7,670,256.29	\$ 30,320,256.29		

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$11,515,706 at June 30, 2018. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$15,555,203 at June 30, 2018. See Note 5 for further information on the PERS and PFRS.

Net OPEB Liability

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2017 was \$12,495,656. See Note 16 for further information on these net OPEB liabilities.

The Township's Net OPEB liability related to the Township's Retired Employees Plan at December 31, 2018 was calculated to be \$ 20,184,527. See Note 16 for further information on these net OPEB liabilities.

Note 3: Fund Balance Appropriated

Fund balances at December 31, 2018, 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, 2019, are as follows:

Current Fund	\$ 1,500,000.00
Water Utility Operating Fund	195,000.00
Sewer Utility Operating Fund	345,000.00
Solid Waste Utility Operating Fund	202,000.00
Recreation Utility Operating Fund	44,000,00

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, 2018, the following deferred charge is shown on the balance sheet of the Current Fund:

Note 4: Deferred Charges to be Raised in Succeeding Years (Cont'd)

Balance Required
2019 Budget
Dec. 31, 2018 Appropriation

400,000.00

Current Fund:

Emergency Authorization

The appropriation in the 2019 budget is not less than that required by statute.

400,000.00

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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 is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$558,525.02 for 2018.

The employee contribution rate was 7.34% effective July 1, 2017 and increased to 7.50% effective July 1, 2018. Subsequent increases after October 1, 2011 were being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2018, the Township's liability was \$11,515,706 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the Township's proportion was 0.058%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017. For the year ended December 31, 2018, the Township recognized actual pension expense in the amount of \$558,525.02.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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 Conduent modified 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.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2018) 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, 2018 are summarized in the following table:

		Long-Term
		Expected Real
	Target	Rate of
Asset Class	Allocation	Return
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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
		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

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

<u>Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</u>

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2018 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, 2018			
		1%		Current	1%
		Decrease	D	iscount Rate	Increase
		(4.66%)		(5.66%)	(6.66%)
Township's proportionate share					
of the Net Pension Liability	\$	14,479,674	\$	11,515,706	\$ 9,029,127

Note 5: Pension Plans (Cont'd)

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

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are 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, 2018 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, 2018 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Township contributions to PFRS amounted to \$991,264.19 for the year ended December 31, 2018. During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$125,136 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$250,272. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2018, the Township's liability for its proportionate share of the net pension liability was \$15,555,203. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the Township's proportion was 0.114%, which was an increase of 0.003% from its proportion measured as of June 30, 2017.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,112,917 as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the State's proportion was 0.114%, which was an increase of 0.003% from its proportion measured as of June 30, 2017 which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 15,555,203
State's Proportionate Share of the Net Pension Liability Associated	
with the Township	 2,112,917
Total Net Pension Liability	\$ 17,668,120

For the year ended December 31, 2018, the Township recognized total pension expense of \$991,264.19.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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 Combined Healthy mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For pre-retirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements-are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability retirement rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

		Long-Term
		Expected Real
	Target	Rate of
Asset Class	Allocation	Return
Risk Management Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2018 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, 2018			
		1%		Current	1%
		Decrease	D	iscount Rate	Increase
		(5.51%)		(6.51%)	(7.51%)
Township's proportionate share					
of the NPL and the State's proportionate					
share of the Net Pension Liability					
associated with the Township	\$	23,646,586	\$	17,668,120	\$ 12,736,974

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 \$180,087 at December 31, 2018. This amount is not reported either as an expenditure or a liability. As of December 31, 2018, the Township has a reserve of \$324,994.40 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: Selected Tax Information (Cont'd)

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

Comparative Schedule of Tax Rate Information

	2018		2017		20	16
Tax Rate	\$	2.295	\$	2.221	\$	2.151
Apportionment of Tax Rate						
Municipal		.544		.536		.525
County		.284		.277		.274
Local School		1.467		1.408		1.352
Assessed Valuations						
2018	\$ 2,406,4	53,500.00				
2017			\$ 2,435,9	959,500.00		
2016					\$ 2,481,9	45,300.00

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
Year_	Tax Levy	Collections	Collection
2018	\$ 55,563,766.26	\$ 55,259,483.51	99.45%
2017	54,654,340.49	54,350,338.96	99.44%
2016	53,473,395.79	51,954,962.47	97.16%

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;

(Continued)

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

Investments: (Cont'd)

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

As of December 31, 2018, cash and cash equivalents of the Township of Pequannock consisted of the following:

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

	Cash on	Checking	
Fund	<u>Hand</u>	Accounts	Totals
Current	\$ 360.00	\$ 7,345,503.79	\$ 7,345,863.79
Federal and State Grant		78,817.93	78,817.93
Animal Control		21,794.08	21,794.08
Other Trust		2,962,246.82	2,962,246.82
Open Space Trust		202,687.50	202,687.50
General Capital		2,113,325.21	2,113,325.21
Water Utility Operating	60.00	599,878.27	599,938.27
Water Utility Capital		146,114.77	146,114.77
Sewer Utility Operating		721,070.65	721,070.65
Sewer Utility Assessment		688,519.22	688,519.22
Sewer Utility Capital		2,481,258.48	2,481,258.48
Solid Waste Utility Operating		850,673.54	850,673.54
Recreation Utility Operating		140,856.04	140,856.04
Recreation Utility Capial		15,411.14	15,411.14
	\$ 420.00	\$ 18,368,157.44	\$ 18,368,577.44

The Township did not hold any investments during the year ended December 31, 2018. The carrying amount of the Township of Pequannock's cash and cash equivalents at December 31, 2018, was \$18,368,577.44 and the bank balance was \$20,019,909.37.

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.

Selected financial information for the Fund as of December 31, 2018 is as follows:

	Morris County		
	Municipal Joint		
	Insurance Fund		
Total Assets	\$	33,810,987	
Net Position	\$	13,583,877	
Total Revenue	\$	19,078,609	
Total Expenses	\$	20,655,181	
Change in Net Position	\$	(1,576,572)	
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.

(Continued)

Note 10: Risk Management (Cont'd)

Fiscal Year	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
1 cai	Contributions	Contributions	Larricu	Kennourseu	Dalance
2018		\$ 23,257.53	\$ 533.36	\$ 23,767.54	\$ 111,727.95
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

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, 2018.

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, 2018.

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2018:

<u>Fund</u>	Interfund Receivable	Interfund Payable	
Current Fund	\$ 411,657.87	\$ 68,770.13	
Federal and State Grant Fund	8,369.74	24,605.66	
Animal Control Fund		12.28	
Other Trust Funds		2,955,268.79	
Open Space Trust Fund	878.53	17,143.00	
General Capital Fund	2,476,635.65	9,294.97	
Water Utility Operating Fund	251.20		
Water Utility Capital Fund		326,767.18	
Sewer Utility Operating Fund	58,586.61		
Sewer Utility Assessment Fund		118.63	
Sewer Utility Capital Fund	500,000.00	255.41	
Solid Waste Utility Operating Fund	25,806.45		
Recreation Utility Operating Fund	61.78		
Recreation Utility Capital Fund		80,011.78	
	\$ 3,482,247.83	\$ 3,482,247.83	

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

The interfund receivable in the Current Fund is comprised of interest earned in the General Capital, Other Trust and Animal Control Funds as well as the cancellation of older grant funds in the Federal and State Grant Fund. The interfund receivable in the Water Utility Operating Fund represents interest earned in the Water Utility Capital Fund and prior year interfund not turned over. The interfund receivable in the Sewer Utility Operating Fund represents interest earned in the 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, 2018. The interfund in 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. The interfund Receivable in the General Capital is due to the FEMA monies being collected in the Escrow Trust account. The interfund receivable in the Sewer Utility Capital Fund is due to monies disbursed to FEMA Trust Escrow for the 2016 flood elevation. The interfund Payable for Water Utility Capital Fund is monies received in Water Utility Capital Fund that are due to the Claims Fund.

Note 13: Deferred Compensation

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

Note 14: Economic Dependency

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

Note 15: Open Space Trust Reserve

The 2018 Open Space tax levy is \$144,387.21 and the 2018 Open Space tax rate is \$0.006. The balance in the Reserve for Open Space at December 31, 2018 is \$186,423.03. The Funds collected are used to acquire and maintain open space, historical preservation and farm land property in the Township.

Note 16: Post-Retirement Benefits

A. General Information about the Township's OPEB Plan

Plan Description and Benefits Provided

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)

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

Contributions

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

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

2018 employer contributions for retiree benefits paid by the Township were \$331,195 for 20 retirees.

Employees Covered by Benefit Terms

As of December 31, 2018, there were 20 retirees and spouses currently receiving retiree benefits and 76 active participants, of which 7 are eligible to retire as of the valuation date.

Total OPEB Liability

The Township's OPEB liability of \$20,184,527 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate 4.10% at December 31, 2018

Salary Increases 2.50% per year Inflation Assumptions 2.50% per year

The selected discount rate was based on the Bond Buyer 20 Index at December 31, 2018.

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

Health Care			
Trend Rates	Year	_Medical_	Drug
Year 1 Trend	2018	5.80%	10.00%
Ultimate Trend	2026	5%	5.00%

The medical trend rate reduces .1% per annum, leveling at 5% per annum in 2026.

The drug trend rate reduces .5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026.

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates set forward three years.

Changes in the Total OPEB Liability

	 Γotal OPEB Liability
Balance at January 1, 2018	\$ 19,096,369
Changes for Year: Service Cost Interest on Total OPEB liability - over measurement period Benefit Payments	 617,859 801,494 (331,195)
Net Changes	 1,088,158
Balance at December 31, 2018	\$ 20,184,527

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

The following presents the total OPEB liability of the Township as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.10 percent) or 1 percentage higher (5.10 percent) than the current discount rate:

(Continued)

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Cont'd)

December 31, 2018										
		1%								
		Decrease (3.10%)	Discount Rate (4.10%)	Increase (5.10%)						
Total OPEB Liability	\$	22,103,016	\$ 20,184,527	\$ 18,598,600						

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

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

	Decembe	r 31, 2018								
		Valuation								
		1%		Healthcare		1%				
	D	ecrease	7	Trend Rates		Increase				
Total OPEB Liability	\$ 1	9,065,024	\$	20,184,527	\$	21,611,308				

OPEB Expense

For the year ended December 31, 2018, the Township's OPEB expense was \$1,419,353 as determined by the actuarial valuation.

B. State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Financial Report Annual (CAFR). which can found https://www.state.nj.us./treasury/pensions/financial-reports.shtml.

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

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

Benefits Provided

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

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

Contributions

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

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

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

Special Funding Situation

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

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2016 through June 30, 2017. Employer and nonemployer allocation percentages were rounded for presentation purposes.

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

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

OPEB Expense

The total OPEB liability as of June 30, 2018 was not available from the State of New Jersey Division of Pensions and Benefits as of the date of this report. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017.

The State's proportionate share of the net OPEB liability attributable to the Township at June 30, 2017 was \$12,495,656. At June 30, 2017, the State's proportion related to the Township was 0.143704%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

During the year ended June 30, 2017, the State of New Jersey's OPEB expense related to the Township was \$894,265.

Actuarial Assumptions and Other Inputs

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

Inflation Rate 2.50%

Salary Increases*:

Through 2026 1.65% - 8.98% Thereafter 2.65% to 9.98%

* - Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 – June 30, 2014, respectively.

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

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 was 3.58%. The discount rate for June 30, 2016 was 2.85%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 17: Tax Abatements

GASB requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. As of December 31, 2018, the Township provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Township pursuant to the authority contained in Section 18 of the Limited Dividend Law (N.J.SA. 55:16-18), Section 30 of the HFA Law (N.J.S.A. 55:14J-30) and a resolution of the Mayor and Township Council and with the approval of the New Jersey Housing Finance Agency (NJHFA) as provided under Section 30(b) of the NJHFA law. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Township an annual service charge for municipal services in an amount not exceeding the tax on the property on which the abatement is received. The tax abatement per the agreement became effective upon the date that a first mortgage upon the development is first executed and shall continue for a period of not more than fifty years therefrom nor less than the term of the related NJHFA mortgage. The annual service charge made by the nonprofit housing corporation will be in an amount not exceeding 6.28% of the annual gross revenues of the housing development as detailed in the tax abatement agreement. In the event that a breach of the agreement by either the Township or the nonprofit housing corporation or a dispute arises between the two parties either party may apply to the Superior Court, Chancery Division to settle and resolve said dispute in such fashion to accomplish the purposes of the Limited-Dividend Laws and the HFA Law.

The Township recognized revenue in the amount of \$108,503 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 2018 without the abatement would have been \$216,429.98 of which \$47,246.81 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, 2018

Δ	m	^	.,	n	t	\sim	f

Name	Title	Bond	Name of Corporate Surety
David Kohle	Mayor		
Ryan Herd	Deputy Mayor		
Richard Phelan	Council Member		
Melissa Florance-Lynch	Council Member		
Kyle Russell	Council Member		
Adam Brewer	Township Manger/QPA	**	MCM/MEL JIF
Julie Kupilik	Chief Financial Officer	**	MCM/MEL JIF
Carol Marsh	Township Clerk	**	MCM/MEL JIF
Lorraine Tarnogursky	Tax Collector	**	MCM/MEL JIF
Hollis J. Lyon	Treasurer	**	MCM/MEL JIF
Anders Hassler	Utility Collector	**	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
** There is a Public Employe	ee Blanket Bond for \$1,000,000 covering	all municipal employees.	
Morris County Municipal Joi	nt Insurance Fund	\$ 50,000	
Municipal Excess Liability Jo	oint Insurance Fund	950,000	
		\$ 1,000,000	

All bonds were examined and were properly executed.

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 CURRENT FUND

60,613,976.59 70,755,361.08

TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF CASH - TREASURER

Ref.

Balance December 31, 2017	Α	\$ 10,141,384.49
Increased by Receipts:		
Tax Collector	\$ 53,837,192.08	
Petty Cash	350.00	
Miscellaneous Revenue Not Anticipated	90,724.39	
Revenue Accounts Receivable	3,617,033.65	
Due From State of New Jersey -		
Senior Citizens' and Veterans' Deductions	119,040.42	
Appropriation Refunds	303,556.65	
Appropriation Reserve Refunds	100.00	
Due Federal and State Grant Fund	353,331.83	
Due Animal Control Fund	1,945.14	
Due Other Trust Funds	15,700.00	
Due General Capital Fund	277,269.00	
Due Water Utility Operating Fund	220,015.40	
Due Water Utility Capital Fund	50,000.00	
Due Sewer Utility Operating Fund	184,709.41	
Due Sewer Utility Assessment Trust	1,008,534.90	
Due Solid Waste Utility Operating Fund	56,914.22	
Due Recreation Utility Operating Fund	50.00	
Due Pequannock Public Library	407,884.65	
Reserve for Flood Expenses	37,622.85	
Due to State of New Jersey:		
Building Surcharge Fees	30,922.00	
Marriage License Fees	1,080.00	

TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF CASH - TREASURER

(Continued)

Ref.

\$ 16,998,383.12 462,828.17 350.00 6,880,866.37 35,367,508.00 40,840.08	
462,828.17 350.00 6,880,866.37 35,367,508.00 40,840.08	
350.00 6,880,866.37 35,367,508.00 40,840.08	
6,880,866.37 35,367,508.00 40,840.08	
35,367,508.00 40,840.08	
40,840.08	
· ·	
25,000.00	
260.00	
162,407.92	
22,803.00	
350.00	
353,335.25	
1,975.14	
335,329.79	
277,269.00	
144,387.21	
219,956.90	
376,574.48	
162,434.80	
1,022,909.19	
55,713.43	
6,366.25	
491,686.16	
88.03	
235.00	
	\$ 63,409,857.29
	25,000.00 260.00 162,407.92 22,803.00 350.00 353,335.25 1,975.14 335,329.79 277,269.00 144,387.21 219,956.90 376,574.48 162,434.80 1,022,909.19 55,713.43 6,366.25 491,686.16 88.03

Balance December 31, 2018

Α

7,345,503.79

TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF CASH - COLLECTOR YEAR ENDED DECEMBER 31, 2018

Increased	bv	Receipts:

Interest and Costs on Taxes	\$ 68,591.80
Taxes Receivable	53,100,030.54
Tax Search Fees and Other Fees	1,093.00
2019 Prepaid Taxes	242,174.06
Tax Overpayments	56,038.53
Tax Sale Premiums	205,100.00
Third-Party Lien Redemptions	157,864.08
Other Miscellaneous	 6,300.07
	53,837,192.08

Decreased by:

Amount Turned Over to Treasurer \$ 53,837,192.08

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

Ref.

Balance December 31, 2017	A		\$	131,199.63
Increased by Receipts:				
Grant Funds Received		\$ 497,007.57		
Unappropriated Grant Reserves		48,603.35		
Local Grant Matching Funds		4,295.00		
Due From Current Fund		 3.42		
				549,909.34
			***************************************	681,108.97
Decreased by Disbursements:				
Appropriated Grant Reserve Expenditures		595,208.17		
Prior Year Encumbrances Paid		7,082.87		
	•			602,291.04
Balance December 31, 2018	A		\$	78,817.93

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

ıce	,2018			274,687.39	274,687.39														
Balance	Dec. 31, 2018			\$ 274,	\$ 274,	A													
Transferred to Tax	Title Liens			1,989.77	1,989.77														
Tra	ĪĒ			↔	so.														
Taxes	Canceled	6 1 202 406 22	3 1,263,490.32	1,283,496.32 27,605.59	\$ 1,311,101.91														
Senior Citizens' and Veterans'	Deductions	(500.00)	(3,560.27)	(4,810.27) 124,245.21	119,434.94														
J		≶			∞ ∥														
Tax Overpayments	Applied			5,305.09	5,305.09														
ó.				↔	∞														
Collections	2018	\$ 500.00	264,712.15	265,962.15 52,834,068.39	\$ 53,100,030.54			\$55,228,120.94	335,645.32 \$ 55,563,766.26		\$35,282,014.00			6 853 589 05	145,265.74			13,282,897.47	\$ 55,563,766.26
1	2017			\$ 2,295,864.82	\$ 2,295,864.82							\$ 6,582,201.49	229,840.42	41,547.14		12,076,096.95	305,495.47		
	2018 Levy			\$ 55,563,766.26	\$ 55,563,766.26										70				
Added	Taxes		3,385.78	3,385.78	3,385.78										ıer Trust Fund				
			∽		↔		≳ł		axes					es	ue Oth	ses			
Balance	Dec. 31, 2017	6,704,600	\$ 1,283,496.32 257,766.10	1,541,262.42	\$ 1,541,262.42	Ą	Analysis of 2018 Property Tax Levy Tax Yield:	ose Tax	Added, Omitted and Rollback Taxes		Local School District Taxes	s	County Open Space Taxes	County Added and Omitted Taxes	Local Taxes for Open Space - Due Other Trust Funds	Local Tax for Municipal Purposes Minimum I ibrary Tax	Add: Additional Tax Levied		
	Year	2014	2010	2018	Total	Ref.	Analysis of 2018 Tax Yield:	General Purpose Tax	Added, Omitt	Tax Levy:	Local School	County Taxes	County Open	County Adde	Local Taxes	Local Tax for Municip	Add: Additio		

TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF TAX TITLE LIENS

	Ref.	
Balance December 31, 2017	A	\$ 4,227.98
Increased by: Transfer from Taxes Receivable		1,989.77
Balance December 31, 2018	A	\$ 6,217.75

TOWNSHIP OF PEQUANNOCK

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Balance Dec 31 2018	7, 2010																	\$ 17,750.46													A-9 1 of 2 00.005;
Canceled	Carrocica																										1,000.00	2,000.00		2,900.00	
ed by	i i casar i		\$ 22,800.00	5,147.50	1,987.70		31,071.05	79,793.00		25,181.53		350.00		536.15				216,830.00		97,070.42	76,211.00	108,503.00		1,214,373.00	421,455.00		⇔		57,999.97	46,680.00	22,500.00
Collector																\$ 1,093.00			68,591.80												
Accrued In	0107		\$ 22,800.00	5,147.50	1,987.70		31,071.05	79,793.00		25,181.53		350.00		536.15		1,093.00		218,564.03	68,591.80	97,070.42	76,211.00	108,503.00		1,214,373.00	421,455.00				57,999.97	40,010.00	15,000.00
Balance Dec 31 2017																		\$ 16,016.43									1,000.00	2,000.00		9,570.00	15,000.00
	Clerk:	Licenses:	Alcoholic Beverage	Other	Fees and Permits	Board of Health:	Other Licenses	Fees and Permits	Planning and Zoning:	Fees and Permits	Fair Housing:	Fees and Permits	Police:	Fees and Permits	Tax Collector:	Fees and Permits	Municipal Court:	Fines and Costs	Intereset and Cost on Taxes	Interest on Investments and Deposits	Cable Television Franchise Fee	Senior Citizen House (PILOT)	Consolidated Municipal Property Tax Relief Aid	Energy Receipts Tax	Uniform Construction Code Official	Contracts for Purchasing Agent (QPA):	Borough of Kinnelon	Borough of Bloomingdale	Field Maintenance Contract	County Road Plowing and Salting - Morris County	Vehicle Maintenance - Board of Education

TOWNSHIP OF PEQUANNOCK

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In	Colle	Collected by		Balance
	Dec. 31, 2017	2018	Collector	Treasurer	Canceled	Dec. 31, 2018
Health Service Contract:						
Borough of Kinnelon		\$ 126,434.84		\$ 126,434.84		
Borough of Bloomingdale	\$ 10,760.57	94,456.24		105,216.81		
Borough of Riverdale		43,909.20		32,931.90		\$ 10,977.30
Borough of Florham Park		144,299.56		144,299.56		
Contracts for Dial-A-Ride:						
Borough of Butler		65,436.00		65,436.00		
Borough of Kinnelon		88,949.00		88,949.00		
Borough of Lincoln Park	89,530.00	91,319.00		180,849.00		
Borough of Riverdale		30,891.00		30,891.00		
Uniform Fire Code Fees		39,902.70		39,902.70		
Uniform Fire Safety Act		25,664.61		25,664.61		
AHS - Community Service Contribution		267,250.00		267,250.00		
Public Defender Fees		9,400.00		9,400.00		
Hotel Occupancy Tax		71,318.91		71,318.91		

Ref.

36,227.76

S

5,900.00

S

\$ 3,617,033.65

69,684.80

∽

\$ 3,584,969.21

\$ 143,877.00 <

TOWNSHIP OF PEQUANNOCK

FEDERAL AND STATE GRANT FUNDS

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Transfer

		l Balance	Dec. 31, 2018			\$ 5,355.76	26.83	10,182.00	2,500.00					1.00			23,914.49	6,780.00	2,000.00	1,956.28	15,000.00	5,295.56	27,310.00		47,437.50	43,750.00	227,500.00	2,707.20	\$ 421,716.62	A-10
1011011	from	Unappropriated	Reserves							\$ 5,750.00	3,232.00	33,410.00	2,450.00																\$ 44,842.00	
			Received					\$ 2,000.00								73,825.56	98,743.51						48,876.00		142,312.50	131,250.00			\$ 497,007.57	
- F	Budget	Revenue	Realized					\$ 12,182.00	2,500.00	5,750.00	3,232.00	33,410.00	2,450.00				122,658.00										227,500.00		\$ 409,682.00	
		Balance	Dec. 31, 2017			\$ 5,355.76	26.83							1.00		73,825.56		6,780.00	2,000.00	1,956.28	15,000.00	5,295.56	76,186.00		189,750.00	175,000.00		2,707.20	\$ 553,884.19	E A
				Municipal Alliance on Alcoholism and Drug Abuse:	State Share	2016	2017	2018	2018 Supplemental	Drunk Driving Enforcement Fund	NJ Body Armor Replacement Fund	Clean Communities Program	Cablevision - Public Access Equipment Grant	Recycling Tonnage Grant 2007	NJ Senior Citizen & Disabled Residents Transportation Assistance:	2017	2018	Body Armor Replacement Funds	Green Communities Grant	NJ Department of Environmental Protection - Recreational Trails Grant	NJ Highlands Grant - Initial Assessment	NJ Highlands Grant - Plan Conformance	Morris County Historic Preservation Trust - PP Rail Station	NJ Department of Transportation Trust Fund:	Mountain Ave 2016	Mountain Ave 2017	Hillview/Beaverbrook 2018	NJ Division of Highway Traffic Safety - Drive Sober or Get Pulled Over		Ref.

TOWNSHIP OF PEQUANNOCK CURRENT FUND SCHEDULE OF 2017 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2018

		Balance c. 31, 2017	Af	ance fter ication	Paid or Charged	Balance Lapsed
General Government:						
Township Clerk:						
Salaries and Wages	\$	1,269.35	\$ 1	1,269.35		\$ 1,269.35
Other Expenses		6,980.16	6	5,980.16	\$ 2,555.40	4,424.76
Mayor and Council:						
Other Expenses		4,327.40	۷	4,327.40		4,327.40
Manager's Office:						
Salaries and Wages		4,077.87	۷	4,077.87		4,077.87
Other Expenses		2,239.36	2	2,239.36	653.36	1,586.00
Legal Services and Costs:						
Other Expenses		12,749.73	12	2,749.73	12,749.73	
Municipal Prosecutor:						
Salaries and Wages		745.06		745.06		745.06
Animal Control Services:						
Other Expenses		30,000.00	30	0,000.00		30,000.00
Financial Administration (Treasury):						
Salaries and Wages		1,051.79	1	1,051.79		1,051.79
Other Expenses		3,882.29	3	3,882.29	1,068.23	2,814.06
Municipal Court:						
Salaries and Wages		4,240.01	4	4,240.01		4,240.01
Other Expenses		4,443.33	4	1,443.33	263.20	4,180.13
Audit Services:						
Other Expenses		19,250.00	19	9,250.00	17,250.00	2,000.00
Data Processing		14,964.05	14	1,964.05	4,460.39	10,503.66
Revenue Administration (Tax Collection	n):					
Salaries and Wages		17,584.62	17	7,584.62		17,584.62
Other Expenses		4,533.10	4	4,533.10	346.00	4,187.10
Tax Assessment Administration:						
Salaries and Wages		271.06		271.06		271.06
Other Expenses		19,659.65	19	9,659.65	8,506.52	11,153.13
Teen Advisory Committee						
Other Expenses		1,000.00	1	1,000.00	210.26	789.74
Engineering Services:						
Salaries and Wages		14,472.79	14	1,472.79		14,472.79
Other Expenses		5,390.73		5,390.73	4,161.07	1,229.66
Environmental Committee:						
Other Expenses		1,053.82	1	1,053.82	630.92	422.90
Public Defender:						
Other Expenses		207.89		207.89		207.89

TOWNSHIP OF PEQUANNOCK CURRENT FUND

$\underline{SCHEDULE\ OF\ 2017\ APPROPRIATION\ RESERVES}$

YEAR ENDED DECEMBER 31, 2018

(Continued)

	Balance Dec. 31, 2017	Balance After Modification	Paid or Charged	Balance Lapsed
General Government:				
Historic Preservation:				
Other Expenses	\$ 744.00	\$ 744.00		\$ 744.00
PV Mental Health Center Contribution	100.00	100.00		100.00
Planning Board:				
Salaries and Wages	8,170.42	8,170.42		8,170.42
Other Expenses	61,392.31	61,392.31	\$ 29,527.86	31,864.45
Zoning Board of Adjustment:				
Salaries and Wages	505.00	505.00		505.00
Other Expenses	7,530.96	7,530.96	•	7,530.96
Senior Citizen Advisory Committee:				
Other Expenses	579.07	579.07		579.07
Police:				
Salaries & Wages	55,086.05	55,086.05		55,086.05
Other Expenses	13,055.54	13,055.54	12,953.16	102.38
Community Service Act:				
Other Expenses	22,000.00	22,000.00	13,493.81	8,506.19
Emergency Management:				
Salaries & Wages	2,781.37	2,781.37		2,781.37
Other Expenses	5,956.38	5,956.38		5,956.38
Fire Department:				
Clothing Allowance	971.00	971.00	900.00	71.00
Other Expenses	31,634.33	31,634.33	21,809.20	9,825.13
Office of Fire & Safety:				
Salaries & Wages	8,009.15	8,009.15		8,009.15
Other Expenses	3,907.95	3,907.95		3,907.95
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	13,055.48	13,055.48	2,219.00	10,836.48
Economic Development Committe:	•	,	,	,
Other Expense	3,287.61	3,287.61		3,287.61
Public Building & Grounds:	•			- , ,
Salaries & Wages	11,659.95	11,659.95		11,659.95
Other Expenses	34,610.47	34,610.47	10,729.04	23,881.43

TOWNSHIP OF PEQUANNOCK CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

YEAR ENDED DECEMBER 31, 2018

(Continued)

		Balance		
	Balance	After	Paid or	Balance
	Dec. 31, 2017	Modification	Charged	Lapsed
General Government:	•			
Road Repairs & Maintenance:				
Salaries and Wages	\$ 5,067.51	\$ 5,067.51		\$ 5,067.51
Other Expenses	7,576.82	7,576.82	\$ 7,296.93	279.89
Vehicle Maintenance:				
Salaries and Wages	900.14	900.14		900.14
Other Expenses	31,185.62	31,185.62	13,043.37	18,142.25
Flood Advisory Committee	2,370.00	2,370.00		2,370.00
Board of Health:				
Salaries & Wages	869.96	869.96		869.96
Other Expenses	10,685.20	10,685.20	3,412.00	7,273.20
Parks & Playgrounds:				
Salaries & Wages	19,196.09	19,196.09		19,196.09
Other Expenses	126,195.15	126,195.15	117,213.59	8,981.56
Recreation:				
Salaries & Wages	19,046.13	19,046.13		19,046.13
Other Expenses	1,044.29	1,044.29	160.00	884.29
Dial-a-Ride Program:				
Salaries & Wages	937.21	937.21		937.21
Other Expenses	10,029.96	10,029.96	6,904.23	3,125.73
Celebration of Public Events:				0.00
Other Expenses	2,292.64	2,292.64	1,621.26	671.38
Insurance:				
General Liability	47,960.53	47,960.53	4,270.65	43,689.88
Unemployment Insurance	2,000.00	2,000.00		2,000.00
Employee Group Health	110,534.02	110,534.02	100,175.00	10,359.02
State Uniform Construction Code:				
Salaries and Wages	21,200.05	21,200.05		21,200.05
Other Expenses	7,673.39	7,673.39	100.00	7,573.39
Utility Expenses:				
Electricity	28,969.14	28,969.14	28,969.14	
Telephone	12,802.06	12,802.06	8,703.11	4,098.95
Water	4,490.52	4,490.52		4,490.52
Natural Gas	24,417.70	24,417.70	7,013.29	17,404.41
Street Lighting	33,433.79	33,433.79	10,584.71	22,849.08
Gasoline	58,624.53	58,624.53	7,523.74	51,100.79
Accumulated Leave	1,158.07	1,158.07		1,158.07

TOWNSHIP OF PEQUANNOCK CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2018

(Continued)

	Balance Dec. 31, 201	Balance After Modification	Paid or Charged	Balance Lapsed
Public Employees' Retirement System	\$ 67.	\$ 67.34		\$ 67.34
Social Security	11,475.	59 11,475.69		11,475.69
Police Dispatch/911-Salaries & Wages	9,863.	9,863.29		9,863.29
Maintenance of Free Public Library				
Other Expenses	7,700.	7,700.00		7,700.00
Fair Housing Committee:				
Salaries and Wages	8,662.	8,662.76		8,662.76
Other Expenses	2,057.	2,057.15	\$ 1,250.00	807.15
	\$ 1,090,917.	\$ 1,090,917.85	\$ 462,728.17	\$ 628,189.68
Balance December 31, 2017:				
<u>Ref.</u>				
Unencumbered A	\$ 908,280.	20		
Encumbered A	182,637.	55		
	\$ 1,090,917.	35		
		Cash Disbursed	\$ 462,828.17	
		Less Refunds	100.00	
			\$ 462,728.17	

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

	Ref.		
Balance December 31, 2017	A	\$	222,099.00
Increased by:			
Levy - Calendar Year 2018			35,282,014.00
			35,504,113.00
Decreased by:			
Payments to Board of Education			35,367,508.00
Balance December 31, 2018	\mathbf{A}^{-}	\$_	136,605.00

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

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Balance ed Dec. 31, 2018	\$ 626.00	1,027.00	28.55	19,273.40 240.25	13,433.54	33,410.00		817.99	5,792.85 6,389.15	2,500.00	818.32	4,295.00	1,500.00		23,845.01	1,267.00		15,000.00	2,435.84		363.16	2,922.00 64.00	2,922.00 310.00
Expended				\$ 19,27	25,893.46			81	5,79	2,50	81	4,29			98,812.99							2,92	2,92
Prior Year Encumbrances Canceled			\$ 28.55																				
Transfer from Current Fund Budget						\$ 33,410.00			12,182.00	2,500.00		4,295.00			122,658.00								3,232.00
Balance Dec. 31, 2017	\$ 626.00	1,027.00		19,513.65	39,327.00			817.99			818.32		1,500.00	Act:		1,267.00		15,000.00	2,435.84		363.16	2,986.00	
	Municipal Alcohol Education and Rehabilitation Grant: 2016	2017	Clean Communities Program: 2015	2016	2017	2018	Municipal Alliance on Alcoholism and Drug Abuse:	2017	2018	2018 Supplemental	2017 Local Match	2018 Local Match	NACCHO Grant	NJ Senior Citizen and Disabled Residents Transportation Assistance Act:	2018	2010	NJ Highlands Protection Grant:	Initial Assessment	Plan Performance	NJ Body Armor Replacement Fund:	2016	2017	2018

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

		Transfer from	Prior Year		
	Balance	Current Fund	Encumbrances		Balance
	Dec. 31, 2017	Budget	Canceled	Expended	Dec. 31, 2018
NJ Department of Transportation Trust Fund:					
Mountain Ave 2016	\$ 189,750.00			\$ 189,750.00	
Mountain Ave 2017	175,000.00			175,000.00	
Hillview/Beaverbrook 2018		\$ 227,500.00			\$ 227,500.00
NJ Department of Environmental Protection:					
River 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	
2016	2,000.00			1,408.19	591.81
Cablevision - Public Access Equipment Grant:					
2016	4,900.00				4,900.00
2017	2,450.00				2,450.00
2018		2,450.00			2,450.00
Atlantic Health System - Mental Health First Responders	6,859.00			2,075.20	4,783.80
Morris County Historic Preservation - Martin Berry House	65,000.00			61,094.61	3,905.39
Recreation Trail Program:					
2015	1,101.29				1,101.29
2016	1,060.99			832.16	228.83
Local Match 2016	3,582.00				3,582.00
Smart Growth Planning - Local Match	750.00				750.00
Tobacco Age of Sale Enforcement Program Enforcement:					
2012	207.00				207.00
2011	811.70				811.70
2010	2,820.00				2,820.00
2009	2,498.32				2,498.32

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

	Balance	Transfer from Current Fund	Prior Year Encumbrances		Balance
	Dec. 31, 2017	Budget	Canceled	Expended	Dec. 31, 2018
NJ Forestry Management Grant	\$ 3,000.00				\$ 3,000.00
Drunk Driving Enforcement:					
	7,217.92				7,217.92
	00.986,9				6,986.00
	5,997.00				5,997.00
		\$ 5,750.00			5,750.00
MC Historic Preservation Trust - 2008					
	1,912.00				1,912.00
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over	5,000.00				5,000.00
Over the Limit, Under Arrest	8,035.00				8,035.00
New Jersey League of Municipalities Education Foundation:					
	98.47				98.47
	1,000.00				1,000.00
	\$ 616,008.20 Ref. A	\$ 413,977.00	\$ 28.55	\$ 595,208.17	\$ 434,805.58 A
Federal and State Grant Funds Local Matching Funds		\$ 409,682.00 4,295.00			
		\$ 413,977.00			

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

Balance Dec. 31, 2018	\$ 65.22 5,073.32 0.68 31,961.92 0.74 11,571.17 820.00	\$ 49,493.05 A
Transferred to Budget Revenue	\$ 5,750.00 3,232.00 33,410.00	\$ 44,842.00
Cash Received	\$ 5,071.54 31,960.64 11,571.17	\$ 48,603.35
Balance Dec. 31, 2017	\$ 65.22 5,751.78 3,232.68 33,411.28 0.74 820.00	\$ 45,731.70 A
		Ref.
	Municipal Alcohol Education and Rehabilitation Program Drunk Driving Enforcement Fund NJ Body Armor Replacement Fund Clean Communities Program NJ Highway Safety - Police NJ Division of Forestry - Forestry Management Plan NACCHO Grant Cablevision - Public Access Equipment Grant	

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 TRUST FUNDS

TOWNSHIP OF PEQUANNOCK TRUST FUNDS SCHEDULE OF CASH - TREASURER

	Ref.	 Animal Co	ontrol	Fund		Other T	rust Funds
Balance December 31, 2017	В		\$	13,530.67			\$2,131,270.84
Increased by Receipts:							
Animal Control Collector		\$ 28,641.60					
Cat License Fees		6,549.00					
Late and Replacement Fees		1,612.00					
State Registration Fees		2,018.40					
Prepaid License Fees:							
Dog License Fees		8,673.60					
Cat License Fees		1,744.00					
State Registration Fees		536.40					
Donations/Other		6,686.83					
Interest Earned							
Budget Appropriation		25,000.00					
Developers Deposits - Escrow					\$	61,708.76	
Developers Deposits - Affordable Housing						692.57	
Fire Safety						64.02	
Payroll Section 125 Trust						6,969.73	
Unemployment Compensation Insurance						23,790.89	
Due to Interlocal Towns						79,830.00	
Due to Current Fund - Interest		72.36				2,087.21	
Due to Current Fund		30.00				63,788.25	
Due to General Capital Fund - FEMA Elevation Escrow					2,	409,492.65	
Due to Sewer Capital Fund - FEMA Elevation Escrow		,				500,000.00	
Reserve for Refundable Permits						3,500.00	
Reserve for Group Health Insurance					3,	491,049.37	
Reserve for Parking Offenses Adjudication Act						14.00	
Reserve for Premium on Tax Sale						205,100.00	
Reserve for Public Defender						35,826.50	
Reserve for Insurance Refunds						51,681.25	
				81,564.19	-		6,935,595.20
				95,094.86			9,066,866.04

$\frac{\text{TOWNSHIP OF PEQUANNOCK}}{\text{TRUST FUNDS}} \\ \underline{\text{SCHEDULE OF CASH - TREASURER}}$

	Ref.	Animal Co	ontro	l Fund		Other Tr	rust Funds
Decreased by Disbursements:							
Animal Control Expenditures		\$ 70,981.70					
Due State of New Jersey		2,259.00					
Due Current Fund - Interest		60.08			\$	528.01	
Due Current Fund						63.17	
Due to General Capital Fund - FEMA Elevation Escrow						30,000.00	
Animal Shelter						17,693.50	
Developers Deposits - Escrow						58,169.61	
Fire Safety						3,500.00	
Payroll Section 125 Trust						6,840.51	
Unemployment Compensation Insurance						23,767.54	
Due to Interlocal Towns						84,145.00	
Reserve for Refundable Permits						2,900.00	
Reserve for Group Health Insurance					3,	755,706.91	
Reserve for Premium on Tax Sale						130,500.00	
Reserve for Public Defender						23,821.00	
Reserve for Accrued Leave						8,378.90	
Reserve for Insurance Refunds						41,694.42	
Reserve for FEMA Elevation Escrow					1,9	916,910.65	
				73,300.78			\$6,104,619.22
Balance December 31, 2018	В		_\$_	21,794.08			\$2,962,246.82

TOWNSHIP OF PEQUANNOCK TRUST FUNDS SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	 Open Space	Trus	t Fund
Balance December 31, 2017	В		\$	73,081.43
Increased by Receipts:				
Interest Earned		\$ 333.46		
Open Space Levy		144,387.21		
Other Deposits		5,922.50		
				150,643.17
				223,724.60
Decreased by Disbursements:				
Open Space Trust Reserve Expenditures				21,037.10
Balance December 31, 2018	В		\$	223,724.60

TOWNSHIP OF PEQUANNOCK ASSESSMENT TRUST FUND ANALYSIS OF CASH YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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

	Ref.		
Balance December 3·1, 2017	В		\$ 2,160.67
Increased by:			
Dog License Fees Collected		\$ 28,641.60	
Cat License Fees Collected		6,549.00	
Prior Year Prepaid Licenses:			
Dog License Fees Collected		8,715.20	
Cat License Fees Collected		2,137.00	
Late and Replacement Fees		1,612.00	
Donations/Other		6,686.83	
Budget Appropriations 2018		25,000.00	
			79,341.63
			81,502.30
Decreased by:			
Expenditures Under R.S. 4:19-15.11			70,981.70
Balance December 31, 2018	В		\$ 10,520.60

License Fees Collected

<u>Year</u>	****	Amount
2016	\$	47,032.80
2017		39,185.60
Maximum Allowable Reserve	_\$_	86,218.40

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 GENERAL CAPITAL FUND

TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND SCHEDULE OF CASH

Ref.

Balance December 31, 2017	C		\$	3,458,930.50
Increased by Receipts:				
Current Fund Appropriations:				
Capital Improvement Fund		\$ 975,000.00		
Deferred Charges to Future Taxation - Unfunded		194,895.00		
Bond Anticipation Notes		366,813.00		
Reserve for:				
DPW Equipment		120,000.00		
Data Processing /Office Equipment		20,000.00		
Road Resurfacing		325,000.00		
Vehicle Replacement		140,000.00		
Fire Apparatus		225,000.00		
Bond Anticipation Notes		3,500,000.00		
Fund Balance:				
Premium on Bond Anticipation Notes Issued		40,110.00		
Due to Current Fund:				
Interest on Investments and Deposits		13,396.08		
Improvement Authorization Refunds		555.00		
•				5,920,769.08
				9,379,699.58
Decreased by Disbursements:				
Bond Anticipation Notes Matured		2,500,000.00		
Improvement Authorization Expenditures		1,398,533.09		
Reserve for Encumbrances		976,376.51		
Due to Current Fund:				
Interest on Investments and Deposits		11,972.12		
Due from Other Trust Fund		2,379,492.65		
				7,266,374.37
Balance December 31, 2018	C		_\$	2,113,325.21

\$ 3,458,930.50 \$ 2,366,708.00 \$ 3,500,000.00 \$ 53,506.08 \$ 1,397,978.09 \$ 2,500,000.00 \$ 3,367,841.28 \$ 6,963,900.95 \$ 6,963,900.95 \$ 2,113,325.21

TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND ANALYSIS OF CASH

 \mathcal{E}_{3}

			Receipts			Disbursements				
	Balance (Deficit)	Budoet	Bond		Improvement	Bond		Transfers	ers	Balance (Deficit)
	Dec. 31, 2017	Appropriation	Notes	Miscellaneous	Authorizations	Notes	Miscellaneous	From	To	Dec. 31, 2018
Fund Balance	\$ 195,331.28			\$ 40,110.00				\$ 190,000.00		\$ 45,441.28
Capital Improvement Fund Due Current Fund	103,000.00	\$ 975,000.00		13,396.08			\$ 11,972.12	1,595,000.00	351,000.00	36,000.00 9,294.97
Due Open Space Trust Fund							2 370 407 65	17,143.00		(17,143.00)
Due Escrow Irust Fund Due Recreation Hility Oneratino Fund	(00 000 08)						6,515,472.05			(80,000,00)
FEMA Grant Receivables	(4,955,059.00)									(4,955,059.00)
Reserve for:										
Encumbrances	1,010,684.01						976,376.51	5,465.00	659,891.97	688,734.47
DPW Equipment	95,500.00	120,000.00						155,000.00		60,500.00
Data Processing /Office Equipment	42,000.00	20,000.00						27,000.00		35,000.00
Koad Kesurtacing	5,000.00	325,000.00						310,000.00		20,000.00
Fire Apparatus	120,021,00	225,000.00								225,000.00
Flood Control Improvements	168,000.00									168,000.00
Payment of Debt Service	1,588,246.47							133,187.00	3,500,000.24	4,955,059.71
Ord.										
Number Improvement Description										
2006-11 Varions Canital/Streetscane & Sidewalks	(571 021 60)	10 000 00								(561 021 60)
	(345,000,00)	11 500 00								(222,500.00)
	(156 500 00)	11,000.00								(156.500.00)
	140.13									140.13
	9,105.03									9,105.03
	125,551.31				\$ (5,187.67)			24,205.86		106,533.12
	(173,394.76)	173,395.00						0.24		:
2013-09 Various Capital Projects	60,587.46				9,375.99					51,211.47
	10,533.02				(20,527.90)			4 411 01		79 377 75
	56.156.26				19,072,10			3.277.81	5 265 00	39.071.35
	37,315.96				11,593.89			3,766.73		21,955.34
2016-08 Various Capital Projects	95,347.11				50,243.62			22.00		45,081.49
	54,984.06				11,469.29			8,644.23		34,870.54
	5,203,330.01	366,813.00	\$ 3,500,000.00		261,419.54	\$ 2,500,000.00		3,504,800.00	133,187.00	2,937,110.47
	387,000.02				85,617.61			42,730.00	200.00	258,852.41
	294,142.25				202,273.78			25,838.52		66,029.95
					18,696.89			2,844.72		(21,541.61)
					92,205.30			613,581.59	1,042,000.00	336,213.11
•					510,461.91			267,230.74	868,000.00	90,307.35
2018-22 Iown Hall Building Improvements					10/,250.00			44,950.00	351,000.00	198,800.00
2018-25 Vorious Conitol Improvements					17 216 38			802.30	36 213 74	10,340.30
					20,213.0				10,517.71	

C-4

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

							FEMA Grants				
					Notes Paid by	aid by	Transferred to		Analysi	Analysis of Balance Dec. 31, 2018	11, 2018
				Funded by		Reserve for	Reserve for		Bond		Unexpended
Ordinance	Ð	Balance	2018	Budget	Budget	Payment of	Payment of	Balance	Anticipation		Improvement
Number	Improvement Description	Dec. 31, 2017	Authorizations	Appropriation	Appropriation	Debt Service	Debt Service	Dec. 31, 2018	Notes	Expenditures	Authorizations
2006-11	Various Capital/Streetscape & Sidewalks	\$ 590,000.00		\$ 10,000.00				\$ 580,000.00		\$ 561,021.60	\$ 18,978.40
2008-35	, ,,	156,500.00		00:00:11				156,500.00		156,500.00	
2011-26	FEMA SRL Grant Flood Acquisitions FFMA HMGP Flood Acquisitions	500,000.00		173 394 76	\$ 366,813.00	\$ 133,187.00					
2017-05		2,000,000.00					\$ 3,500,000.00	5,500,000.00	\$ 3,500,000.00		2,000,000.00
2018-08	_		\$ 5,001,492.00					5,001,492.00		21,541.61	4,979,950.39
2018-24	Rehabilitation of the Martin Berry House		342,857.00					342,857.00			342,857.00
		\$ 3,764,894.76	\$ 3,764,894.76 \$ 5,344,349.00	\$ 194,894.76	\$ 366,813.00	\$ 133,187.00	\$ 3,500,000.00	\$ 11,914,349.00		\$ 1,072,563.21	\$ 7,341,785.79
	Ref.	C						ک ا			
							Analysis of Unexp	Analysis of Unexpended Improvement Authorizations:	Authorizations:		36 308 36 01 3
							I ess: Unexner	Jovennent Administrations - Ontuinded Less: Thexpended Proceeds of Bond Apticipation Notes Issued:	ed nd Anticination Not	es Issned.	07:060,077.0
							Ordinance	Ordinance 2017-05 FEMA FMA Flood Elevations	A Flood Elevations		2,937,110.47
											\$ 7,341,785.79

TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

						2018 Authorizations							
						Deferred							
						Charges to					Canceled to		
		:	-		Funded by	Future			Encumbrances	£	Capital	-	0100
Improvement Description	Date	Ordinance	Funded	c. 31, 201/ Unfunded	Various	I axation- Unfunded	Reappropriated	iated	Canceled	raid or Charged	Improvement Fund	Funded Unfund	C. 31, 2018 Unfunded
Various Capital/Streetscape & Sidewalks	05/23/06	\$ 643,000.00		\$ 18,978.40									\$ 18,978.40
Park Improvements	12/22/09	72,419.00	\$ 140.13									\$ 140.13	
Various Capital Projects	08/24/10	620,000.00	9,105.03									9,105.03	
Various Capital Projects	06/12/12	589,000,00	125,551.31				\$ (24,2)	(24,205.86)		\$ (5,187.67)		106,533.12	
Various Capital Projects	05/28/13	232,000.00	60,587.46							9,375.99		51,211.47	
Park and Ballfield Improvements	06/11/13	261,000.00	10,533.62							7,800.00		2,733.62	
Equipment & Vehicles	07/22/14	1,137,000.00	63,255.87				(4,4	(4,411.01)		(20,527.90)		79,372.76	
Various Capital Projects	05/26/15	537,000.00	56,156.26				(1,5	(1,547.81) \$	5,265.00	20,802.10		39,071.35	
Equipment & Vehicles	05/26/15	801,000.00	37,315.96				(3,7	(3,766.73)		11,593.89		21,955.34	
Various Capital Projects	05/24/16	575,000.00	95,347.11							50,265.62		45,081.49	
Various Capital Projects	05/24/16	613,000.00	54,984.06				(2,2)	(2,282.33)		17,831.19		34,870.54	
FEMA FMA Grant-Flood Elevations	05/23/17	5,500,000.00	2,955,059.00	2,248,271.01						266,219.54			4,937,110.47
Various Capital Projects/CIF Parks	05/23/17	90.000,099	387,000.02						200.00	128,347.61		258,852.41	
Equipment & Vehicles	05/23/17	1,070,000.00	294,142.25							228,112.30		66,029.95	
Elevation of Flood Prone Homes	05/08/18	5,001,492.00				\$ 5,001,492.00				21,541.61			4,979,950.39
Various Capital Improvements	06/26/18	1,042,000.00			\$ 1,042,000.00					354,786.89	\$ 351,000.00	336,213.11	
Various Capital Improvements	06/26/18	868 000 00			868 000 00					777 692 65		90 307 35	
Town Hall Building Improvements	09/25/18	351 000 00			351 000 00					152,200,00		198 800 00	
Rehabilitation of the Martin Berry House	11/27/18	360 000 00			17 143 00	342,857,00				802.50		16 340 50	342 857 00
Various Capital Improvements	11/27/18	36.213.74					36.2	36.213.74		36.213.74			
			\$ 4,149,178.08	\$ 2,267,249.41	\$ 2,278,143.00	\$ 5,344,349.00	٠	-0-	5,465.00	\$ 2,057,870.06	\$ 351,000.00	\$ 1,356,618.17	\$ 10,278,896.26
		Ref.	၁	O								2	2
			Capital Improvement Fund	nt Fund	\$ 1,393,000.00								
			Due from Open Space Trust Fund	ce sce Trust Fund	17,143.00								
			Reserve for:										
			DPW Equipment	ut	155,000.00								
			Data Processin	Data Processing/Office Equipment	27,000.00								
			Koad Kesurtacing	ng	310,000.00								
			venicie Nepiac		\$ 2,278,143.00								
										1 200 523 000			
			Cash Disbursed							\$ 1,398,533.09			
			Current Year Encumbrances	nbrances						2.058.425.06			
			Less: Refunds							555.00			
										\$ 2,057,870.06			

2006-11 2009-28 2010-18 2013-09 2013-12 2014-16 2015-05 2015-06 2016-09 2016-09 2017-09 2017-09 2018-08 2018-10

TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2017	C		\$ 103,000.00
Increased By:			
Current Fund Budget Appropriation		\$ 975,000.00	
Improvement Authorizations Canceled		351,000.00	
			1,326,000.00
			 1,429,000.00
Decreased By:			
Appropriated to Finance Improvement Authorizations			1,393,000.00
Balance December 31, 2018	C		\$ 36,000.00

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

	Balance Dec. 31, 2018		\$ 2,000,000.00 1,500,000.00	\$ 3,500,000.00	Ü			
	Matured	\$ 500,000.00	2,000,000.00	\$ 2,500,000.00		\$ 2,000,000.00	366,813.00 133,187.00	\$ 2,500,000.00
	Issued		\$ 2,000,000.00 1,500,000.00	\$ 3,500,000.00		\$ 2,000,000.00	1,000,000	\$ 3,500,000.00
	Balance Dec. 31, 2017	\$ 500,000.00	2,000,000.00	\$ 2,500,000.00	Ü		Paid by Budget Appropriation Paid by Reserve for Payment of Debt Service	
	Interest Rate	2.25%	2.25% 3.00% 3.00%		Ref.	· .	et Appropriat ve for Payme	
	Maturity	07/20/18	07/20/18 07/19/19 07/19/19			Renewals	Paid by Reserve for Payment or	
Date of	Issue	07/20/17	07/20/17 07/19/18 07/19/18					
	Original Issue	07/25/13	07/20/17 07/20/17 07/19/18					
	Improvement Description	FEMA - SRL Acquisition Grant	FEMA FMA Grant-Flood Elevations					
	Ordinance Number	2011-26	2017-05					

TOWNSHIP OF PEQUANNOCK GENERAL CAPITAL FUND SCHEDULE OF SERIAL BONDS PAYABLE YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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

Balance Dec. 31, 2018	\$ 580,000.00 333,500.00 156,500.00 2,000,000.00 5,001,492.00 342,857.00	\$ 8,414,349.00
Fransferred to Reserve for Payment of Debt Service	0.24	0.24
FEMA Grants Transferred to Reserve for Payment of Debt Service	\$ 3,500,000.00	\$ 3,500,000.00
Funded by Budget Appropriation	\$ 10,000.00 11,500.00 173,395.00	\$ 194,895.00
Bond Anticipation Notes Issued	\$ 1,500,000.00	\$ 1,500,000.00
2018 Authorizations	\$ 5,001,492.00	\$ 5,344,349.00
Balance Dec. 31, 2017	\$ 590,000.00 345,000.00 156,500.00 173,394.76	\$ 1,264,894.76
Improvement Description	Various Capital/Streetscape & Sidewalks Greenview Park Plan Sanitary Sewer Extension FEMA HMGP Flood Acquisitions FEMA FMA Grant-Flood Elevations Elevation of Flood Prone Homes Rehabilitation of the Martin Berry House	
Ordinance Number	2006-11 2008-25 2008-35 2012-18 2017-05 2018-08	

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2018
WATER UTILITY FUND

TOWNSHIP OF PEQUANNOCK WATER UTILITY FUND SCHEDULE OF CASH - TREASURER

	Ref.	Oper	rating	Capital			
Balance December 31, 2017	D		\$ 435,773.81		\$ 3,130,589.40		
Increased by Receipts:							
Consumer Accounts Receivable		\$ 2,379,110.15					
Miscellaneous Revenue		25,881.38					
Interest on Investments		7,490.91					
Appropriation Refunds		8,218.64					
Fund Balance - Premium on Note Sale				\$ 69,447.60			
Bond Anticipation Notes				6,060,000.00			
Due Solid Waste Utility Fund				163,372.70			
Due Water Utility Operating Fund:							
Interest Earned		192.70		5,516.09			
Due Water Utility Capital Fund							
Interfund Returned		13,111.23					
Fund Balance Anticipated		40,000.00					
Due Sewer Utility Operating Fund		120,267.19					
Due Current Fund				326,574.48			
Bond Anticipation Notes Paydown				30,000.00			
Improvement Authorization Refund				1,500.00			
•			2,594,272.20		6,656,410.87		
			3,030,046.01		9,787,000.27		
Decreased by Disbursements:							
2018 Appropriation Expenditures		2,208,018.00					
2017 Appropriation Reserves		127,113.50					
Accrued Interest on Notes		92,055.53					
Due Water Utility Operating Fund:							
Interfund Returned				13,111.23			
Interest on Investments				5,323.39			
Fund Balance Anticipated				40,000.00			
Due Solid Waste Utility Fund				263,372.70			
Due Current Fund		58.50					
Refund of Prior Year Revenue		2,922.21					
Improvement Authorization Expenditures				3,229,078.18			
Bond Anticipation Notes				6,090,000.00			
<u>-</u>			2,430,167.74		9,640,885.50		
Balance December 31, 2018	D		\$ 599,878.27		\$ 146,114.77		

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

	Balance/ (Deficit)	To Dec. 31, 2018	\$ 25,019.74		69,512.71 69,512.71	326,574.48	40,000.00 192.70				154.82	(300,000.00)		(147,030.13)			601,150.61 (2,270,000.00)	(28,464.33)	30,147.10 1,401.37	168,965.20 228.34	1,690,143.94 2,533,827.07	11,250.00 (208,874.39)	48,000.00 15,822.39	2,659,169.56 \$ 146,114,77
Transfers		From	\$ 88,000.00	11,250.00	2,490,406.85 \$														4,700.00		58,653.81		6,158.90	\$ 2,659,169.56 \$
		Miscellaneous					\$ 58,434.62	263,372.70																\$ 321,807.32
Disbursements	Improvement	Authorizations												\$ 2,000.00			601,150.61		65,130.40	169,771.66	2,144,882.41	220,124.39	26,018.71	\$ 3,229,078.18
	Bond Anticipation	Notes											\$ 700,000.00		390,000.00	140,000.00					4,860,000.00			00.000,060,9
		Miscellaneous	\$ 69,447.60			326,574.48	5,516.09	163,372.70													1,500.00			\$ 566,410.87
Receipts	Bond Anticipation	Notes											\$ 700,000.00		360,000.00	140,000.00					4,860,000.00			\$ 6,060,000.00
	2018 Budget	Appropriation													\$ 30,000.00									\$ 30,000.00
	Balance/ (Deficit)	Dec. 31, 2017	\$ 43,572.14	139,000.00	2,490,406.85		13,111.23	100,000.00			154.82	(300,000.00)		(145,030.13)			(2,270,000.00)	(28,464.33)	41,084.67	1,034.80	3,045,719.35			\$ 3,130,589.40
			Fund Balance	Capital Improvement Fund	Contracts Payable	Due to/(from) Claims Fund	Due to/(from) Water Utility Operating Fund	Dueto/(from) Solid Waste Utility Capital Fund	Ord.	No. General Improvements	2000-14 Develop New Water Wells	2003-18 AMR Phase 3	2007-13 Water Tank Construction	2007-14 Water Blending Facility	2009-15 Village Area Water Mains	2013-19 Water Mains	2014-18 Elevated Water Tank	2014-29 West Sunset Water Main	2016-14 Water System Improvement / SCADA	2017-10 Purchase Dump Truck	2017-14 Water Tank & Mains	2018-18 Water Utility Infrastructure Improvements	2018-19 Various Water Improvements	

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

	Ref.	
Balance December 31, 2017	D	\$ 553,072.81
Increased by: Water Rents Levied		2,332,117.27 2,885,190.08
Decreased by: Water Collections		2,379,110.15
Balance December 31, 2018	D	\$ 506,079.93

TOWNSHIP OF PEQUANNOCK WATER UTILITY CAPITAL FUND SCHEDULE OF FIXED CAPITAL

			Additi				
	Balance	•	Budget	 Capital	Balance Dec. 31, 2018		
	Dec. 31, 2017	C	apital Outlay	 Ordinance			
Reserve for Amortization	\$ 57,442.00				\$	57,442.00	
Distribution Mains and Accessories	2,310,530.00					2,310,530.00	
House Service	286,997.00					286,997.00	
Meters	1,058,584.58	\$	35,528.01			1,094,112.59	
Hydrants	125,033.44		14,999.35			140,032.79	
General Equipment- Trucks	787,322.00		52,433.90			839,755.90	
Office Furniture and Equipment	75,632.33					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	
Water Blending Facility	2,170,000.00			\$ 2,000.00		2,172,000.00	
West Sunset Water Main	28,464.33					28,464.33	
Elevated Water Tank				2,170,000.00		2,170,000.00	
New Water Tank Construction	1,925.00			1,085,034.85		1,086,959.85	
	\$ 11,602,717.14	\$	102,961.26	\$ 3,257,034.85	\$	14,962,713.25	
	D					D	
	Appropriation Reserves	\$	82,038.85				
	Current Budget	Ψ	20,922.41				
	Carront Budget						
		\$	102,961.26				

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

				Transferred	
	Ord.	Balance	2018	to Fixed	Balance
Improvement Description	No.	Dec. 31, 2017	Authorizations	Capital	Dec. 31, 2018
Develop New Water Wells	2000-14	\$ 154.82			\$ 154.82
Water Tank Construction	2007-13	1,085,034.85		\$ 1,085,034.85	
Water Blending Facility	2007-14	4,969.87		2,000.00	2,969.87
Elevated Water Tank	2014-18	2,170,000.00		2,170,000.00	
West Sunset Water Main	2014-29	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
Water Utility Infrastructure Improvements	2018-18		\$ 225,000.00		225,000.00
Various Water Improvements	2018-19		48,000.00		48,000.00
		\$ 9,442,695.21	\$ 273,000.00	\$ 3,257,034.85	\$ 6,458,660.36
	Ref.	D			D

TOWNSHIP OF PEQUANNOCK WATER UTILITY OPERATING FUND SCHEDULE OF 2017 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2018

		D	Balance ec. 31, 2017		alance After Iodification	Paid or Charged	Balance Lapsed		
Operating:					The Control of the Co				
Salaries and Wages		\$	40,078.24	\$	40,078.24		\$	40,078.24	
Other Expenses			54,460.37		54,460.37	\$ 45,074.65		9,385.72	
Capital Improvements:									
Capital Outlay			92,059.16		92,059.16	82,038.85		10,020.31	
Statutory Expenditures:									
Contribution to:									
Public Employees Retiren	Public Employees Retirement System				1.00			1.00	
Paid time off (PTO) back			13,000.00		13,000.00			13,000.00	
		\$	199,598.77	\$	199,598.77	\$ 127,113.50	\$	72,485.27	
Analysis of Balance December 3	5 <u>1, 2017</u> <u>Ref.</u>								
Encumbered	D	\$	79,054.82						
Unencumbered	D		120,543.95						
		\$	199,598.77						

TOWNSHIP OF PEQUANNOCK
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Balance	Dec. 31, 2018	Unfunded		\$ 2,969.87	281.535.67				3,233,827.07		4,875.61		\$ 3,523,208.22	Q						
	B,	Dec.	Funded	\$ 154.82				1,401.37	228.34				15,822.39	\$ 17,606.92	Q						
	Contracts	Payable	Returned			\$ 601,130.61		30,147.10	168,965.20	1,690,143.94				\$ 2,490,406.85							
		Paid or	Charged		\$ 2,000.00	001,130.01		69,830.40	169,771.66	2,202,036.22		220,124.39	32,177.61	\$ 3,297,090.89					\$ 3,229,078.18 69,512.71	(1,500.00)	\$ 3,297,090.89
2018 Authorizations	Deferred Charges to	Future	Revenue									\$ 213,750.00		\$ 213,750.00							
2018 Aut	Funded by	Various	Sources								4	\$ 11,250.00	48,000.00	\$ 59,250.00			48,000.00	\$ 59,250.00			
	Balance	Dec. 31, 2017	Unfunded		\$ 4,969.87	281.535.67				3,568,300.30				\$ 3,854,805.84	Q	т Ц	int rund ice		- -	Ketund	
	Bal	Dec. 3	Funded	\$ 154.82				41,084.67	1,034.80	177,419.05				\$ 219,693.34	Q	-	Capital Improvement rund Capital Fund Balance		Cash Disbursed Contracts Payable	Less Appropriation Ketund	
		Ordinance	Amount	\$ 185,000.00	2,030,000.00	310.000.00		171,000.00	170,000.00	5,560,000.00		225,000.00	83,000.00		Ref.						
			Improvement Description	Develop New Water Wells	Water Blending Facility	Elevated water Tank West Sunset Water Main	Water System Improvement/	SCADA	Purchase Dump Truck	Water Tank & Mains	water Utility Infrastructure	Improvements Various Capital Improvements	and Acquisitions								
		Ord.	No.	2000-14	2007-14	2014-18	2016-14		2017-10	2017-14	81-8107	2018-19									

TOWNSHIP OF PEQUANNOCK WATER UTILITY FUND SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2017	D	\$ 139,000.00
Decreased by: Appropriated to Finance Improvement Authorizations		 11,250.00
Balance December 31, 2018	D	\$ 127,750.00

TOWNSHIP OF PEQUANNOCK WATER UTILITY FUND SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.		
Balance December 31, 2017	D		\$ 8,599,257.53
Increased by: Transfer from Deferred Reserve for Amortization Bond Anticipation Note Paydown from Budget Capital Outlay Expenditures	-	\$ 2,282,030.13 30,000.00 102,961.26	
			2,414,991.39
Balance December 31, 2018	D		\$ 11,014,248.92

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

Ord. No.	Improvement Description]	Balance Dec. 31, 2017	Aı	2018 athorizations	Fransferred to Reserve for Amortization	D	Balance ec. 31, 2018
2000-14	Develop New Water Wells	\$	154.82				\$	154.82
2007-13	Water Tank Construction		405,000.00			\$ 405,000.00		
2007-14	Water Blending Facility		1,880,000.00			1,877,030.13		2,969.87
2016-14	Water System Improvements		171,000.00					171,000.00
2017-10	Purchase Dump Truck		170,000.00					170,000.00
2018-18	Water Utility Infrastructure Improvements			\$	11,250.00			11,250.00
2018-19	Various Capital Improvements and Acquisitions	-			48,000.00			48,000.00
		\$	2,626,154.82		59,250.00	\$ 2,282,030.13		403,374.69
			D					D

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

		Ori	Original Note							
Ord No.	Improvement Description	Date of Issue	Amount	Date	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Issued	Matured	Balance Dec. 31, 2018
					G		(1)			
2009-15	Village Area Water Mains	7/29/10	\$ 1,300,000.00	7/21/17 7/19/18	7/20/18	2.25% 3.00%	\$ 390,000.00	\$ 360,000.00	390,000.00	\$ 360,000.00
2007-13	Water Tank Construction	7/21/17	700,000.00	7/21/17	7/20/18 7/19/19	2.25% 3.00%	700,000.00	700,000.00	700,000.00	700,000.00
2013-19	2013-19 Water Mains	7/21/17	140,000.00	7/21/17	7/20/18 7/19/19	2.25% 3.00%	140,000.00	140,000.00	140,000.00	140,000.00
2017-14	Water Tank & Transmission Mains	12/19/17	5,560,000.00	12/19/17	7/20/18 7/19/19	2.25% 3.00%	4,860,000.00	4,860,000.00	4,860,000.00	4,860,000.00
							\$ 6,090,000.00	\$ 6,060,000.00	\$ 6,090,000.00	\$ 6,060,000.00
						Ref.	Q			D
					Renewals Paid by Oper	Renewals Paid by Operating Budget		\$ 6,060,000.00	\$ 6,060,000.00 30,000.00 \$ 6,090,000.00	

TOWNSHIP OF PEQUANNOCK WATER UTILITY CAPITAL FUND SCHEDULE OF SERIAL BONDS PAYABLE YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF PEQUANNOCK

WATER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

		Balance	Dec. 31, 2018	\$ 300,000.00		150,000.00		2,270,000.00	310,000.00	700,000.00	213,750.00	\$ 3,943,750.00
Bond	Anticipation	Notes	Redeemed		\$ 700,000.00		140,000.00	390,000.00		4,860,000.00		\$ 6,090,000.00
Bond	Anticipation	Notes	Issued		\$ 700,000.00		140,000.00	360,000.00		4,860,000.00		\$ 6,060,000.00
	Funded by	Budget	Appropriation					\$ 30,000.00				\$ 30,000.00
	2018	Improvement	Authorizations								\$ 213,750.00	\$ 213,750.00
		Balance	Dec. 31, 2017	\$ 300,000.00		150,000.00		2,270,000.00	310,000.00	700,000.00		\$ 3,730,000.00
			Improvement Description	AMR Phase 3	Water Tank Construction	Water Blending Facility	Water Mains	Elevated Water Tank	West Sunset Water Main	Water Tank & Mains	Water Utility Infrastructure Improvements	
		Ord.	No.	2003-18	2007-13	2007-14	2013-19	2014-18	2014-29	2017-14	2018-18	

TOWNSHIP OF PEQUANNOCK COUNTY OF MORRIS 2018 SEWER UTILITY FUND

TOWNSHIP OF PEQUANNOCK SEWER UTILITY FUNDS SCHEDULE OF CASH - TREASURER

	Ref.	Operating	g	Assessment Trust		Capital	
Balance December 31, 2017	Ш	€	798,500.91	\$ 365	365,517.78	€\$	\$ 4,264,368.02
Increased by Receipts:							
Sewer Utility Collector		\$ 3,003,921.92					
Miscellaneous Sewer Fees		133,146.77					
Interest on Investments		9,885.54					
Interest on Sewer Assessments		20,454.80					
Sewer Assessment Collections				\$ 1,008,534.90			
Due Current Fund				14,374.29			
Due Water Utility Operating Fund		2,405,312.83					
Due Sewer Utility Operating Fund:							
Interest on Investments				1,519.06	\$	3,926.76	
Due Sewer Utility Assessment Trust Fund:							
Prior Interfund Returned		26.38					
Fund Balance Anticipated		700,000.00					
Due Sewer Utility Capital Fund:							
Fund Balance Anticipated		49,000.00					
Reserve to Pay Debt Service Anticipated		520,249.99					
Interfund Returned		468,653.66					
Due Solid Waste Utility Operating Fund		1,727,712.65					
			9,038,364.54	1,024	1,024,428.25		3,926.76
			9,836,865.45	1,389	1,389,946.03		4,268,294.78

TOWNSHIP OF PEQUANNOCK SEWER UTILITY FUNDS SCHEDULE OF CASH - TREASURER

Capital															\$ 1,787,036.30	\$ 2,481,258.48
				245,461.30				500,000.00		3,671.35	468,653.66	49,000.00	520,249.99			
				S											1 <u>12</u>	52
rust															701,426.81	688,519.22
Assessment Trust										1,426.81		700,000.00			\$	€
A										\$ 1,4		700,0				
															9,115,794.80	721,070.65
Operating			_,			-	20							10	\$ 9,1	\$ 7.
O	\$ 3.648.266.68	25,770.03	857,962.52		22,274.61	2,525,580.02	650.58							2,035,290.36		
Ref.																団
	Decreased by Disbursements: 2018 Budget Appropriations	2017 Appropriation Reserves	Accrued Interest on Bonds	Improvement Authorizations	Due Current Fund	Due Water Utility Operating Fund	Refund of Prior Year Revenue	Due Other Trust Fund	Due Sewer Utility Operating Fund:	Interest on Investments	Interfund Returned	Fund Balance Anticipated	Reserve to Pay Debt Service Anticipated	Due Solid Waste Utility Operating Fund		Balance December 31, 2018
	Decrea 2018	2017	Acci	Imp	Due	Due	Refi	Due	Due	In	In	F	R	Due		Balanc

SEWER UTILITY ASSESSMENT TRUST FUND ANALYSIS OF SEWER ASSESSMENT TRUST CASH

E-5

Balance Dec. 31, 2018	\$ 688,400.59	\$ 688.519.22
Disbursements Miscellaneous	\$ 700,000.00	\$ 701,426.81
pts Miscellaneous	\$ 1,519.06 14,374.29	\$ 15.893.35
Receipts Assessments Receivable	\$ 1,008,534.90	\$ 1,008,534.90
Balance/ (Deficit) Dec. 31, 2017	\$ 379,865.69 26.38 (14,374.29)	\$ 365,517.78
	Fund Balance Due from Sewer Utility Operating Fund Due From Current Fund	

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

		Rec	Receipts	Disburs	Disbursements				
	Balance/	Budget		Improvement			Transfers	Sic	Balance/ (Deficit)
	Dec. 31, 2017	Appropriation	Miscellaneous	Authorizations	Miscellaneous	From		To	Dec. 31, 2018
Fund Balance	\$ 114,477.42				\$ 49,000.00	\$ 10,0	10,000.00		\$ 55,477.42
Capital Improvement Fund Due Other Trust Funds	53,685.20				500,000.00				53,685.20 (500,000.00)
Due Sewer Utility Operating Fund	468,653.66		\$ 3,926.76		472,325.01				255.41
Reserve for Encumbrances	8,000.00					8,0	8,000.00	\$ 29,655.00	29,655.00
Reserve to Pay Debt Service	520,249.99				520,249.99				
Ord.									
No. Improvement Description									
2006-14 Purchase TBSA Capacity	(738,508.90)								(738,508.90)
2008-27 Sanitary Sewer Design, Village	311.72								311.72
2008-38 Sewer Extension	286,015.05								286,015.05
2013-13 Purchase Sewer Equipment	17,182.95								17,182.95
2014-02 Village Area Sewers, Amended	(500,000.00)			\$ 50,448.92		20,	20,960.00		(571,408.92)
2016-13 Village Area Sewers	169,726.00			195,012.38				8,000.00	(17,286.38)
2017-01 Route 23 Sewer Extension	3,864,574.93					8,6	8,695.00		3,855,879.93
2018-20 Sewer Utility Improvements							ĺ	10,000.00	10,000.00
	\$ 4,264,368.02	9	\$ 3,926.76	\$ 245,461.30	\$ 1,541,575.00	\$ 47,6	47,655.00	\$ 47,655.00	\$ 2,481,258.48

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

	D	Balance ec. 31, 2017	S	lewer Billings Levied	Collections	D	Balance ec. 31, 2018
Rents Miscellaneous	\$	594,900.55	\$	3,084,770.64 133,146.77	\$ 3,003,921.92 133,146.77	\$	675,749.27
	\$	594,900.55	\$	3,217,917.41	\$ 3,137,068.69	\$	675,749.27
Ret	·	E					E
Miscellaneous Revenue Antici	oated	• •					
Interest on Sewer Rents					\$ 10,139.25		
Sewer Tap/Connection Fees					116,716.63		
Other Sewer Fees					 6,290.89		
					\$ 133,146.77		

TOWNSHIP OF PEQUANNOCK SEWER UTILITY OPERATING FUND SCHEDULE OF SEWER LIENS RECEIVABLE FOR THE YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF PEQUANNOCK SEWER UTILITY ASSESSMENT TRUST FUND SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY UTILITY REVENUE FOR THE YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF PEQUANNOCK SEWER UTILITY ASSESSMENT TRUST FUND SCHEDULE OF UTILITY SHARE OF SEWER ASSESSMENT BONDS ISSUED FOR THE YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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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, 2018

SEWER UTILITY ASSESSMENT TRUST FUND SCHEDULE OF ASSESSMENTS RECEIVABLE

Balance Pledged to Reserve	\$ 80,756.20 581,971.69 6,277,380.14	\$ 6,940,108.03
Balance Dec. 31, 2018	\$ 80,756.20 581,971.69 6,277,380.14	\$ 6,940,108.03
Reinstatement of Assessments Cancelled	\$ 18,681.35	\$ 19,320.52
Collected	\$ 26,685.73 166,429.31 815,419.86	\$ 1,008,534.90
Confirmed in 2018 Reserve for Assessments	\$ 7,092,800.00	\$ 7,092,800.00
Balance Dec. 31, 2017	\$ 88,760.58 747,761.83	\$ 836,522.41
Due Dates	Quarterly Quarterly Quarterly	
Date of Confirmation	8/27/12 9/24/12 10/8/18	
Improvement Description	Munson/Farm Roads Pequannock Avenue Village Area	
Ord. No.	2004-35 2005-13 2018-179	

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E-9A

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

	Ref.	
Balance December 31, 2017	E	\$ 9,643.00
Balance December 31, 2018	E	\$ 9,643.00

TOWNSHIP OF PEQUANNOCK SEWER UTILITY CAPITAL FUND SCHEDULE OF FIXED CAPITAL

		A	Additions by	
	Bala	ince	Capital	Balance
	Dec. 31		Ordinance	 Dec. 31, 2018
Capacity	\$ 3,16	3,500.00		\$ 3,163,500.00
Treatment Plant	29	8,300.00		298,300.00
Trunk Lines	24	1,971.00	,	241,971.00
Transportation Equipment		3,300.00		3,300.00
Sewer Jet		\$	129,443.52	129,443.52
Equipment	13	1,149.37		131,149.37
Sewer Improvements	25,08	4,968.45		 25,084,968.45
	\$ 28,92	3,188.82 \$	129,443.52	\$ 29,052,632.34
	Ref. I	3		Е

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Balance Dec. 31, 2018	\$ 915,000.00 400,000.00 710,000.00 67,000.00 154,368.44 177,726.00 6,100,000.00	\$ 8,534,094.44	田
Improvement Authorizations Canceled	556.48	16,188.04	
Im Au	↔	↔	
Transfer to Fixed Capital	129,443.52	\$ 129,443.52	
1	↔	∞ ∥	
2018 Improvement Authorizations	10,000.00	10,000.00	
E 51		11	
I A	↔	↔	
Balance In Dec. 31, 2017 A	\$ 130,000.00 915,000.00 400,000.00 710,000.00 67,000.00 170,000.00 6,100,000.00 \$	\$ 8,669,726.00	П П
1	Purchase Sewer Jet \$ 130,000.00 Purchase TBSA Capacity 915,000.00 Sewer Design 400,000.00 Sewer Extension 710,000.00 Purchase Sewer Equipment 67,000.00 Sled Mounted Sewer Vacuum 170,000.00 Village Area Sewers, Amended 177,726.00 Route 23 Sewer Project 6,100,000.00 \$\$.669,726.00	<u>Ref.</u> E

TOWNSHIP OF PEQUANNOCK SEWER UTILITY OPERATING FUND SCHEDULE OF 2017 APPROPRIATION RESERVES FOR THE YEAR ENDED DECEMBER 31, 2018

					Balance		
			Balance		After	Paid or	Balance
		De	ec. 31, 2017	M	odification	Charged	Lapsed
Operating:							
Salaries and Wages		\$	45,666.19	\$	45,666.19		\$ 45,666.19
Other Expenses			44,276.22		44,276.22	\$ 25,770.03	18,506.19
Statutory Expenditures:							
Contribution to:							
Paid Time Off (PTO) Buyback			5,000.00		5,000.00		5,000.00
		\$	94,942.41	\$	94,942.41	\$ 25,770.03	\$ 69,172.38
	Ref.						
Balance December 31, 2017							
Unencumbered	E	\$	84,633.71				
Encumbered	E		10,308.70				
		\$	94,942.41				
		Ф	74,744.41				

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

		1		0	6	4		0	3	1	
	nce	Dec. 31, 2018		80,756.20	581,971.69	6,277,380.14		9,643.00	\$ 6,949,751.03		
	Balance	ec. 31		8	581	6,277		0,	6,949		田
				\$					8		
Reinstatement of	Assessments	Cancelled		18,681.35	639.17				\$ 19,320.52		
Rein	As			\$					\$		
	Collections to	Fund Balance		26,685.73	166,429.31	815,419.86			\$ 1,008,534.90		
	ပိ	Fu		S					\$		
	Confirmed	in 2018				\$ 7,092,800.00			\$ 7,092,800.00		
	Balance	Dec. 31, 2017		\$ 88,760.58	747,761.83			9,643.00	\$ 846,165.41		Ħ
		u l									Ref.
		Improvement Description	Assessments Receivable:	Munson/Farm Roads	Pequannock Avenue	Village Area	Assessments Liens:	Pequannock Avenue			
	Ordinance	Number		2004-35	2005-13	2018-179		2005-13			

TOWNSHIP OF PEQUANNOCK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Balance December 31, 2018	Unfunded	\$ 11,491.10			106,317.08	2,100,000.00		\$ 2,217,808.18	щ	
Balance Dece	Funded		\$ 285,500.00	17,182.95		3,669,562.55	1,505,00	\$ 3,973,550.50	ш	
Canceled to Capital	Fund Balance		\$ 311.72 515.05					\$ 826.77		
Encumbrances	Returned				8,000.00			8,000.00		
Paid or	Charged				\$ 71,408.92	195,012.38	6,027.00	\$ 275,116.30 \$		\$ 245,461.30 29,655.00
2018 Authorizations Capital Fund	Balance					10.000.00	10,000,00	\$ 10,000.00		Cash Disbursements \$ 245,461.30 Encumbrances 29,655.00
nber 31, 2017	Unfunded	\$ 11,491.10			169,726.00	2,100,000.00		\$ 2,281,217.10	ш	S S
Balance December 31, 2017	Funded		\$ 311.72 286,015.05	17,182.95		3,864,574.93		\$ 4,168,084.65	щ	
Ordinance	Amount	\$ 915,000.00	400,000.00 710,000.00	67,000.00	440,000.00	6,100,000.00	10,000,00		<u>Ref.</u>	
Q	Date	05/23/06	09/23/08 12/23/08	06/11/13	08/11/15	02/14/17	02/11/10			
	Improvement Description		Sewer Design Sewer Extension	Purchase Sewer Equipment	Village Area Sewers, Amended	2017-01 Route 23 Sewer Extension	sewer curry mignovements			
Ord.	No.	2006-14	2008-27 2008-38	2013-13	2015-11	2017-01	07-8107			

\$ 275,116.30

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

F	?	e	f	٠

Balance December 31, 2017	E	\$	53,685.20
Balance December 31, 2018	Е	_\$	53,685.20

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

	<u>Ref.</u>			
Balance December 31, 2017	Е		\$	10,100,914.82
Increased by:				
Serial Bonds Paid by Operating Budget		\$ 1,195,000.00		
Transferred from Deferred Reserve for Amortization		60,000.00		
				1,255,000.00
				11,355,914.82
Decreased By:				
Canceled				556.48
Balance December 31, 2018	E		_\$_	11,355,358.34

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

Ord. No.	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Transferred to Reserve for Amortization	Improvement Authorizations Canceled	Balance Dec. 31, 2018
2006-14 2013-13 2014-17 2018-20	Purchase Sewer Equipment Purchase Sewer Equipment Sled Mounted Sewer Vacuum Sewer Utility Improvements	\$ 60,000.00 67,000.00 170,000.00	\$ 10,000.00	\$ 60,000.00	\$ 15,631.56	\$ 67,000.00 154,368.44 10,000.00
		\$ 297,000.00	\$ 10,000.00	\$ 60,000.00	\$ 15,631.56	\$ 231,368.44
		E				E

TOWNSHIP OF PEQUANNOCK SEWER UTILITY CAPITAL FUND SCHEDULE OF BOND ANTICIPATION NOTES FOR THE YEAR ENDED DECEMBER 31, 2018

22,650,000.00

\$

\$ 1,195,000.00

\$ 23,845,000.00

SEWER UTILITY CAPITAL FUND SCHEDULE OF SERIAL BONDS

E-19

Balance	Dec. 31, 2018					\$ 3,120,000.00																						19,530,000.00
	Matured					\$ 645,000.00																						550,000.00
Balance	Dec. 31, 2017					\$ 3,765,000.00																						20,080,000.00
Interest	Rate	3.00%	4.00%	4.00%	3.00%	3.00%	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%
Maturities of Bonds Outstanding Dec. 31, 2018	Amount	\$ 640,000.00	630,000.00	635,000.00	630,000.00	585,000.00	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
Maturiti Outstanding	Date	10/15/19	10/15/20	10/15/21	10/15/22	10/15/23	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	\$ 3,795,000.00					2,080,000.00																					
Date of	Issue	8/11/16					2/14/17																					
	Purpose	Sewer Bonds					Sewer Bonds																					

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

Ord. No.	Improvement Description	Balance Dec. 31, 2017	Balance Dec. 31, 2018
2006-14	Purchase of TBSA Capacity	\$ 750,000.00	\$ 750,000.00
2014-02	Village area sewers-Amended	500,000.00	500,000.00
2017-01	Route 23 Sewer Extension	2,100,000.00	2,100,000.00
		\$ 3,350,000.00	\$ 3,350,000.00

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2018
SOLID WASTE UTILITY FUND

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

	Ref.	Opera	ating	
Balance December 31, 2017	F		\$	460,428.14
Increased by Receipts:				
Solid Waste Utility Charges Receivable		\$ 1,717,025.48		
Miscellaneous Revenue Not Anticipated		9,647.17		
Interest on Deposits		2,322.33		
Due Water Utility Capital Fund		263,372.70		
Due Sewer Utility Operating Fund		308,617.71		
	•			2,300,985.39
				2,761,413.53
Decreased by Disbursements:				
2018 Appropriation Expenditures		1,619,954.43		
2017 Appropriation Reserves		123,981.28		
Due Current Fund		1,200.79		
Due Water Utility Capital Fund		163,372.70		
Due Sewer Utility Operating Fund		1,040.00		
Refund of Prior Year Revenue	_	1,190.79		
				1,910,739.99
Balance December 31, 2018	F			850,673.54

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

	<u>Ref.</u>	
Balance December 31, 2017	F	\$ 136,160.48
Increased by:		
2018 Charges		1,722,734.91
		1,858,895.39
Decreased by:		
Cash Received		1,717,025.48
Balance December 31, 2018	F	\$ 141,869.91

TOWNSHIP OF PEQUANNOCK SOLID WASTE UTILITY OPERATING FUND SCHEDULE OF 2017 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2018

Balance	Balance After	Paid or	Balance
Dec. 31, 2017	Modification	Charged	Lapsed
\$ 10,422.36	\$ 10,422.36	\$ 486.00	\$ 9,936.36
150,755.56	150,755.56	123,495.28	27,260.28
742.00	742.00		742.00
\$ 161,919.92	\$ 161,919.92	\$ 123,981.28	\$ 37,938.64
	Dec. 31, 2017 \$ 10,422.36 150,755.56 742.00	Dec. 31, 2017 Modification \$ 10,422.36 \$ 10,422.36 150,755.56 150,755.56 742.00 742.00	Dec. 31, 2017 Modification Charged \$ 10,422.36 \$ 10,422.36 \$ 486.00 150,755.56 150,755.56 123,495.28 742.00 742.00

Analysis of Balance December 31, 2017

	Ref.	
Encumbered	F	\$ 116,764.58
Unencumbered	F	45,155.34
		\$ 161,919.92

TOWNSHIP OF PEQUANNOCK
COUNTY OF MORRIS
2018
RECREATION UTILITY FUND

G-4

•				Capitar	
	\$	116,865.95		∽	126,425.25
\$ 180,090.45 334,938.65					
			\$ 114,000.00 6,000.00		
104.00			11.000,1		
7,668.40			1,332.70		
48,116.52					
816.88			186.95		
2,33					
	\$ 3	71,737.23			122,826.09
	5				
474,222.39					
19,682.51					
1,428.00					
9,300.50					
			120,000.00		
			22,462.70		
41,800.27					
1,313.47					
			91,200.00		
			177.50		
	25	47,747.14			233,840.20
	\$ 14	40,856.04		8	15,411.14
	180 334, 474 474 19 9	180,090.45 334,938.65 334,938.65 104.00 7,668.40 48,116.52 816.88 2.33 2.33 474,222.39 19,682.51 1,428.00 9,300.57 1,313.47	180,090.45 334,938.65 334,938.65 104.00 7,668.40 48,116.52 816.88 2.33 2.33 19,682.51 1,428.00 9,300.50 9,300.27 1,313.47	180,090.45 334,938.65 334,938.65	180,090.45 334,938.65 334,938.65 334,938.65 8 114,000.00 6,000.00 1,306.44 1,306.44 1,332.70 48,116.52 816.88 474,222.39 19,682.51 1,428.00 9,300.50 41,800.27 1,313.47 \$ 140,856.04 \$ 140,856.04 \$ 140,856.04

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY OPERATING FUND SCHEDULE OF CASH - COLLECTOR YEAR ENDED DECEMBER 31, 2018

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

Balance (Deficit) Dec. 31, 2018	\$ 1,846.44 6,500.00 80,000.00 11.78	(72,947.08)	\$ 15,411.14
Miscellaneous	\$ 177.50 91,200.00		\$ 120,000.00 \$ 91,377.50 \$ 15,411.14
Disbursements Bond Anticipation Notes		\$ 120,000.00	\$ 120,000.00
Improvement Authorizations		\$ 22,462.70	\$ 22,462.70
Miscellaneous	\$ 1,306.44	1,332.70	6,000.00 \$ 114,000.00 \$ 2,826.09
Receipts Bond Anticipation Notes		6,000.00 \$ 114,000.00	\$ 114,000.00
Budget Appropriation		\$ 6,000.00	ı
Balance/ (Deficit) Dec. 31, 2017	\$ 540.00 6,500.00 80,000.00 2.33 91,200.00	(72,947.08)	\$ 126,425.25
	Fund Balance Capital Improvement Fund Due to General Capital Fund Due to Recreation Utility Operating Fund Contracts Payable Improvement Authorizations: Ord.	General Improvements PV Park Pavilion PV Park Dock and Swim Lanes	
Fund Balance Capital Improvement Fund Due to General Canital Fun	Fund Balance Capital Improvement Fund Due to General Capital Fund Due to Recreation Utility Ope Contracts Payable Improvement Authorizations: Ord.	No. 2003-19 2017-11	

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY OPERATING FUND SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY CAPITAL FUND SCHEDULE OF FIXED CAPITAL

		D	Balance ec. 31, 2017	Additions by Ordinance	D	Balance ec. 31, 2018
Park Improvements		\$	134,947.08	 120,000.00		254,947.08
		\$	134,947.08	\$ 120,000.00	\$	254,947.08
	Ref.		G			G

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

Improvement Description	Ord. No.	Balance Dec. 31, 2017	Transferred to Fixed Capital	Balance Dec. 31, 2018
PV Park Pavilion PV Park Dock and Swim Lanes	2003-19 2017-11	\$ 2,052.92 120,000.00	\$ 120,000.00	\$ 2,052.92
		\$ 122,052.92	\$ 120,000.00	\$ 2,052.92
	Ref.	G		G

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY OPERATING FUND SCHEDULE OF 2017 APPROPRIATION RESERVES YEAR ENDED DECEMBER 31, 2018

		De	Balance ec. 31, 2017	 alance After Iodification		Paid or Charged	Balance Lapsed
Operating: Salaries and Wages		\$	35,764.44 16,845.46	\$ 28,264.44 24,345.46	\$	19,682.51	\$ 28,264.44 4,662.95
Other Expenses Contribution to:			,	ŕ	Ф	19,082.31	,
Social Security System			1,000.00	 1,000.00			 1,000.00
		\$	53,609.90	\$ 53,609.90	\$	19,682.51	\$ 33,927.39
Analysis of Balance December							
	Ref.	_					
Encumbered	G	\$	10,671.57				
Unencumbered	G		42,938.33		76		
		\$	53,609.90				

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY CAPITAL FUND SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord.		O:	rdinance	De	Balance ec. 31, 2017	Paid or		Balance c. 31, 2018
No.	Improvement Description	Date	Amount		Unfunded	Charged	J	Jnfunded
2003-19 2017-11	PV Park Pavilion PV Park Dock and Swim Lanes	04/22/03 12/19/17	\$ 137,000.00 120,000.00	\$	2,052.92 21,130.00	\$ 21,130.00	\$	2,052.92
					23,182.92	\$ 21,130.00	\$	2,052.92
			Ref.		G			G
					sh Disbursed Less: Refunds	\$ 22,462.70 1,332.70		
						\$ 21,130.00		

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

	Ref.	
Balance December 31, 2017	G	\$ 6,500.00
Balance December 31, 2018	G	\$ 6,500.00

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

	Ref.	
Balance December 31, 2017	G	\$ 62,000.00
Increased by: Notes Paid by Budget Appropriation		 6,000.00
Balance December 31, 2018	G	\$ 68,000.00

TOWNSHIP OF PEQUANNOCK RECREATION UTILITY CAPITAL FUND SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION YEAR ENDED DECEMBER 31, 2018

NOT APPLICABLE

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

	nce	, 2018	\$ 114,000.00	,000.00			
	Balance	Dec. 31, 2018	114,	114,	Ŋ		
	ŗ	7	-	∞ ∥			1
	-	Matured	120,000.00	\$ 120,000.00 \$ 114,000.00		114,000.00	120,000.00
			↔	8		↔	8
		Issued	\$ 114,000.00	114,000.00		\$ 114,000.00	\$ 114,000.00 \$ 120,000.00
			8	↔			8
	Balance	Dec. 31, 2017	\$ 120,000.00	\$ 120,000.00 \$ 114,000.00	Ŋ	Renewed Paid by Budget Appropriation	
	Interest	Rate	2.25%		Ref.	Renewed Paid by Bud	
		Maturity	07/20/18 07/19/19			д д	
Date of	•	Issue	12/19/17 07/19/18				
	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, 2018

NOT APPLICABLE

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

Ord. No.	Improvement Description	D	Balance ec. 31, 2017	De	Balance ec. 31, 2018
2003-19	PV Park Pavilion	\$	75,000.00	_\$	75,000.00
		\$	75,000.00	\$	75,000.00

TOWNSHIP OF PEQUANNOCK

<u>PART II</u>

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF PEOUANNOCK SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2018

Name of Federal Agency or Department/Cluster Title	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period From	eriod	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 Environmental Protection)	Recreation Trails Grant	20.219	4875-100-205	01/01/16 01/01/18	12/31/17	\$ 11,800.00 11,571.17	\$ 11,571.17	\$ 832.16	\$ 9,071.17	
Total New Jersey Department of Environmental Protection							11,571.17	832.16	9,071.17	
Total U.S. Department of Transportation							11,571.17	832.16	9,071.17	
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA	97.036	N/A	01/01/17	12/31/18	4,955,059.00		261,419.54	558,119.53	
Total Department of Homeland Security								261,419.54	558,119.53	
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation) Highway Planning and Construction Cluster:	Mountain Ave Phase I Mountain Ave Phase II	20.205	480-078-6320-AMF-609166 480-078-6320-AMO-605177	71/17	12/31/18	189,750.00	142,312.50	189,750.00	189,750.00	
Total Highway Planning and Construction Cluster		1	Y	:			273,562.50	364,750.00	364,750.00	
TOTAL FEDERAL AWARDS							\$ 285,133.67	\$ 285,133.67 \$ 627,001.70	\$ 931,940.70	°-0-

N/A - Not Available

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TOWNSHIP OF PEQUANNOCK SCHEDULE OF EXPENDITURES OF STATE AWARDS YEAR ENDED DECEMBER 31, 2018

New Jersey Agency or Department	Name of Proeram	State Grant Award Number	Grant	Grant Period m To	Grant	Amount Received	Amount of Expenditures	Cumulative Expenditures
(Passed Through the County of Morris - Governor's Council on Alcoholism and Drus Abuse)	Municipal Alliance Grant	N/A	7/1/17	6/30/18	\$ 14,682.00	\$ 2,000,00	\$ 8292.85	\$ 14,682.00 8,292.85
Total - Department of the Treasury							9,110.84	72,426.10
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-078-6400-YYYY	1/1/18	12/31/19	5,071.54	5,071.54		
	Body Armor Replacement Fund	1020-718-066-1020 -100-YCJS-6120	1/1/16	12/31/18	2,986.16 3,231.73		2,922.00 2,922.00	2,922.00 2,921.68
Total - Department of Law and Public Safety						5,071.54	5,844.00	5,843.68
New Jersey Transit Corporation (Passed Through the County of Morris - MAPS)	Senior Citizen and Disabled Residents Transportation Assistance Act	ΝΆ	1/1/17	12/31/17	122,658.00 122,658.00	73,825.56	98,812.99	122,658.00 98,812.99
Total - New Jersey Transit Corporation						172,569.07	98,812.99	221,470.99
Department of Environmental Protection	Clean Communities Act	4900-765- 178900-60	1/1/15 1/1/16 1/1/18	12/31/18 12/31/18 12/31/18	28,211.00 39,327.08 31,960.64	31,960.64	19,273.40 25,893.46	28,211.00 25,893.46
						31,960.64	45,166.86	54,104.46
	Recycling Grant	4900-752-042-4900 -001-V42Y-6020	1/1/11	12/31/18	25,686.00 24,605.66		2,878.87	25,686.00
							2,878.87	25,686.00
Total - Department of Environmental Protection						31,960.64	48,045.73	79,790.46
TOTAL STATE AWARDS						\$ 211,601.25	\$ 161,813.56	\$ 386,454.21

N/A - Not Available

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

TOWNSHIP OF PEQUANNOCK NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS YEAR ENDED DECEMBER 31, 2018

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, 2018. 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.



Mount Arlington Corporate Center 200 Valley Road, Suite 300 Mt. Arlington, NJ 07856 973-298-8500 | 973-298-8501 Fax Lawrence Business Center 11 Lawrence Road Newton, NJ 07860 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - regulatory basis - of the various funds of the Township of Pequannock, in the County of Morris (the "Township") as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements and have issued our report thereon dated May 27, 2019. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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

May 27, 2019 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, 2018

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.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 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, 2018 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 did not disclose any findings required to be reported Under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

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

Findings and Ouestioned 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, 2018

Status of Prior Year Findings:

The Township had one finding regarding segregation of duties during the prior year. Finding 2017-001 was resolved during 2018.

TOWNSHIP OF PEQUANNOCK PART III COMMENTS AND RECOMMENDATIONS YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF PEQUANNOCK COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

TOWNSHIP OF PEQUANNOCK COMMENTS AND RECOMMENDATIONS

(Continued)

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

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

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes on or before the date when they would become delinquent. On January 3, 2018, 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 2, 2018, 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 17, 2018, and included all eligible properties.

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

<u>Year</u>	Number of Liens
2018	1
2017	1
2016	0

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:

	Number Mailed
Payments of 2018 Taxes	20
Payments of 2019 Taxes	20
Delinquent Taxes	15
Payments of Water Utility Charges	20
Delinquent Water Utility Charges	15
Payments of Sewer Utility Charges	15
Delinquent Sewer Utility Charges	15
Payments of Solid Waste Utility Charges	10
Delinquent Solid Waste Utility Charges	10

TOWNSHIP OF PEQUANNOCK COMMENTS AND RECOMMENDATIONS (Continued)

Trust Funds

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

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

Management's Response:

During 2019 Administration has begun to reconcile the escrow bank accounts 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.

Purchase Orders

During our review of the purchasing process, we noted that many purchase orders are not always being approved prior to the order being processed.

It is recommended that the purchase order be dated prior to the invoice date.

Management's Response:

The Township should ensure that the availability of funds are secured prior to the order being processed.

TOWNSHIP OF PEQUANNOCK COMMENTS AND RECOMMENDATIONS (Continued)

Sewer Assessment

During our review of the Sewer Assessment Fund it was noted that there were discrepancies between the finance department records and the utility collector reports.

It is recommended that the Township review the utility collector reports to ensure they are in agreement with the financial records.

Management's Response:

The Township with ensure that the Sewer Assessment Utility Collector and financial records are in agreement with each other.

Animal Control

During our review of the Animal Control Fund it came to our attention that the monies were not turned over to the state for the last four months of the year.

It is recommended that the monies due to the State in the Animal Control Fund be paid in a timely manner.

Management's Response:

The Township with ensure that the monies due to the State in the Animal Control Fund are paid in a timely manner.

Municipal Court

The transactions for the year 2018 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance	Receipts		Disbursements		Balance Dec. 31, 2018	
	 c. 31, 2017						
Municipal Treasurer:							
Fines and Fees	\$ 16,016.43	\$ 220,9	74.03	\$	219,240.00	\$	17,750.46
Restitution	55.00	2,4	85.98		2,332.98		208.00
POAA FTA			14.00		14.00		
Public Defender	1,348.00	20,4	57.50		19,653.50		2,152.00
County:							
Fines	6,920.50	89,3	85.15		88,433.85		7,871.80
State:							
Fines and Costs	20,887.57	296,4	99.42		296,310.53		21,076.46
Conditional Discharge	219.28	1,8	310.72		1,955.00		75.00
Conditional Dismissal			75.00		75.00		
Weights and Measures	4,600.00	35,0	50.00		39,050.00		600.00
Overpayment		2	43.00		243.00		
	\$ 50,046.78	\$ 666,9	94.80	\$	667,307.86	\$	49,733.72

TOWNSHIP OF PEQUANNOCK COMMENTS AND RECOMMENDATIONS (Continued)

Management Suggestions:

Capital Ordinances

Several ordinances in the various capital funds have deficit cash balances at December 31, 2018. 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.

Municipal Court Change Fund

During our review of the municipal court change fund it came to our attention that there was \$200 being used as a change fund. However, only \$100 is authorized. We suggest that a resolution be passed to increase the municipal court change fund to \$200.

Dedication of Rider

Our review of the trust funds revealed that a dedication by rider was not obtained for the payroll section 125, refundable permits, group health insurance and health claims account. We suggest that all trust funds be reviewed and ensure a dedication by rider is obtained for all accounts.

Status of Prior Year Recommendations

The Township's recommendation regarding segregation of duties has been resolved in the 2018 audit. The recommendations regarding fixed assets, bank reconciliations, and bank reconciling items have not been resolved and are included in the 2018 audit.

TOWNSHIP OF PEQUANNOCK SUMMARY OF RECOMMENDATIONS

It is recommended that:

- 1. Bank reconciliations be prepared on a monthly basis for the Escrow Trust account.
- 2. Township bank reconciliations be reviewed and the Township ensure that all reconciling items are cleared.
- 3. The purchase order be dated prior to the invoice date.
- 4. The Township review the utility collector reports to ensure they are in agreement with the financial records.
- 5. The monies due to the State in the Animal Control Fund be paid in a timely manner.
- 6. Consideration be given to engaging an independent appraisal company to complete an update to the fixed assets records.
